Life on the Dry Side

Serving land managers and owners east of the Cascades
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MARCH

- Begin tree planting this month. Avoid planting in frosty soils and protect your bare root seedlings from freezing. Finish well before the moisture is gone from the soil.
- Install seedling protection measures before the tasty buds have opened.
- If you’re pruning to improve aesthetics or to remove ladder fuels, finish before sap begins to flow to minimize bark damage and insect activity.
- Take some time to evaluate your riparian buffers and wetlands and how they enhance local habitat and connectivity. How does your property contribute to the larger watershed?
- If you harvested or pruned any pine over the winter, make sure to dispose of slash to prevent bark beetles or pine engraver beetle infestation.
- Inspect, clean, and repair your bird boxes.

APRIL

- Celebrate National Arbor Day holiday during the first full week of April.
- Finish cutting firewood before fuels dry out to minimize the potential for wildfire. Spreading the cut wood on the ground will allow it to dry before collection.
- Plan for fire season: meet with neighbors, ask your fire protection agency for a courtesy inspection, prepare equipment, move firewood away from your house and assure adequate access for engines. Make sure your family members know what to do in the event of a fire.
- Monitor your 2018 projects and update any photo points or data collection. Plan a tour for fellow woodland owners to share your accomplishments. You deserve a pat on the back!

MAY

- This is a good month to finish your fire season preparations. Learn the restrictions and requirements for your activities. Take your fire extinguishers in for maintenance. Sharpen your firefighting hand tools and check your spark arrestors.
- Make sure your fire map is up-to-date and accurate. Include the locations of structures, access roads, water sources, existing fuel breaks, power lines, cell towers and turn arounds. Make a few copies to distribute to initial attack firefighters.
- If you’re harvesting this year, check your logger’s fire equipment.
- Make sure you know the location of the nearest water source and how an engine can get to it. Fill your stationary or mobile water supply tanks. Make sure they’ll be ready at a moment’s notice.
- Introduce yourself and your property to the local law enforcement and fire patrol officers. Try to build a relationship before you need their help.
- Now that you’re ready for fire season, take time to go fishing in your favorite stream!
SLASH – WHAT IS IT?

Slash. Defined within the Dictionary of Forestry (Helms, et. Al., 1998) as “the residue, e.g., treetops and branches, left on the ground after logging or accumulating as a result of storm, fire, girdling, or delimming”. The 1962 (7th) edition of a 1921 forestry textbook, The Practice of Silviculture, says, “The appearance of debris left by harvesting operations is so offensive that it is not easy to be entirely objective about determining the extent of disposal. Slash can be simultaneously harmful and beneficial...”. This has been validated by the foundation of science since that publication. For this narrative, we would also like to add other vegetative, woody material produced in pruning, trimming, or other types of removal, be it yard or forest. This can also include accumulations of pine needles, leaves, and other woody debris.

CAN SLASH BE HARMFUL?

Live or dead, small or large slash is fuel. Given the right conditions of temperature and dryness, and ignited – fuel burns. The harmful impacts to slash burning is that it can serve as ladder fuels, heating other fuels to burn. This can be the trees and other vegetation we want to maintain, or worse yet, our homes or other structures. Slash loading (how big the piles and stacks are), distribution (vertical or horizontal, close or at a distance), and size of material (small, fines dry out sooner and burn faster than large sizes), determines fire behavior if ignited with any heat source. Slash as fuel can be a high hazard to homes, yards and forests. The International Association of Certified Home Inspectors recommends mitigating risk of accumulated woody fuels by properly disposing slash at the right time of year (https://www.nachi.org/slash-piles.htm). The Klamath-Lake Forest Health Partnership (K-LFHP) with the Oregon Department of Forestry (ODF) has developed an informative brochure, “Burning Slash Piles” (https://goo.gl/cG84A1). Follow these guidelines for safe and effective burning and/or disposal of slash accumulations. The OSU Extension publication, EM 9116 (https://catalog.extension.oregonstate.edu/em9116), provides good guidelines within varying distances from your home for treating slash and other fuels to maximize hazard reduction.

Another way slash can be harmful, especially in dry, ponderosa pine or lodgepole pine vegetation types is the relation of slash to bark beetle infestations. Bark beetles use slash as host materials to breed and develop broods. Offspring infest surrounding trees at certain times of the year. ODF (Forest Health, http://tinyurl.com/odf-foresthealth) recommends, “The easiest way to prevent bark beetles from infesting slash is to avoid creating slash between late winter and early summer (January-July), or create slash only from mid-October through December to allow enough time for it to dry. Slash must be scattered in an area with sun exposure, to effectively dry out within this window of time. Slash over a year old is generally not suitable for bark beetles.”.
Accumulations of slash can also be harmful to the success of regenerating trees, preventing seedlings from rooting in bared soil. Tree planting can be very difficult in layers of piled woody debris. The aesthetics of stacks of ragged debris can be very negative.

**HOW CAN SLASH BE BENEFICIAL?**

Once the hazards of accumulated woody fuels is properly reduced where important and at the right times of the year - and the risks mitigated, leaving slash can be beneficial.

Leaving an amount of organic slash distributed across the forest floor can be similar to leaving mulch on a garden. Soils are protected from moisture loss and erosion - and nutrients are recycled to add to the fertility of the soil. Water holding capacity, nutrient storage, soil aeration, nitrogen fixation, and other soil functions require the input of organic materials back into the soil. About half of a conifer’s above-ground nutrients are stored in the needles, twigs, and small branches of the tree and tree growth can be significantly reduced by nutrient deficiencies (https://goo.gl/jcskpY). The Schnepf, e. al., 2009 publication (previous link) gives recommendations for how much woody debris to leave based on the dominant conifer type.

<table>
<thead>
<tr>
<th>Table 2. Coarse woody debris recommendations for maintaining long-term forest growth</th>
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<tbody>
<tr>
<td><strong>Warmer Drier Forests</strong></td>
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<tr>
<td>Ponderosa pine</td>
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<tr>
<td>Douglas-fir</td>
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<tr>
<td>Grand fir</td>
</tr>
<tr>
<td>Western Red Cedar</td>
</tr>
<tr>
<td><strong>Cooler Moister Forests</strong></td>
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<tr>
<td>Subalpine fir, western hemlock, spruce</td>
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</table>


Piles of slash can also be beneficial as habitat for wildlife. Species of wildlife are opportunists and will use slash piles as habitat. Strong, et. al., 2016 (https://goo.gl/FnCEC) provides excellent recommendations for what sizes and heights of piles for maximum wildlife habitat effectiveness. An example, “Landowners can place at least 3-5 layers of larger logs crisscrossed, or longwise in triangular 3’s, to provide a core habitat with nesting and denning spaces. These piles are then covered with a few layers (about 2-3 feet deep) of fine branches.” Strategically placed, wildlife habitat can be achieved without risk and hazard.

Reducing hazard and mitigating risk while providing for nutrient input and wildlife habitat is a balancing act within a solid land management plan and/or landscape plan. Consult local expertise for assistance, such as Oregon State University Extension Foresters and/or Oregon Department of Forestry Forest Stewards.

**OTHER CONSIDERATIONS**

**Prescribe burning.** Defined as: “A controlled or prescribed burn, also known as hazard reduction burning, backfire, swailing, or a burn-off, is a wildfire set intentionally for purposes of forest management, farming, prairie restoration or greenhouse gas abatement.” (https://en.wikipedia.org/wiki/Controlled_burn) There can be many benefits to controlled burning under certain conditions. This requires many agreements in place between Federal, State, and non-profit agencies and entities authorized to burn – and between these entities and private landowners. Progress is being made with the Oregon Prescribe Fire Council and Partnerships across the State. Off-setting liability while providing equipment and expertise of professional firefighters is not complete yet, but being worked on as of this publication.

**Lop and scatter, mastication, or chipping and hauling.** These are other ways to reduce excessive slash fuels – by hand or by machine. Labor and machine costs can be high and can require a lot of time to accomplish significant acres to make a difference.

**Biochar.** Reducing large, industrial-sized piles of accumulated slash can be reduced and turned into biochar to be used as a soil augmentation. This is currently being demonstrated and tested for effectiveness throughout the dry side of our State. Other articles in this issue of our newsletter discuss the demonstrations more in depth.

**ADDITIONAL REFERENCES:**


Log prices have slipped a bit, in general, from those reported in the winter issue of LOTDS. Marketing options are most robust for ponderosa pine, and diameter sorts remain important. Keep this in mind when merchandizing – if you cut a log a bit shorter and manage to bump it into the next larger diameter class, it may actually be worth more. Diameter sorts are not as common in the other species, but note the Doug-fir/larch price differential for exceeding 24” in Emmett. As always, keep your haul distances in mind as you consider where to send your logs. Selling logs at lower prices locally may in some cases result in a better return than higher log prices that require long hauls. The prices we’ve noted are a snapshot, and may represent a composite of regional mills. Always request quotes directly from log buyers as you plan your timber sales. If you’re not an experienced logger seller, hiring a consulting forester to merchandise your wood may be well worth the investment.

<table>
<thead>
<tr>
<th>Delivered</th>
<th>LOG MARKET REPORT $/1,000 board feet (or ton)</th>
<th>January 15, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Umatilla/Pendleton</td>
<td>Douglas-fir/ larch</td>
<td>Grand/ white fir</td>
</tr>
<tr>
<td>340</td>
<td>6-11”</td>
<td>12-18”</td>
</tr>
<tr>
<td>425</td>
<td>6-7”</td>
<td>8”+</td>
</tr>
<tr>
<td>Pilot Rock</td>
<td>Douglas-fir/ larch</td>
<td>Ponderosa pine</td>
</tr>
<tr>
<td>10-11”</td>
<td>12-16”</td>
<td>17”+</td>
</tr>
<tr>
<td>8” 340 11” 330</td>
<td>8-11”</td>
<td>12”</td>
</tr>
<tr>
<td>Redmond/Bend/Gilcrist</td>
<td>Douglas-fir/ larch</td>
<td>Ponderosa pine</td>
</tr>
<tr>
<td>6-13”</td>
<td>13-15”</td>
<td>16”+</td>
</tr>
<tr>
<td>Lakeview/Klamath Falls</td>
<td>Douglas-fir/ larch</td>
<td>Ponderosa pine</td>
</tr>
<tr>
<td>6-11”</td>
<td>12-16”</td>
<td>17-23”</td>
</tr>
<tr>
<td>Emmett ID</td>
<td>Douglas-fir/ larch</td>
<td>Ponderosa pine</td>
</tr>
<tr>
<td>6” 400 16” 350 25”+ 100</td>
<td>6-7”</td>
<td>8-14”</td>
</tr>
</tbody>
</table>
2019 FOREST STEWARDSHIP SERIES

By the time you receive this, we will have already launched the Forest Stewardship Series. There are still 3 great classes coming up, and you can still register.

During these classes you will:

• Visit woodlands and ranches around the region
• Meet and learn from the state’s forest health, economics, and harvest methods experts
• Become part of Central Oregon’s tremendous woodland owner community

DETAILS:

Each class is $15. RSVP 2 weeks before each class. This unique opportunity combines at-home readings and assignments, and hands-on learning in the field. Sessions are spaced out so that you have time to practice what you have learned.

CLASS SCHEDULE:

• April 4: Reforestation and Establishing Native Plants
  9am – 4pm at the Sisters-Camp Sherman Community Hall
  301 S. Elm Street, Sister, OR 97759. Class and Field Session.

• May 2: Forest Health: Insect and Disease Identification and Management
  9am – 4pm in Sunriver, Location TBD. Class and Field Session.

• June 6: Conducting a Harvest or Fuels Reduction Project: What You Need to Know
  9am – 4pm at 498 SE Lynn Blvd, Prineville, OR 97754.
  Class and Field Session.

QUESTIONS?

Call (541) 548-6088 or email nicole.strong@oregonstate.edu *Scholarships are available upon request. We will send you more details and resources once you register.

Download a flyer! https://extension.oregonstate.edu/deschutes/announcements/2019-forest-stewardship-series-dates
ABOUT THE BIOMASS SUMMIT

On October 19, 2018, the Ochoco Forest Restoration Collaborative (OFRC) hosted a Biomass Summit in Prineville, OR. Gathering together 16 speakers from all over the western states, the Summit featured four panels with different focus areas: Success Stories and Lessons Learned, Supply and Scale, Emerging Technologies, and Policy and Financial Incentives. This series of blog posts offers a synopsis of the rich content generated from each panel. You can find more information about each of the panels at http://ochocoforest.org/biomass-summit/.

WALLOWA RESOURCES COMMUNITY SOLUTIONS, INC.

You might hear Wallowa Resources Community Solutions, Inc. has developed a forest products business cluster through Integrated Biomass Resources (IBR). Matt King, Wallowa Resources’ Energy Program Advisor, demonstrated the established relationship between project scale and complexity/cost: the more biomass volume is utilized, the more complex and costly the project. By integrating a number of smaller, diversified product streams Wallowa Resources has found greater project sustainability.

Matt highlighted five primary benefits of integration:

1. Reduced in-woods harvesting and trucking costs, and lessened site impacts;
2. Integrated and diversified merchandising and marketing;
3. Economic diversity, predictability, and stability;
4. Increased forest health and restoration; and
5. Additional supply to regional mills and industrial forest products customers.

Unlike a “typical” forest product supply chain, Wallowa Resources draws on small-diameter wood from forest restoration to make an array of products including small saw logs, posts and poles, animal bedding, wood hog fuel for energy use, particleboard furnish, bundled and bulk firewood, and energy. (see graphic at right). This model has created a niche market for IBR, but not without

BIOMASS SUCCESS STORIES AND LESSONS LEARNED

Although many people have heard the phrase “biomass” at some point in the last decade or two, few are knowledgeable about the wide range of utilization strategies available today. What does success look like in our current landscape, and what can we learn from the lessons successful project developers have learned along the way? Our introductory panel focused on modern success stories from four biomass utilization projects in the Pacific Northwest region, giving us insight into potential opportunities and current challenges.
challenges. Matt and his colleagues are still wrestling with low return on small-diameter wood products, finding equity partners, a lack of ancillary forest products businesses to support the mill supply chain, and inconsistent supply. Learn more about Integrated Biomass Resources [http://integratedbiomass.com](http://integratedbiomass.com)

**LAKE COUNTY RESOURCES INITIATIVE (LCRI)**

Nick Johnson is interim Executive Director of Lake County Resources Initiative (LCRI). As a non-profit organization focused on renewable energy, forest research, and economic development, LCRI has partnered on the Red Rock Biofuels project in Lakeview, OR. While not the direct operator, LCRI’s partnership has enabled this large-scale biomass utilization project to move beyond development and into implementation. What does it take to get a large-scale project off the ground in today’s environment?

According to Nick and LCRI, you must consider communication, collaboration, and availability. Good communication builds vital community support, and LCRI has leveraged their communication networks to organize public events and encourage transparency throughout the development phase of the Red Rocks project. Collaboration with the stakeholders of the Klamath Forest Health Partnership has maximized their ability to leverage funds. In addition to helping secure USFS supply chains, LCRI has helped tap into the abundant supply of biomass on private lands throughout the county by coordinating with landowners.

LCRI has an ongoing interest in biomass utilization as it relates to economic development and job creation in their region, and their success with the Red Rock Biofuels project highlights how non-profits can play a vital role in development. However, the project still faces many hurdles as it moves into implementation in 2018 and beyond, including securing adequate and consistent supply for such a large scale.

**WIND RIVER BIOMASS UTILITY (WRBU)**

In the Hood River area, the Wind River Biomass Utility (WRBU) is gaining ground on their combined heat and power biomass utilization project. Norman Ward, one of four founding members of the utility, explained that WRBU will produce electrical power for commercial & residential use, thermal power for commercial & residential use, biochar for agriculture, and firewood for camping & home heating. When in full operation, the facility is expected to process 12,000 dry tons annually. To date, the project has found success by focusing on their firewood operation.

Starting in 2016, WRBU produced 15.5 cords of seasoned firewood from small-diameter wood, more than quadrupling this by 2018, with 95.5 cords produced. They deliver bundled firewood to four state parks and six USFS campgrounds, along with one private campground/RV park and one grocery store. This portion of the facility currently employs three people, but is anticipated to represent just 22% of the overall project revenue once the facility is fully operational.
Meanwhile, the WRBU team has been busy securing grants and investment funding to scale up their operations, delivering a Combined Heat and Power Feasibility Study with the Skamania Co. Port, a Small Generator Interconnection Report, and a Thermal Greenhouse Feasibility Study between 2014 and 2018. They’ve completed design and engineering plans for the full facility, secured a long-term lease for 25 acres in the Wind River Business Park, and acquired most of their necessary operating equipment. The team has incorporated new ideas as they go, including an innovative design for onsite greenhouses utilizing biomass heat to expand the local food system. Like IBR, WBRU will be considered an “integrated campus” when fully operational.

**OCHOCO LUMBER COMPANY**

Here in our own backyard, the Ochoco Lumber Company has been partnering on biomass utilization efforts for years. Founded 93 years ago, Ochoco Lumber has seen vast change in the forest products industry in Crook County. With zero operational mills in Prineville today, Ochoco Lumber recognizes that there is currently an enormous issue with forest health and density. From their mill in John Day, Ochoco Lumber processes small-diameter wood products and torrefaction is their newest project. Torrefaction is a thermal process to convert biomass into a coal-like material, which has better fuel characteristics than the original biomass. Torrefied biomass is more brittle, making grinding easier and less energy intensive (we will learn more about torrefaction in our Panel 3 post). Bruce Daucsavage, CEO of Ochoco Lumber, shared some project statistics. The torrefaction project will cost less than $20 million with zero debt incurred. It will process over 200,000 green tons of biomass annually. The project is well supported by a range of stakeholders, including Oregon legislators, environmental groups, and community members. Several Oregon banks have expressed an interest in kick-starting the project.

All of the success stories highlighted share the themes of diversification/integration and collaboration. While WRBU is working off a tiered system of implementation starting with firewood, Red Rock Biofuels worked in partnership with LCRI to develop and launch a large-scale project. There is no one-size-fits all path way to success, but it’s clear that flexibility and innovation are important elements in today’s successful biomass utilization projects.

**LOOKING FOR MORE INFO ON BIOMASS IN CENTRAL OREGON?**

Visit [http://ochocoforest.org/biomass-summit](http://ochocoforest.org/biomass-summit) for additional articles and summaries from the OFRC Biomass Summit.
BE FIREWISE

The Firewise program, developed by the National Fire Protection Association (NFPA), helps communities take effective, and often low-cost, actions that dramatically reduce the risk of wildfire to people and structures. It’s a completely voluntary program, led by the very people who benefit from it. Educational materials and tips on how to get your community organized are available for free on the NFPA website.

Homeowners in the Lostine Canyon (Wallowa County) are well on their way to official Firewise recognition, and discussions are underway about using the approach on the south and west sides of La Grande. If you’re interested in making your property Firewise, contact Alyssa Cudmore alyssa@wallowaresources.org or John Punches. We’ll be happy to help you find information and resources, and to get things rolling in your neighborhood.

NORTHEAST OREGON NEWS

John Punches, Extension Forester in Union, Umatilla, & Wallowa Counties

ALL-LANDS FOREST RESTORATION

The My Blue Mountains Woodland Partnership (MBMW), which includes representatives of the US Forest Service (Wallowa-Whitman and Umatilla National Forests), Oregon Department of Forestry (ODF), Natural Resource Conservation Service (NRCS), Wallowa Resources, Oregon Forest Resources Institute (ORFI), American Forest Foundation (AFF), and OSU Extension Service, has met multiple times over the past few months to develop a coordinated, cross-boundary approach to reducing wildfire risk and improving forest health, water quality, and wildlife habitat within the region. These are landscape-scale issues that require an “all-hands, all-lands” commitment.

Rather than taking a shotgun approach to forest management activities, we’re working together to target efforts and to work across land ownership types. This approach worked well on the East Face project in Baker County and our goal is to repeat it in high priority areas with willing landowner participants.

The next stated area of emphasis (Wallowa Front) is the northeast flank of the Wallowa Mountains in Wallowa County. ODF Stewardship Foresters are already reaching out to private landowners with opportunities for cost share projects (funded by NRCS). Extension is on board for educational activities and Wallowa Resources is providing overall coordination. AFF is adding their expertise around landowner outreach, using a new tool called Woodscamp (an online portal intended to reach landowners not currently engaged in active forest management).

If you live on the Wallowa Front, contact your ODF Stewardship Forester to find out about opportunities to get involved.

UPCOMING CLASSES

Visit extension.oregonstate.edu/union, and click on the Forestry tab, for details, costs, and registration links.

April 1. How Forests Regenerate Following Wildfire. 5:30 to 7:30 p.m. La Grande Fire Department Conference Room.

April 8-12. Wilderness First Responder. 8:00 a.m. to 6:00 p.m. daily. Blue Mountain 4-H Center.

May 1. Maintaining Forest Roads. 9:00 a.m. to 4:00 p.m. Extension Office (La Grande) and field site.

May 23. Logging Considerations for Forest Owners, Symposium. 8:30 a.m. to 5:30 p.m. Blue Mountain 4-H Center.

June 3. Forest Health Evening Field Trip. 5:30 to 7:30 p.m. Lostine Canyon, Wallowa County.

June 5. Forest Health Evening Field Trip. 5:30 to 7:30 p.m. Westminster Woods (near Meacham).

June 9. Ecology and Management of NE OR Forests. 9:00 a.m. to 3:00 p.m. Oberteuffer Tract (OSU Research Forest near Elgin).

June 19. Fire, Water, and Wildlife. 9:00 a.m. to 4:00 p.m. Extension Office (La Grande) and field site.

INFORM YOUR LEGISLATORS

The Wallowa and Union County Extension Offices will each offer bi-weekly opportunities for live video-conference conversations with Senator Bill Hansell (District 29) and Representative Greg Barreto (District 58). Sessions run from 7:00 to 7:45 a.m. on the following dates: Feb 12 & 26, Mar 12 & 26, Apr 9 & 23, May 14 & 28, Jun 11 & 25. Drop by either Extension Office to stay updated on legislative activities and bills, provide input, and get your questions answered.
It’s that time of year again! Some of us think about taxes year-round, but for most attention turns to taxes near the end of January when we start receiving 1099s and W2 forms. However, it is important for us to think about how taxes impact forest land and operations throughout the year.

PROPERTY, SEVERANCE & HARVEST TAXES

We are all very familiar with property taxes. The tax programs in place for forest land have many similarities to the property taxes paid by homeowners, but there are some key differences. Forest land is usually in a category titled “Designated Forest Land”. This category results in forest land being assessed at a rate that is more appropriate for a productive rural land use. While there are multiple productivity classes for tax purposes on the west side, for the east side there is only one productivity class for forests. The State of Oregon Department of Revenue, Property Tax Division then produces a SAV (specially assessed value) for the productivity class each year. Also calculated is the MSAV (maximum specially assessed value). This value takes into account the limitation that assessment may not increase by more than three percent each year. The MSAV for Eastern Oregon is $79.38 per acre (for July 2018 – June 2019). This is obviously much lower than the real market value of the property.

Once a forest is designated as forest land (either automatically or through application), the landowner has another choice. By default, forest land will be in the “Forestland Program”. In this program the landowner will receive the yearly property tax bill for the forest land based on the MSAV for this program. The bill will reflect the MSAV and the appropriate local tax rates.

The other choice is for a landowner to enroll in the “Small Tract Forestland (STF) Program”. This optional program is available for landowners with between ten and 5,000 acres. The STF program differs from the Forestland Program in that lands enrolled will defer part of the annual property tax. Thus the program is commonly referred to as the “Deferral Program”. Taxpayers will receive a tax bill that reflects an assessment of 20% of the MSAV for the Forestland Program. The deferral refers to the remaining 80%. In the year of a harvest, landowners in the STF program will pay a severance tax on each unit of timber harvested. (The rate for timber harvested in 2018 was $4.52/MBF). Landowners are not allowed to remove their property from the STF program without penalty unless it is sold or transferred to another owner. When landowners enroll in this program they are agreeing to maintain adequate stocking and species or they will be disqualified and responsible for repayment of tax benefits.

All taxpayers in Oregon, regardless of property tax program are also responsible for the Forest Products Harvest Tax. This tax is in addition to the property tax and the severance tax (for STF taxpayers). Based on the Notification of Operations filed with Oregon Department of Forestry, the Oregon Department of Revenue mails forms to landowners. Each January following a harvest,
landowners are required to file a return with the Department of Revenue, regardless of the amount of timber harvested. Taxpayers who cut less than 25 MBF will not owe but must still file the return. The 2018 rate was $4.2311 per MBF.

**FEDERAL INCOME TAXES**

In the year of a harvest, forest landowners are responsible for reporting receipts from timber sales to the IRS as income. While a full discussion of the tax code is beyond my word count here, there are some key items to consider if you harvested.

First off, it is important that you know your basis in the timber that was harvested. Basis is the amount of your investment in the timber. If you bought land with timber, the purchase price should have been allocated to land and some to timber (as well as to any other assets such as barns, houses, etc. on the property). If you planted the trees, your basis is what you paid out to get the trees in the ground (not including your own personal labor). If you received the property through an inheritance, gift or exchange you will need to allocate the total value of the inheritance/gift/exchange among the land and timber assets.

Once you know your basis you are ready to determine your taxable gain. However, first think about the transaction. The IRS recognizes two types of income: capital gains and ordinary. It is preferable from a tax standpoint to consider income as capital gains due to the rate differentia. If you had the trees for more than a year they might be considered for capital gains. To be sure though, it is necessary to look at how the timber was sold.

Did you sell the standing trees to someone who then hired a logging contractor to remove the logs from the property? If you sold the standing trees, then the gain can be considered capital in nature. To calculate the gain from the sale: revenues from sale – basis – expenses of sale = gain. The basis amount that is removed is done proportionate to the amount of volume that was sold. If you removed one-third of the timber volume then you would use one-third of the basis that was allocated to that stand. The resulting gain is then multiplied by the appropriate federal tax rate.

What if you hired someone to log and then sold the logs at the gate? In this case you will most likely need to handle the situation as a transaction in which part is capital and part is ordinary income. This process will involve determining the fair market value of the timber at the beginning of the year of harvest. The transaction is then split into two pieces to determine the gain from growing the trees and the gain from selling the logs. A great resource for a detailed read on this process is the Forest Landowners’ Guide to the Federal Income Tax (Ag Handbook 731) which is available online for free.

In Oregon landowners are required to replant after a harvest. There is currently a provision in the Internal Revenue Code that allows deduction of up to $10,000 in reforestation related expenses. In addition, expenses above that amount in a tax year may then be expensed over the next 7 tax years. This results in complete recovery of the reforestation expenditures in the early years of the stand (which also means there is nothing to offset timber sale income in the future but that is material for another article). It does not matter that the Forest Practices Act requires you to replant. This is available from the federal tax code.

This is just a short rundown of the taxes that a forest landowner will encounter. There are lots of nuances around these code provisions that should be discussed with a tax preparer or someone knowledgeable in these matters. If you find a mistake (like you forgot to deduct your expenses or you forgot to subtract your basis) you can amend your return within three years.

Taxes are always an exciting discussion. Hopefully some of this discussion will help demystify your process for reporting your timber sale income.

**WANT MORE INFORMATION ON FOREST AND TIMBER TAXES?**

Oregon Forest and Timber Tax Programs: [https://www.oregon.gov/DOR/programs/property/Pages/timber.aspx](https://www.oregon.gov/DOR/programs/property/Pages/timber.aspx)

Federal Timber Tax Programs: [https://timbertax.org/](https://timbertax.org/)

Ag Handbook 731: [https://timbertax.org/publications/aghandbook731/](https://timbertax.org/publications/aghandbook731/)

Choosing an Accountant or Tax Preparer: [catalog.extension.oregonstate.edu/em9169](catalog.extension.oregonstate.edu/em9169)
Zoning laws regulate the types of activities and structures that may be employed or placed upon a parcel of land. Your county’s Planning (or Land Use Planning) Department administers zoning laws, and the categories of land use are customized to each county. Some counties have just a few zones, while others have many.

Tree growing is rarely prohibited by zoning regulations. However, activities associated with forest management or timber production may be restricted or prohibited in some areas. For example, planting and growing a tree may be perfectly acceptable in a residential area, but operating logging equipment, applying herbicides by helicopter, or burning a slash pile might be incompatible with the property’s zoning.

Many, if not most, of the land-use classifications (zones) in eastern Oregon allow forest management activities, even those not specifically labeled as “forest” or “timber.” For instance, most of our counties have a zone for “exclusive farm use,” but these zones almost always identify propagation and harvest of forest products as a permitted use. Depending upon the county, forestry activities may be specifically allowed on rural residential properties, various agricultural properties, some types of commercial properties, and properties reserved for future public use.

If you are a landowner, you’ll be well served by familiarizing yourself with the permitted use of your property. This information isn’t just about what you can or can’t do on the property; zoning can also indirectly impact your property taxes. Oregon tax law has provisions that lower taxes on land used to grow forests, but in order to receive the tax benefit your property needs to be recognized as being used for timber production. If you own property that isn’t zoned “timber,” but you’re using it as such, it would be advisable to do two things: 1) contact your local Planning/Land Use Planning Department to determine if propagation and harvest of forest products is an allowable use on your property. If not, you may want to inquire about reclassification, or obtaining a conditional use permit. Then 2) contact your county’s farm/forest appraiser and ask to have the portion of the property used for timber production “designated” as forestland.

A bit of knowledge about the allowable used of your property can keep you out of hot water with your local government (and your neighbors). It may also help you lower you tax bill. Find out your property’s zoning and be an informed landowner.
**KLAMATH BASIN NEWS**  
*Daniel Leavell, Extension Forester in Klamath & Lake Counties*

**BIOCHAR**

Our landscape efforts at cross-boundary, landscape-scale management have been successful. Within the first year of active management, we completed forest thinning, slash abatement, fuels risk mitigation, juniper thinning, riparian area improvement, weed treatment, aspen restoration, and wildlife habitat improvement on 20,000 acres of public and 6,000 acres of adjacent private acres. Success in project implementation has been very satisfying, but has resulted in 1,000’s of tons of slash produced. Piles are scattered across the entire landscape, with some having more than 100 tons of accumulated and stacked slash piles. Most of these piles (especially the larger ones) are scheduled to be burned when conditions are right.

February 1 demonstration of the Carbonizer 500. This was taking place on a private land ownership that participated in the North Warners landscape management effort put together by the Klamath-Lake Forest Health Partnership. The landowner was assisted in crafting a land management plan with treatment recommendations. Over 600 acres were thinned and about 400 tons of slash produced.

Our Partnership is always looking for the most efficient and effective way to carry out our landscape management objectives. We are currently working on developing agreements between our agency, non-profit Partners, and the Oregon Prescribed Fire Council to compose cross-boundary burn plans that can utilize the resources of professional firefighters and lessen liability for private landowners. This is still a few years from being implemented on a large scale. We are also recommending some of the smaller piles be kept, where appropriate, for wildlife habitat. SomeSlash also needs to replenish soil nutrients.

Another option we are considering and testing is the conversion of some excess biomass into biochar. There is potential with this and we set up a demonstration on a private land ownership within our North Warners landscape effort – about 10 miles north of Lakeview. Last Friday, the 1st, we had a mobile, “Carbonizer 500” from the Ragnor Original Innovation Company (OIC), headquartered in New Hampshire. They had been doing demonstrations across Eastern Oregon and agreed to hold on in Lake County. Our Partner, Kasey Johnson (Oregon Department of Forestry) coordinated the logistics for a successful demonstration. We are putting together some monitoring protocols to test the value of the biochar for augmenting the dry soils of Lake County on the same private land we managed – that produced approximately 400 tons of slash over about 600 acres.

**TRAIN MOUNTAIN**

As part of The Chiloquin Community Forest and Fire Project [https://www.klfhp.org/chiloquin], we have prioritized high priority areas for management, based on the three goals of the National Cohesive Wildland Fire Management Strategy: 1. Resilient Landscapes; 2. Fire-Adapted Communities; and 3. Safe and Effective Wildfire Response. We also provide recommendations on public and private land that meet objectives on a landscape-scale that benefit ecosystems, economies, and communities.

We continue to hold informative community meetings to enlist landowner support and involvement. Our latest community meeting was held this past November 10th at the Train Mountain headquarters and attended by Train Mountain staff, managing Board, and adjacent landowners. Our Partnership presented information on resource management, displayed and discussed maps and inventory information we collected, and signed landowners up for further assistance in cost-share projects.

Neighbor-meeting-neighbor meetings like this one at the Train Mountain headquarters are important to assist landowners in developing land management plans across land ownerships.
Read All About It!

Two of OSU Extension’s classic forestry publications have been updated.


Revised: October 2018. Cost: $40.00 (print only)
Order Online: http://catalog.extension.oregonstate.edu/manual12

Ecology and Management of Eastern Oregon Forests (Manual 12) is an essential reference for anyone engaged in forest management here on the dry side of the Cascades. It offers invaluable guidance regarding ponderosa pine, lodgepole pine, and mixed conifer forests. Chapters cover topics including eastside forest types, silvicultural systems, reforestation and vegetation control, conifer pests, forests as forage, wildlife habitat enhancement, harvesting, and fire risk reduction. The new version is available in print only for $40. At 240 pages, with full color photos and illustrations, that’s a bargain!

Managing Insects and Diseases of Oregon Conifers (EM 8980)

By Paul T. Oester, David C. Shaw, and Gregory M. Filip.
Revised: January 2019. Cost: $18.00 (print), free PDF available online.
Order Online: https://catalog.extension.oregonstate.edu/em8980

Managing Insects and Diseases of Oregon Conifers (EM8980) is another essential. It provides practical advice on how to address forest health issues, including bark beetles, wood borers, defoliators, aphids and adelgids, shoot feeding insects, root diseases, stem decays, cankers, mistletoes, and more. The full-color printed version is available for $18, or you can download a PDF for free.