Alternative Forestland Taxation Considerations In Oregon

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Certification Statement

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Abstract

The problem was that rural fire protection districts in Oregon are prohibited by statute from collecting property taxes on vacant property that had been classified as forestland. The purpose of the research was to identify alternative taxing structures that would allow Oregon rural fire protection districts to collect taxes/fees for providing service to vacant property that had been declared forestland. Descriptive research was used to answer the following research questions.

a. What is the current taxing structure for forestlands within rural fire protection districts in Oregon?
b. What is the financial impact to rural fire protection districts in Deschutes County as a result of the forestland taxation issue?
c. How are rural fire protection districts in other western states compensated for protecting lands identified as forestland?
d. What statutory changes would be required to allow rural fire protection districts in Oregon to collect property taxes from properties designated as forestland?

Research procedures included analyzing current laws in four western states and interviewing representatives from forest protection agencies. Additional research was conducted utilizing the National Fire Academy Learning Resource Center. Local data was researched utilizing tax and property assessment data from the Deschutes County Oregon Assessor’s Office. Results indicated that the current statutory language restricts rural fire protection districts in Deschutes County from collecting $527,071.00 in property taxes that in other western states would be collected.

Author recommends establishing a statewide committee to evaluate the impacts in Oregon and establishing alternative statutory language for consideration in the 2015 state legislative session.

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Introduction

The Sisters-Camp Sherman Rural Fire Protection District (District) is located in Central Oregon on the Eastern slopes of the Cascade Mountain Range. The District is a recognized Rural Fire Protection District under Oregon Revised Statutes Chapter 478. The District protects more than 200 square miles of residential neighborhood and forestland including the City of Sisters Oregon and the surrounding areas. The topography of the region is varied, from flat agricultural land, to steep mountainous terrain. The Cascade Mountain Range creates a rain shadow and provides a barrier from storms originating in the Pacific Ocean. The rain shadow effect results in a drier climate and a greater risk of wildland fires. Summertime thunder and lightning storms are common in the region, which frequently ignite the dry vegetation.

The City of Sisters lies in the middle of the District and is a popular tourist destination. Ninety nine percent of the District lies outside of the incorporated city limits and consists of rural tree covered lots or national forest. There is a patchwork of state and private forestlands, national forest, and privately owned homes and vacant lots. This patchwork of lands requires a closely coordinated emergency response system from multiple federal, state, and local resources. Responders include the U.S. Forest Service, Bureau of Land Management, Oregon Department of Forestry, and the District. All agencies work well together and utilize common frequencies and command structures.

The problem is that the District is prohibited from collecting property taxes on vacant lands within the District if the property has been declared forestland. The District is responsible to respond to all fires within its boundaries regardless of whether or not it collects taxes from forestland parcels.

The purpose of this research was to identify alternative taxing structures that would allow rural fire protection districts in Oregon to collect property taxes for providing service to vacant property that has been declared forestland. Descriptive research was used to answer four research questions:

A. What is the current taxing structure for forestlands within rural fire protection districts in Oregon?
B. What is the financial impact to rural fire protection districts in Deschutes County Oregon as a result of the forestland taxation issue?
C. How are rural fire protection districts in other western states compensated for protecting lands identified as forestland?
D. What statutory changes would be required to allow rural fire protection districts in Oregon to collect property taxes from properties designated as forestland?

The results of the research will be used to make recommendations to the Oregon Fire Chief's Association regarding legislation that should be introduced in the 2015 legislative session. The purpose of the legislation would be to address taxation issues regarding vacant forestland within rural fire protection districts.

Background and Significance

The District is located in Central Oregon in an area that frequently experiences significant wildfires. These wildfires are often ignited by lightning storms in the mountains which then move down slope toward the community of Sisters. On Average there are 14 lightning caused fires in the Sisters District of Oregon Department of Forestry protected lands. The ten year average acreage lost due to lightning fires is 1,560 acres per year (Forestry, Prineville/Sisters Unit Protected Number of Fires by General Cause, 2013). Fuels, weather, and topography combine to create a volatile environment from a fire perspective. The annual precipitation for the City of Sisters is 13.62 inches per year (Center, 2005). This is significantly less rainfall than neighboring cities on the West side of the Cascade Mountains. Stayton Oregon for example shares similar latitude with Sisters but receives over 52 inches of rainfall each year. Stayton is located on the Western side of the Cascade Mountain Range and is West of Sisters. The City of Sisters lies in the middle of the District and is a popular tourist destination. Ninety nine percent of the District lies outside of the incorporated city limits and consists of rural tree covered lots or national forest (Bureau, 2010).

The scenic beauty and environment draws not only visitors to the region but also new residents. The Greater Sisters area experienced a 229% increase in resident population from 2000-2008 (Project Wildfire, 2009). Many new residents often are not familiar with the extreme fire risk in the region. Burning restrictions and guidelines are often different than other areas of the state or country. Since the majority of the District lies within forested areas, the increased growth has also increased the risk from fire to area residents.

Oregon Revised Statutes prohibit the District from collecting property taxes on vacant lands within the District if the property has been declared forestland. The District is responsible to respond to all fires within its boundaries regardless of whether or not it collects taxes from forestland parcels. A recent study by the Deschutes County Oregon Assessor determined that there were 550 vacant lots within the boundary of the District that were classified as forestland. The resulting loss in annual tax revenue to the District is $108,851 per year (Office, 2013).

This Applied Research Project (ARP) meets the recommendations contained in several units of the Student Manual for the Executive Leadership course at the National Fire Academy. Units that apply to this ARP include: Unit 3-Thinking Systemically, Unit 4-Thinking Politically, Unit 7-Politics and Public Policy, and Unit 13-Taking Risks (FEMA, 2012). Two objectives within Unit 4 discuss the importance of understanding political relationships in relation to political systems and recognizing how political relationships can contribute to designing effective strategies for leading adaptive change. The research questions addressed within this ARP could have political repercussions to several special interest groups within the state.

This ARP also relates and supports four out of the five United States Fire Administration (USFA) strategic goals (Administration, U.S. Fire Administration Strategic Plan, 2012). Specifically this Applied Research proposal will:

a. Reduce risk at the local level through prevention and mitigation.
b. Improve local planning and preparedness.
c. Improve the fire and emergency services' capability for response to and recovery from all hazards.
d. Improve the fire and emergency services' professional status.

The ARP offers clarification regarding the current taxing status of forestlands in Oregon which allows for enhanced coordination between agencies with similar protection responsibilities. Enhanced coordination will improve the professional status of all emergency response agencies. The ARP also identifies potential changes to Oregon Revised Statutes that would allow for additional funding for rural fire protection districts. Enhanced funding would allow for enhanced prevention, mitigation, and planning measures.

Literature Review

The proliferation of wildland fires occurring in residential neighborhoods isn't a new trend, or unique to the United States. Fires occurring in these areas are called Wildland Urban Interface (WUI) fires and are occurring across the globe. The National Wildland Coordinating

Group (NWCG) defines WUI as “the line, area, or zone where structures and other human development meet or intermingle with undeveloped wildland or vegetative fuels” (Litzenberg, 2013) It is becoming rare to have a wildland fire incident that doesn’t involve people and their homes. In addition to Australia and the United States, people have died in WUI fires in Mexico, Europe, Africa, and Asia (Mutch, 2010).

The International Association of Fire Chiefs (IAFC), The National Fire Protection Association (NFPA), and the United Kingdom Chief Fire Officers Association (CFOA) recently signed a memorandum of understanding relating to WUI education and wildland-fire risk-mitigation programs (Garnier, 2014). The partnership was formed in response to growing concerns over climate change, increased demands for new homes in the WUI, and variations in land-management practices. The goal of partnership is to seek a holistic solution to mitigation and education that involves not only fire and rescue services, but other impacted stakeholders as well.

NFPA released a report titled “Brush, Grass, and Forest Fires” in November of 2013. The report identifies the astonishing costs and frequency of wildland fires in the United States. According to data from the National Fire Incident Reporting System (NFIRS) between 2007 and 2011 local fire departments in the United States responded to 334,200 brush, grass, or forest fires each year (National Fire Protection Association, 2013). NFPA also identified that nine out of the 25 costliest fires (in terms of property loss) in U.S. history were described as forest, wildland, or WUI fires.

Oregon and the District share many of the same challenges as the rest of the world and the United States when it comes to WUI fires. The Greater Sisters Community Wildfire Protection Plan identifies nine communities within the District that meet the Healthy Forest Initiative requirements for a “community at risk” (Wildfire, 2009). The communities identified in the plan comprise 8,632 acres and a population of more than 6,300 people. The plan also identifies that 20% of all land in the plan area consists of vacant lots. Wildland fires are common in the region, with seven large complex fires in the past 10 years (Wildfire, 2009). In 2012 the 27,000 acre Pole Creek fire threatened Sisters and resulted in decreased tourism and hardship for many local businesses (Cornelius, 2012).

Any discussion of the WUI fire problem in Oregon should also include a review of how fire protection is funded within WUI areas. Oregon Revised Statutes address the statutory authority and responsibilities for the preservation of the forests and the conservation of forest resources as a public policy of the State of Oregon. This policy is outlined in ORS 477.005 and identifies the need for a complete and coordinated forest protection system (Oregon, 2013). Statute further identifies the mission and priorities of the State Forestry Department are to:

1. Save lives
2. Protect forest resources
3. Structural protection, though indirect, shall not inhibit protection of forest resources

Statute also addresses the process of classifying WUI lands in the state. ORS 477.025 uses the term “forestland-urban interface” to identify lands that are classified based on condition, situation, fire hazard, and risk. Statute provides direction regarding the classification process and the composition of the classification committee. Once property within the forestland-urban interface is classified, the fee structure can then be determined.

ORS 477.880 provides that forestland fire protection assessments are the same for properties within rural fire protection districts as those outside rural fire protection districts (Oregon, 2013). Forestland fire protection fees are based on a per acreage assessment with a minimum charge of $18.75 per lot. Acreage fees vary from the drier climate of eastern Oregon (.075 cents per acre) to the wetter western portion of the state (.05 cents per acre) (Oregon, 2013). In addition to the fee per acre, forestlands that have structural improvements located on the property (i.e. home, barn, shop) are assessed a structural surcharge on an annual basis. The structural surcharge is a flat fee of $47.50 per lot (Forestry, 2013). Another fee on forestland that supports fire suppression is the Forest Products Harvest Tax (FPHT). The FPHT is based on a per 1,000 board feet of timber harvested and is due when the timber is sold. The FPHT is currently $.625 per 1,000 board feet of timber harvested (Forestry, 2013).

Rural fire protection districts in Oregon receive funding differently than properties classified as forestland. Rural fire protection districts receive property taxes based on the taxable assessed value of the real property and improvements (Revenue, 2014). Property taxes are collected by county assessors and distributed to rural fire protection districts. ORS 478.010 prohibits rural fire protection districts from collecting taxes on vacant forestlands that are included within the boundaries of a forest protection district (Oregon, 2013). The statutory, taxing, and assessment differences of property within rural fire protection districts and forestland included within forest protection districts can be further complicated by the fact that the boundaries often overlap. This overlap can result in loss of revenue to rural fire protection districts and increased work load for county assessor employees who must determine taxable values for rural fire protection districts.The Deschutes County Assessor’s Office in Oregon determined that there are 5,370 vacant parcels of forestland in Deschutes County Oregon within the boundaries of rural fire protection districts (Rossi, 2013). The taxable assessed value of the lots was $269,405,573.

Oregon isn't the only state with a WUI problem. Washington, Idaho and California also have a significant amount of WUI lands. In Washington, forestlands are regulated and taxed by the Department of Natural Resources (DNR). DNR protects 12.7 million acres of forestland in the state of Washington (Resources, 2006). Like Oregon, DNR classifies forestlands, and owners pay a per acre fee with a minimum assessment. Also like Oregon, rates vary from Eastern Washington to Western Washington. DNR does not charge a structural surcharge, and rural fire protection districts are allowed to collect the property taxes for lands that are jointly protected (Abbott, 2014).

Idaho forestlands are protected by the Idaho Department of Lands (IDL). IDL protects 6.3 million acres of forestland. More than 77% of these lands have been identified as WUI lands (Lands, 2008). Like Oregon and Washington, Idaho charges a per acreage assessment to fund fire protection costs. Current costs per acre in Idaho are $.65 cents per acre. Idaho also charges a structural protection fee of $40.00 per improved lot, similar to Oregon. Idaho allows for rural fire protection districts and IDL to both assess taxes or fees on vacant property (Thomas, 2014). When fires occur, IDL usually assumes a primary role combating fires in the WUI setting even if the property is also served by a rural fire protection district (Marcus, 2014).

California residents pay fire prevention fees to the California Department of Forestry (CDF) if there is a habitable residence within the State Responsibility Area (SRA). The annual fee is $150.00 per structure with a $35.00 discount for structures located within the boundaries of a local fire protection agency (California, 2014). Habitable structures that are located within an incorporated city or federally owned lands are exempt from the fee.

The implementation of the fire prevention fee in California has created some controversy with tax policy watch groups. The Howard Jarvis Taxpayers Association is challenging the constitutionality of the fee in light of California Proposition 13 which restricted growth in property taxes (Association, 2014).

If Oregon were to consider allowing rural fire protection districts to collect taxes on properties identified as forestland, like Washington, California, and Idaho, changes in state statute would be required. Oregon laws for rural fire protection districts are found in the ORS. Specifically chapters 198 and 478 relate to the creation of special service districts and rural fire protection districts respectively (Oregon, 2013). ORS 478.010 provides specific guidance regarding properties that may not be included within the boundary of a rural fire protection district. ORS 478.010 (c) states that rural fire protection districts may not include forestland as identified in ORS 477.205-477.281 unless the owner consents and notifies the rural fire protection district. This section of statute does provide for the inclusion of up to 5 acres of forestland into a rural fire protection district without owner consent if improvements are located on the property. Any changes in ability to collect taxes on properties identified as forestland would require changes in state law, specifically chapter 478.

The literature review determined that there are restrictions on the taxation of forestland properties by rural fire protection districts in Oregon. Additionally it was discovered that the financial impact of these restrictions are measurable and have been identified by the Deschutes County Assessor. Other western states have a different approach to the taxation of forestlands by rural fire protection districts. Idaho, Washington, and California all allow for rural fire protection districts to tax properties identified as forestland. Lastly, legislative changes would be required if Oregon rural fire protection districts wanted to collect property taxes on forestland in Oregon.

Procedures

The purpose of the research was to identify alternative taxing structures that would allow rural fire protection districts in Oregon to collect property taxes/fees for providing service to vacant property that has been declared forestland. Descriptive research was used to answer the research questions.

Research began while attending the Executive Leadership class at the National Fire Academy in Emmitsburg Maryland from September 23, 2013 through October 1, 2013. Research was conducted utilizing the Learning Resource Center on the campus of the National Fire Academy. Searches were performed utilizing key words such as; “Forestland Taxation”, “California Forest Taxes”, “Idaho Forest Taxes”, and “Washington Forest Taxes”. Additional searches were performed utilizing Google search engine to identify state laws impacting the taxation of forestlands. Types of documents searched included Executive Fire Officer Applied Research Projects, magazine articles, books, statutes from four western states, and archived reports.

When researching the current taxing structure of forestlands within rural fire protection districts in Oregon, several procedures were used. To begin the research the Google search engine was used to identify the most current version of the Oregon Revised Statutes. The statutes were then reviewed to determine which statutes applied to rural fire protection districts. Once the appropriate statutes were identified, secondary sources were researched using Google search engines to find agency specific data that corroborated the statutory language. Since the Oregon Department of Forestry is responsible for protecting private and state forestland in Oregon, terms used to search included; “Oregon Department of Forestry Taxes”, “Oregon Department of Forestry Fee Structure”, and “How Are Forestlands in Oregon Taxed”. Data from the Oregon Revised Statutes and agency specific information was then confirmed with the Deschutes County Assessor who is responsible for complying with state laws regarding the assessment of property in Deschutes County.

Research regarding the financial impact to rural fire protection districts in Deschutes County was conducted exclusively utilizing Deschutes County assessment data. Initial searches were conducted using a computer to access the Deschutes County Assessor online information regarding assessment and taxation (DIAL). Initial searches showed inconsistencies within the district in regards to how similar properties were classified and taxed. Since the geographic size and number of lots within the District was too large to conduct a search one parcel at a time, the Deschutes County Assessor was contacted and requested to assist with the research. I provided the parameters of the desired search to Greg Rossi who is the Chief Cartographer with the Deschutes County Assessor's office in Oregon. A list of the desired search criteria and graphing options was provided to the Assessor's office via phone and the Assessor's office created a "draft" map for review. The parameters provided were:

a. Create a map of the boundary of the Sisters-Camp Sherman Rural Fire Protection District. The map shall show all individual tax lots within the District boundary.
b. The map shall identify tax lots (with a contrasting color) without improvements on the property that are also classified as forestland.
c. The map shall identify tax lots (with a contrasting color) without improvements on the property that are also classified as grazing lands.
d. The number and total taxable assessed value of tax lots identified as forestland or grazing shall be included on the map.

The completed map was reviewed and a sample of ten parcels was checked utilizing the online data source (DIAL). While this was a small sample size it was determined the Dial program was searching the same assessment data source utilized by the Chief Cartographer to develop the “draft” map. Once the “draft” map was approved, the map was finalized, and the remaining rural fire protection districts in the County were analyzed using a similar search process for each department. Once all of the rural fire protection districts in Deschutes County were evaluated, the individual data from each agency was compiled into an Excel spreadsheet to determine the total impact to all agencies (Appendix A).

When researching how rural fire protection districts in other western states were compensated for protecting land identified as forestland, the author initially searched the database at the National Fire Academy Learning Resource Center. Searches using the online search tool failed to return any reports or applied research projects which related to this topic. A search was then conducted using Google search engine to find the appropriate state laws for California, Idaho, and Washington. Statutes were then read to determine statutes that would apply to the appropriate research questions. Google searches were also conducted in relation to the state agency responsible for the protection of forestlands in each state. Searches were conducted using the terms; “Washington Department of Natural Resources”, “California Division of Forestry”, and “Idaho Department of Lands”. Once each agency website was identified, the sites were searched for information on fees and taxes regarding forest protection. All agency websites had an internal search feature that allowed for searching for specific information.

Once specific information was found on the agency website it was confirmed with the identified statutory language to ensure consistency and understanding by the author. In two cases, Washington and Idaho, the information was not clear in regards to the ability of rural fire protection districts to collect property taxes on classified forestland. The author contacted the state forest offices of both states and conducted personal interviews with agency personnel knowledgeable on each states laws. Interviews were narrowly focused and designed to answer the research question (Appendix B).

The last research question asked what statutory changes would be required to allow rural fire protection districts in Oregon to collect property taxes from designated forestlands. Since the research question was specific to statutory changes, the focus of the research was Oregon Revised Statutes. The statutes were reviewed to identify statutes relating to forestland taxation or rural fire protection district taxation or formation. The statutes were then individually analyzed to determine what specific changes would be required to have the desired effect of allowing rural fire protection districts to collect property taxes from designated forestland.

Limitations discovered during the research included the proprietary nature of the information being researched. The Deschutes County Assessor is the only collector of tax data for the county. Any validation required using the same software and data set used to develop the requested report. Statutory language was also very specific to each state, and there was only one source of the information. Efforts were made to confirm the author’s understanding of statutory language by contacting state agencies and rural fire districts impacted by the laws.

Results

The Oregon Department of Forestry (ODF) provides fire protection services for forestlands within the state of Oregon. ODF receives funding from three main sources. The Oregon legislature provides 50% of the funding for fire protection services through the Public Share Fire Fund (General Fund) (Forestry, 2013). The remaining 50% is funded by land owners through a per acreage assessment. Public land owners receive no assistance from the General fund and pay 100% of the cost of fire protection. The minimum assessment for private landowners is $18.75 per lot. Other taxes and assessments that support forestland fire protection services include a timber severance tax of $.625 per 1,000 board feet of timber harvested. The last assessment that funds forestland fire protection is a structural surcharge of $47.50 per improved forestland tax lot.

The second research question asked what the financial impact was to rural fire protection districts within Deschutes County as a result of the forestland taxation issue. It was determined that there are six rural fire protection districts in Deschutes County. Five of the six fire districts were financially impacted by the forestland taxation issue. Redmond Fire and Rescue is a rural fire protection district in Deschutes County that was not impacted. Redmond Fire and Rescue was determined to not have any classified forestlands within its protection boundaries. The remaining five fire districts were impacted in varying degrees.

Gregg Rossi, Chief Cartographer with the Deschutes County Assessor's Office, determined that the following fire districts were impacted to the following level (Rossi, 2013):

a. Lapine Rural Fire Protection District had 4031 lots impacted at a total property tax assessed value of $270,037,961. The total amount of revenue that was not collectable due to the forestland tax issue was $232,552 per year (Appendix C).

b. Rural Fire Protection District No.2 had 716 lots impacted at a total property tax assessed value of $105,426,000. The total amount of revenue that was not collectable due to the forestland tax issue was $ 150,759 per year (Appendix D).

c. Black Butte Ranch Rural Fire Protection District had 39 lots impacted at a total property tax assessed value of $7,658,890. The total amount of revenue that was not collectable due to the forestland tax issue was $ 23,127 per year (Appendix E).

d. The Cloverdale Rural Fire Protection District had 116 lots impacted at a total property tax assessed value of $10,404,000. The total amount of revenue that was not collectable due to the forestland tax issue was $ 11,340 per year (Appendix F).

e. The Sisters-Camp Sherman Rural Fire Protection District had 583 lots impacted at a total property tax assessed value of $39,872,000. The total amount of revenue that was not collectable due to the forestland tax issue was $ 108,851 per year (Appendix G).

The third research question asked how rural fire protection districts in other western states are compensated for protecting lands that have been identified as forestlands. California, Washington, and Idaho were evaluated and all were determined to allow rural fire protection districts to collect taxes for protecting forestlands.

The Washington Department of Natural Resources (DNR) provides fire protection to state lands and charges a per acreage assessment on forestlands. The DNR does not assess a separate fee for structural protection (Abbott, 2014).

The Idaho Division of Lands (IDL) provides protection to state owned and private timberlands in Idaho, and like Washington, charges a per acreage assessment for classified forestlands. IDL does charge a structural assessment fee of $40.00 per lot (Marcus, 2014).

California implemented a fire prevention fee in 2011 for all habitable structures within the identified State Responsibility Area (California, 2014). The $150 yearly fee is reduced by $35 if the structure is also located within a rural fire protection district. If the structure is located within the boundaries of an incorporated city the fee is waived entirely.

The last research question asked what statutory changes would be required to allow rural fire protection districts in Oregon to collect property taxes from properties designated as forestland. Oregon Revised Statutes would need to be modified to allow rural fire protection districts to collect property taxes on lands classified as forestland. ORS 478.010(C) states that rural fire protection districts may not include forestlands unless the owner consents and notifies the rural fire protection district (Oregon, 2013). This statute could be modified by eliminating section (C) of this statute.

Discussion

The purpose of this research was to identify alternative taxing structures that would allow rural fire protection districts in Oregon to collect taxes/fees for providing service to vacant property that has been declared forestland. The research questions and results supported the purpose of the research by addressing what the current taxing structure of forestland within rural fire protection districts is. Current taxes and assessments in Oregon were found to be similar to those in adjoining states with one glaring exception. Oregon was the only state out of the four western states researched that restricted rural fire protection districts from collecting taxes on vacant forestland. Further analysis of the origin of Oregon tax laws should be conducted to determine why this restriction exists. This applied research project did not address the historical nature of laws regarding the taxation of forestland.

Another research question addressed the impact of current tax laws on rural fire protection districts in Deschutes County. The results showed the potential for significant additional resources for rural fire protection districts in Oregon if laws were changed to be similar to the other western states (Rossi, 2013). The fact that tax laws are different in Oregon may not be enough reason for the Oregon Legislature to modify the state tax laws to benefit rural fire protection districts. One consideration regarding funding of rural fire protection districts is the changes to Oregon property tax laws that have limited increases in property assessed values. This limitation in property tax growth was implemented after the taxing system for forestland was created.

One unique discovery was noted during the research that could have implications for rural fire protection districts within the state. Deschutes County actually has one more fire department that was not listed in the research results (Rossi, 2013). The reason for this was that Sunriver Fire Department wasn't formed as a rural fire protection district. Sunriver Fire Department was organized as a County Service District, and therefore different tax laws apply to forestland within department boundaries. Sunriver was able to collect property taxes on all properties within its service area as a result of this difference in governance. This may prove to be a beneficial governance model for rural fire protection districts which have a large amount of forestland within their district boundary.

In 201l California implemented a new fire prevention fee to provide revenue for the California Department of Forestry. The fee was enacted by the California Legislature and signed into law by the Governor. The fire prevention fee does not preclude rural fire protection districts from collecting taxes on forestland in California and actually provides a discount for homeowners in rural fire protection districts. While the fee concept was similar to Oregon and Idaho, the size of the fee was drastically higher in California. The California Fire Prevention Fee was $150 annually per habitable structure (California, 2014). Oregon's fee for forestland with improvements was $45 per year (Revenue, 2014), and Idaho's fee was $40 per year for forestland with improvements (Lands, 2008).

The concept of implementing fees for structural protection in California seemed to have created some controversy. While conducting research on California forestland taxation laws Google search results returned countless results encouraging residents to challenge the fee as an illegal tax (Association, 2014). Any proposed changes in Oregon tax laws may run into similar resistance from impacted residents.

The last research question asked what statutory changes would be required to allow rural fire protection districts in Oregon to collect property taxes from properties designated as forestland. ORS 478.010 (c) reads “A rural fire protection district may be formed in the manner set forth in ORS 478.010 to 478.100. A district may not include: Forestlands included within a forest protection district under ORS 477.205 to 477.281 unless the owner consents and notifies the rural fire protection district, however, forestland protected pursuant to ORS 477.205 to 477.281 and not exceeding five acres in one ownership shall be included in the rural fire protection district without the owner’s consent if the ownership includes any structures subject to damage by fire. Forestland included in a rural fire protection district under this subsection subjects the forestland to assessments for fire protection by the rural fire protection district and the forest protection district” (Oregon, 2013).

Changes to this statute may be as simple as removing subsection (c) from the statute, which would allow rural fire protection districts to include forestland within district boundaries without restriction. This change would not impact current ORS language regarding forest protection districts or the classification of forestlands. Another alternative may include changing the definition of forestland to exclude lands included within rural fire protection districts. This change would result in changes to other government agency rules and laws and likely would be met with intensive opposition. Another option may be to expand the scope of County Service Districts to make this option a more attractive option for rural fire protection district governance. This option may result in opposition from county governments which oversee County Service Districts.

Forestland classification was found to be impacting rural fire protection districts in Deschutes County Oregon. The current statutory language has not been updated in several years and is different than three other western states evaluated. Any changes in forestland taxation rules would require revisions to Oregon Revised Statutes and would likely encounter opposition from impacted parties. The fear of potential opposition should not be an obstacle to necessary reform. The risks of increasing fire occurrence in the wildland urban interface has been well documented (National Fire Protection Association, 2013) and likely will continue into the foreseeable future.

Recommendations

The problem identified in this Applied Research Project was that rural fire protection districts in Oregon are prohibited by statute from collecting property taxes/fees for providing service to vacant property that has been declared forestland. The purpose of the research was to identify alternative taxing structures that would allow rural fire protection districts in Oregon to collect taxes/fees for providing service to vacant property that have been declared forestland. Upon completion of the research the author makes the following recommendations.

1. The Oregon Fire Chief’s Association should create a statewide taskforce to gather more data on the impact of forestland taxation laws on all rural fire protection districts in the state of Oregon.

2. Oregon's rural fire protection districts should reach out to Oregon Department of Forestry officials to determine if there is support for changes to Oregon Revised Statutes.
3. Oregon rural fire protection districts should contact association representatives for assistance in preparing legislative changes if it is determined there is statewide support for changes.
4. Legislation should be prepared for introduction in the 2015 Oregon legislative session if the first three recommendations are completed.

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Appendix A

Vacant Lots Classified As Forest Land In Deschutes County

Agency	Vacant Forestland Lots	Vacant Grazing Lots	TAV of Lots	District Tax Rate/$1,000	Taxes Lost To Classification
Sisters-Camp Sherman RFPD	550	33	$39,872,216.00	2.73	$108,851.00
Black Butte Ranch RFPD	39	0	$7,658,890.00	3.03	$23,203.00
Lapine RFPD	3998	33	$106,675,236.00	2.18	$232,551.00
Rural Fire District No. 2	684	32	$105,427,131.00	1.44	$151,815.00
Cloverdale RFPD	99	17	$9,772,100.00	1.09	$10,651.00
TOTALS	**5370**	**115**	**$269,405,573.00**		**$527,071.00**

* Sunriver
* Redmond Fire and Rescue

Appendix B

Interview Questions

Interview Date:
Interviewer: Roger Johnson
Interviewee:

<u>Questions:</u>

1. How is forestland taxed in Washington?

Answer:

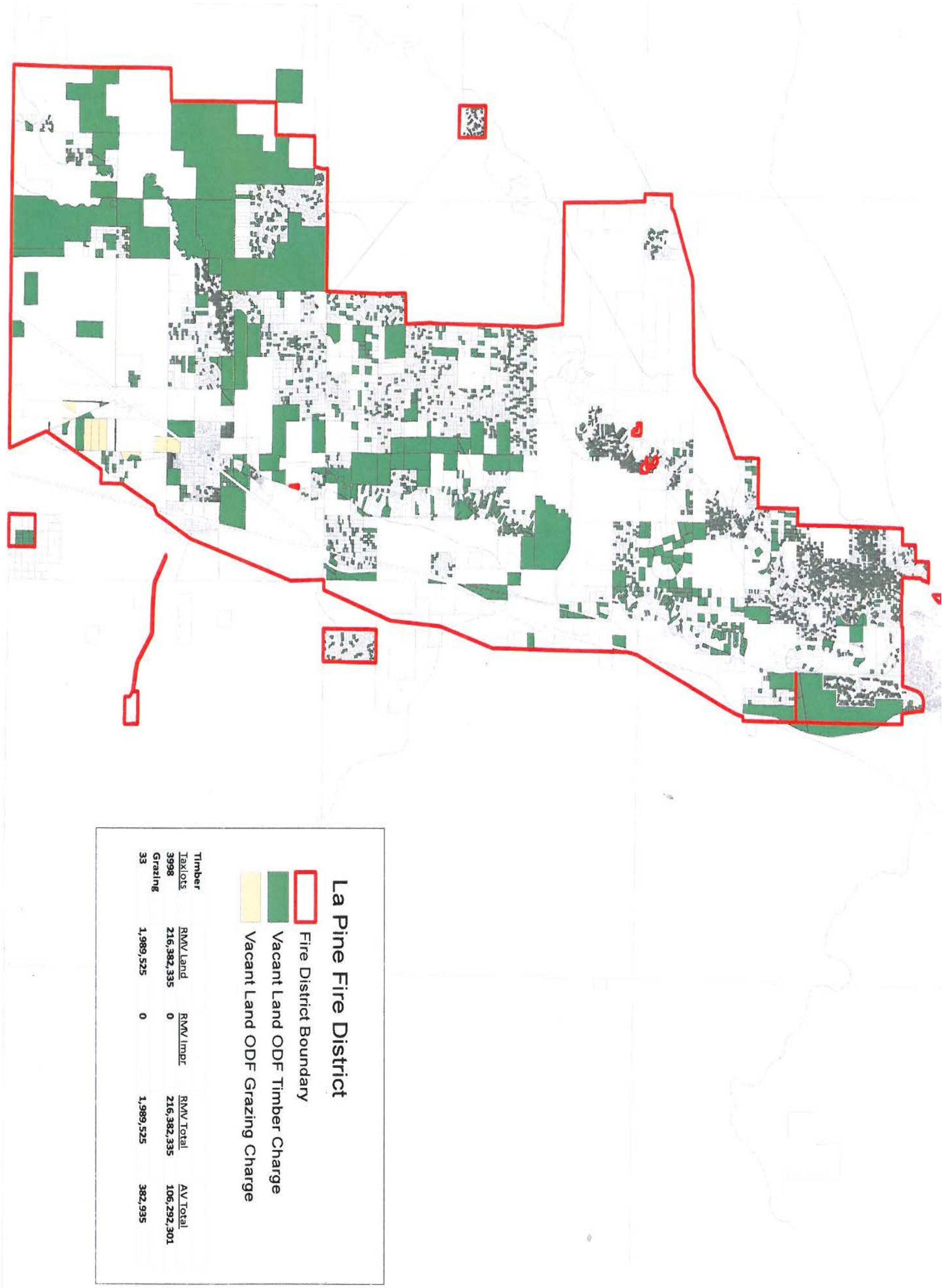
2. How does the tax work if a property is also within the boundary of a Rural Fire Protection District?

Answer:

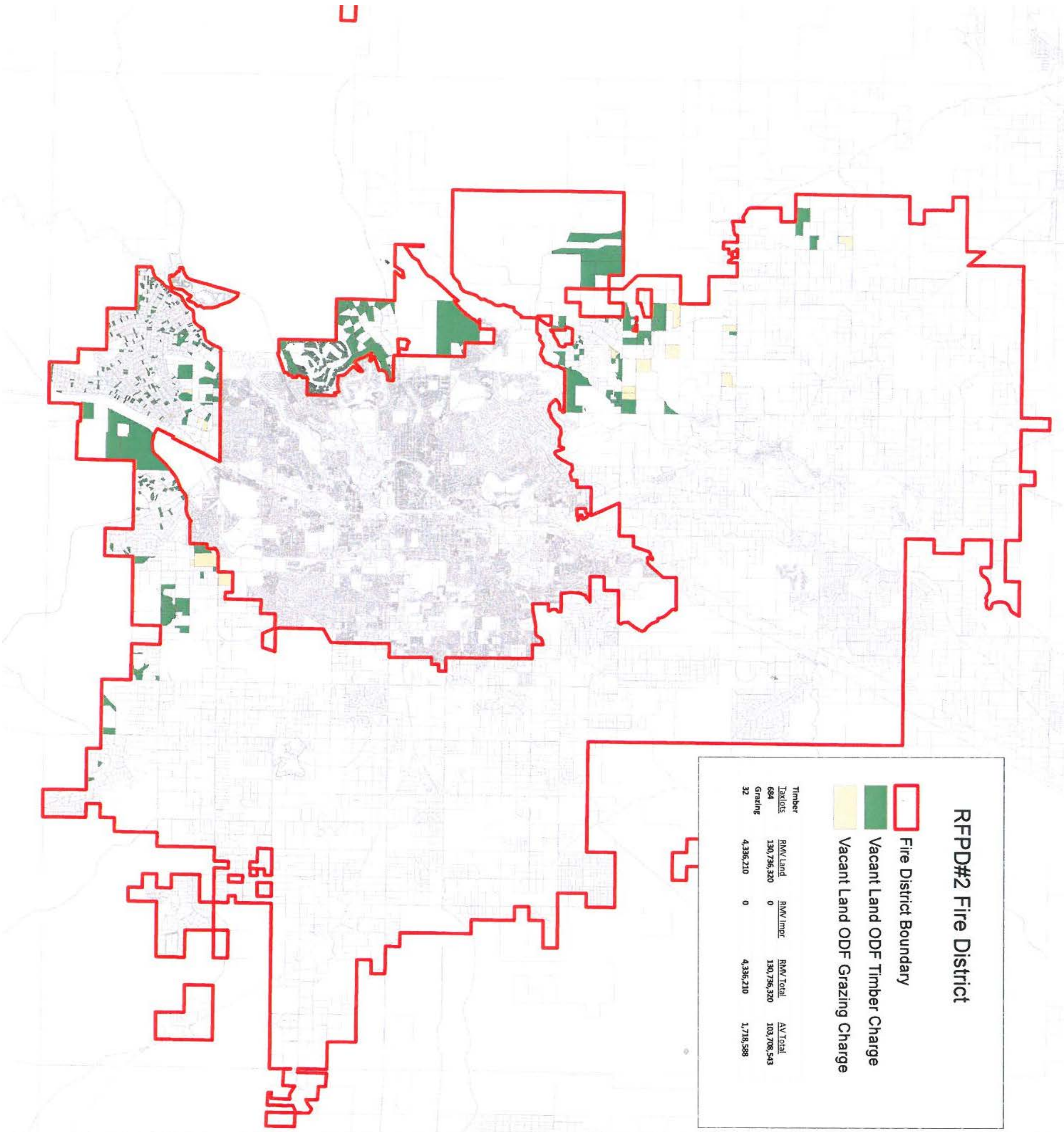
3. How is it determined in joint jurisdiction situations who is responsible for the costs of firefighting and any contracted equipment?

Answer:

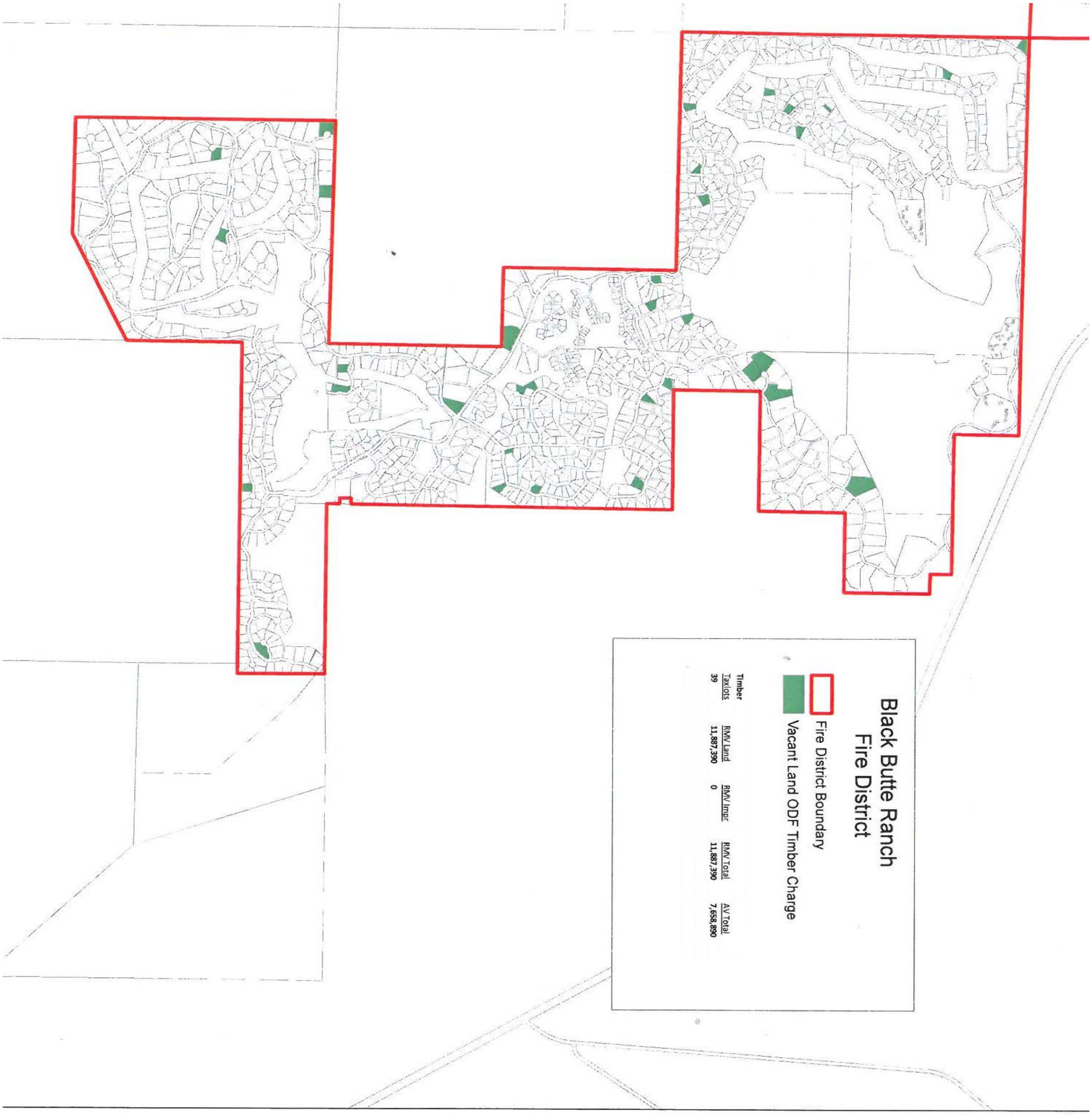
Appendix C


La Pine Fire District
Fire District Boundary
Vacant Land ODF Timber Charge
Vacant Land ODF Grazing Charge
Timber
Taxlots RMV Land RMV Impr RMV Total AV Total
3998 216,382,335 0 216,382,335 106,292,301
Grazing
33 1,989,525 0 1,989,525 382,935

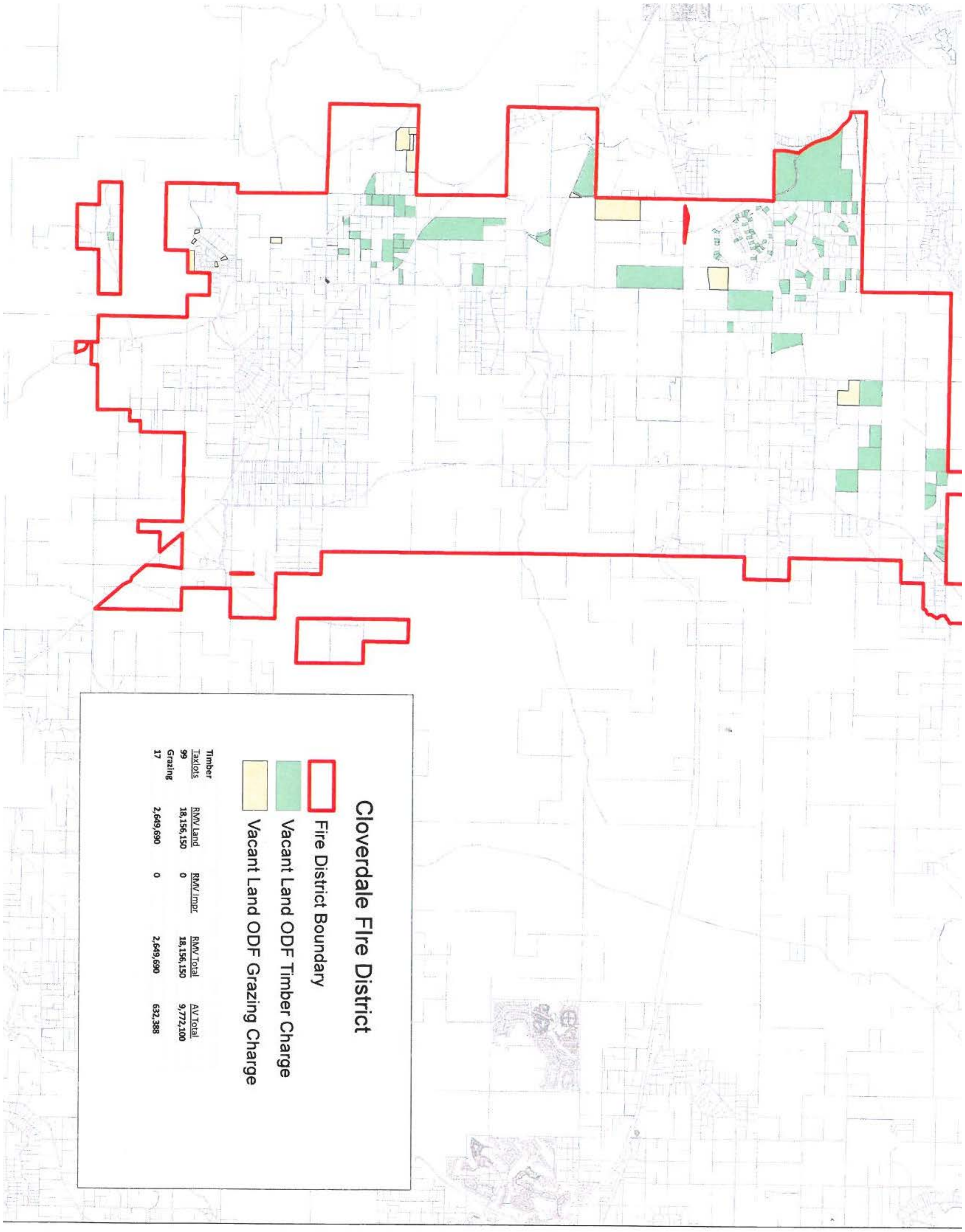
Appendix D


RFPD#2 Fire District
Fire District Boundary
Vacant Land ODF Timber Charge
Vacant Land ODF Grazing Charge
Timber
Taxlots
684
Grazing
32
RMV Land
130,736,320
4,336,210
RMV Impr
0
0
RMV Total
130,736,320
4,336,210
AV Total
103,708,543
1,718,588

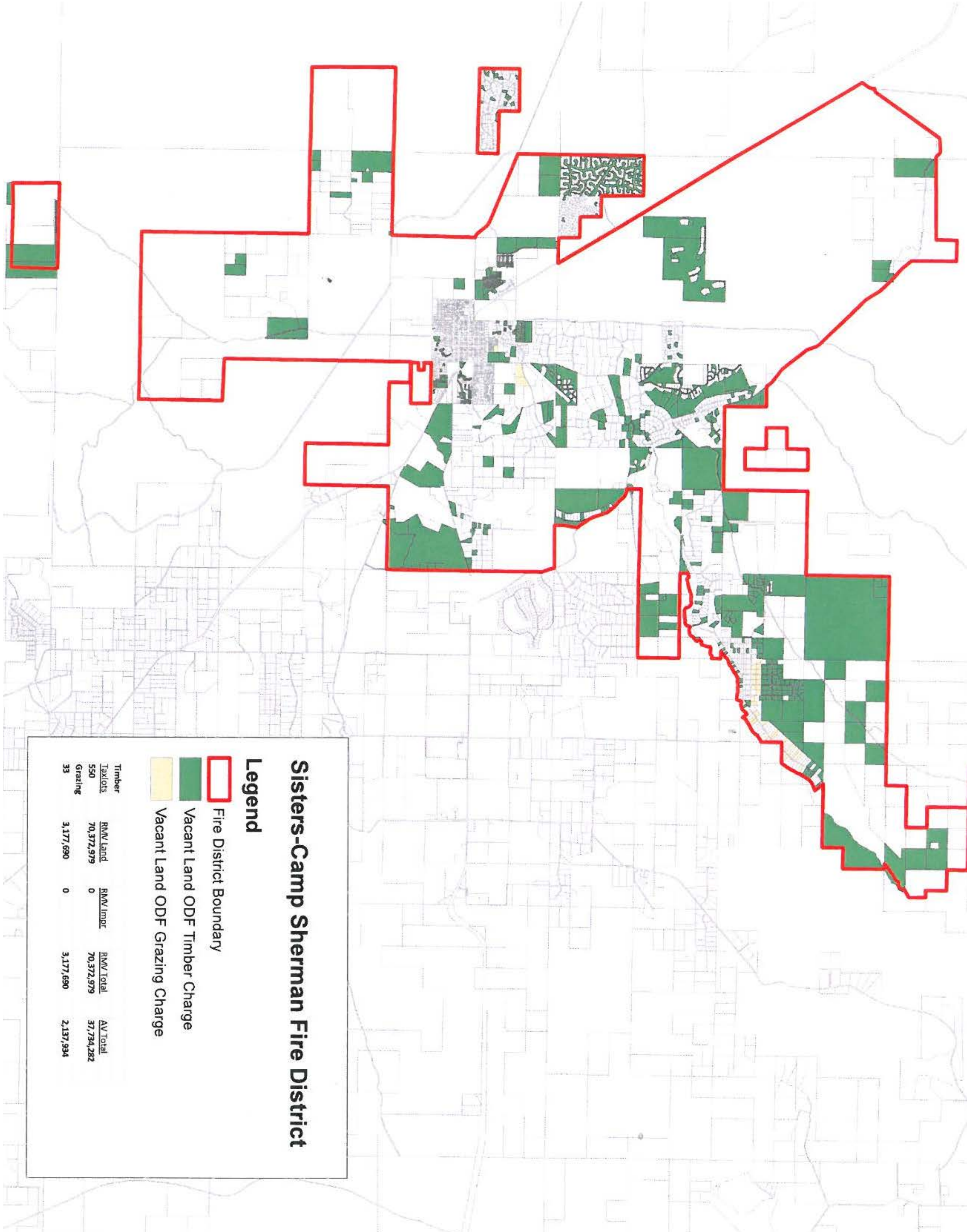
Appendix E


Black Butte Ranch
Fire District
Fire District Boundary
Vacant Land ODF Timber Charge
Timber
Taxlots
39
RMV Land
11,887,390
RMV Impr
0
RMV Total
11,887,390
AV Total
7,658,890

Appendix F


Cloverdale FIre District
Fire District Boundary
Vacant Land ODF Timber Charge
Vacant Land ODF Grazing Charge
Timber
Taxlots RMV Land RMV Impr RMV Total AV Total
99 18,156,150 0 18,156,150 9,772,100
Grazing
17 2,649,690 0 2,649,690 632,388

Appendix G


Sisters-Camp Sherman Fire District
Legend
Fire District Boundary
Vacant Land ODF Timber Charge
Vacant Land ODF Grazing Charge
Timber
Taxlots RMV Land RMV Impr RMV Total AV Total
550 70,372,979 0 70,372,979 37,734,282
Grazing
33 3,177,690 0 3,177,690 2,137,934