

Interview with Wallace B. Eubanks of the Oregon State  
Tax Commission on November 15, 1966.

I began work here in June 1946 after graduation from Oregon State College. I was hired by Howard Conkle who was the lone forester working for the State Tax Commission at that time. Right away we went to Klamath Falls where he had me doing work revising cutting reports, maps and timber records for the County. I worked there in the office and did some cruising that summer and during that same fall I went to Jackson County and worked on some of their records and made maps of ownership and studied the timber valuation situation. Even to a newcomer of that time it was ~~obvious~~ obvious that the taxation of timber was based on methods that ~~were~~ made it difficult for assessors to keep up their records.

I helped Howard ( Conkle) in this manner in several counties that winter, the winter of 1946-47. The 1947 Legislature passed the Forest Products Harvest Tax for the first time and we spent quite a little time working up the administration of it. We hired another forester, Ernie Wagner, Buzz Wagner as we called him. He and I did a lot of the first field work, setting up the administration and later hired Louis Bateman who spent several years in this work alone.

In the spring of 1947 Howard Conkle had me begin research into the use of aerial photos, especially in connection with making timber inventory.

OGLE ? ABOUT WHAT YEAR WAS THAT ?

That was the spring of 1947.

Howard recognized from his past years here at the Commission that the one big thing that hindered timber assessment and keeping them up to date was the lack of inventory of timber.

Most County cruises of that time were based upon cruises of various ages. Some of them were good cruises for that time and others were what you might call a "wagon bed cruise" or "ridge top cruise" or "horse -back cruise" which was the best they had. They did not require cutting reports and many owners would not tell the assessor what they had cut or where or they would tell him too much so that he would write it off the roll. Or they may have fires and noone bothered to make a re-inventory and ~~xx~~ change the records. It was very obvious that you couldn't proceed with an ad valorem tax on timber until you knew where the timber was.

OGLE: HOW ABOUT UTILIZATION ?

Well in 1947 after the war there was the beginning of a great change in utilization. Values were very low as we think of them today: four or five to eight dollar stumpage here on the west side. I can remember in 1949 when stumpage on Douglas fir got up to \$12 in Douglas County Howard would shake his head and say "I'll bet we never will get timber on the roll for that amount". It seemed awful low compared with today.

OGLE: Didn't utilization itself make many of the cruises obsolete ? In that many of the minor species had not been cruised. Yes that is true. Many species on the west side like Hemlock or White fir were not cruised or only a few of the best trees were and most of the cruises were to about a 16" diameter and up in the better trees, second growth was not paid any attention to, the young growth or reproduction that we inventory today. So besides the lack of inventory, change in utilization and rapid increase in value after the war made the records all the more obsolete.

During the year of 1947 I investigated methods of using aerial photos, making maps from them. In the winter of 1947-48 we worked and developed methods of making planametric maps in Yamhill County with aerial photos, and developed methods of making planametric maps using the radial line plotter and other techniques to

map large areas in a short length of time and also working  
of cruising  
out techniques/with the aid of the ariel photos. We recog-  
nize that we have to cover a lot of country quite rapidly  
yet in a reasonably thorough manner to get the job done.  
In 1948 Howard ( Conkle) sent myself and Bob Oslund to  
Douglas County where we took on the project of mapping  
and inventorying two townships that were adjacent to  
Dayville on the South Umpqua. In that project Bob and I  
drew our own maps from the photos and we cruised all of  
the two townships. Later that fall ~~W~~ Woody Dammere~~ll~~ joined  
us and he and I worked on it. It took us about eight man  
months to map and cruise two townships and we had enough  
ground control for mapping those two townships then that would  
suffice to do a whole county by our improved methods today.  
The whole purpose of the project was to learn and develop  
methods.

About the same time Douglas County evidenced interest in a  
~~re-inventory~~ re-inventory of its timber. Bob Kliner was  
County Forester and he was given the job of working up methods  
and getting together a crew to inventory the Douglas County  
timber. We worked with Bob and his boys teaching them the  
methods and techniques of mapping we knew and made some sug-  
gestions about cruising and they set up the project that ran  
from late 1948 to early 1955 when they completed the inventory  
of Douglas County timber. The Tax Commission just aided the  
county to a small extent in this work.

OGLE: WAS THIS BEFORE LEGISLATIVE AUTHORIZATION ?

Yes, this was done during these years just under the Tax  
Commission program of helping the assessors.

Up to the time I was hired there had only been one forester and  
with timber  
he would help assessors/here and there around the state as  
best he could.

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OGLE: IN VARIOUS PLACES I HAVE FOUND THE STATEMENT THAT IN THE 1930s ONE FORESTER WAS HIRED BY THE TAX COMMISSION. WAS THAT NELSON S. ROGERS ?

Yes to the best of my knowledge Rogers was the only forester through the thirties and early forties till Howard Conkle was hired when Nels left to become State Forester. So through the thirties and until 1946 there was only one forester to help the counties with their many <sup>timber</sup>/problems. With one man it is difficult to do anything.

The counties in their early work had often hired contract cruisers because most counties did not have a forester or any one on the staff who was competent to cruise or do timber valuation which again is one of the problems that an assessor. They did not hire or could not afford to hire technical people to do this work.

Through 1948 we refined our cruising and mapping methods.

I can remember working with Kliner in Douglas County at the beginning of some of that project and industry complained then about our using aerial photos and cruising by type as a method of cruising. This was one of our first discussions with industry ~~and~~ over methods. These were new, most people used the old strip method of cruising by legal subdivision, tying into corners. Most of them did not know what an aerial photo was or how to use it so many people were suspicious of new methods. Some of them thought that we would just use the photos to count the trees rather than to go out on the ground. We finally showed that the photos were only an aid and that they saved many hundreds of man hours by showing where the timber was and how a man could place his cruise strips to get a better cruise with less effort than he could by the old method without photos and maps by just running one or two strips through the forty.

OGLE: BY THAT TIME HAD MANY OF THE TIMBER COMPANIES EMPLOYED FORESTERS. HAD FORESTERS ON THEIR STAFFS ?

I think that there were quite a few foresters on the staffs of the timber companies, at least the larger ones. Of course there were government foresters but most of them then made very little use of aerial photos. They were just coming into popular use / after the war. The techniques of their use were not even taught in forestry schools at that time. We did research with outfits like the Army Engineers, Geological Survey and Coast and Geodetic Survey and those people who had used photos much more for other types of work and adapted photo grametric techniques to our forestry use.

In some of the schools, I forget which <sup>one</sup> where ~~Steffins Furr~~ <sup>Stephen S Furr</sup> was, he taught the use of aerial photos and this is one of the first. The Experiment Station was beginning to use them in their county wide resource surveys. This has been true over the years in the development of our techniques ; they were always argued about and contested at first and then most of them have been accepted. After this proving time in 1948 we started a project in Josephine County of inventorying the private timber. Woody Dammerell and I started this job in the spring of 1949 with new aerial photos. We did the mapping in Salem in the Winter and cruised in the summer and came back in the winter and figured all of our cruises by hand and made more maps. This went on through 1949 and 1950 and in 1951 I was pulled off of this job to do some other smaller job for the Commission in Salem and Woody was left to do most of the cruising in Josephine County. Bob Oslund helped him some later.

This job was finished about 1952 I believe but in the interim in 1950, Louis Bateman and I went over to Grant County where the assessor wanted work done and we started an inventory of Grant County, again using aerial photos and our new mapping techniques.

At this time we had permission from the legislature and a larger budget, and this was before the reappraisal program which was approved by the legislature in 1951 and we had a little more money and we hired four or five more foresters, Louis Bateman and Roger Burwell, Bill Bones and Pete O'Brien for a while were some of the new crew that were hired about that time and they worked in Grant County for various periods of time. Louis worked there through the whole project ~~and~~ until its completion, in 1952. By 1952 we had finished the appraisal of timber in Josephine Co. and Grant Co. and some start had been made in Klamath County. Immediately following Woody ( Dammerell) started to work in Jackson County on reappraisal and Louis started in Benton County. In 1951 the legislature gave the commission its blessing on a statewide appraisal program. (Approval but no money.)

As I remember the Commission went forward in developing plans and techniques for the reappraisal of all types of property. We were going strong in several counties in 1951-52.

As far as the inventory is concerned following the years 1952-53 we got people in the Salem office to do mapping work especially and to figure cruises so the foresters did not have to come back to Salem in the winter to do this type of office work, we were beginning then to get a specialized crew.

By 1956 we were working in Coos County and Lane County on inventory and in Columbia County and Klamath County. The techniques which we had developed and improved over these years were being put into use in many, many counties. They are still being used today with some refinements but the base is still there.

OGLE: IS IT TRUE THAT IN GRANT COUNTY THERE HAD NEVER BEEN A REAL INVENTORY AND THAT MUCH TIMBER WAS CLASSED AS NON-AGRICULTURAL LAND?

As far as I know Grant County never had more than someones guess as to where were the major patches of timber.

It is true even today that the National Forest Resource Survey

(7) has consistently come up with fifty to fifty-five percent more timber than we do. ~~Principally~~ Principally because of their definition of what is a timbered acre and what is timber.

#### VALUATION

I find that in most counties, in the years before I started to work, and some even up until 1961 had timber valued by the acre. Some of these were converted from a cruise to a per acre value. Somewhere along the line, I don't know when. Other counties carried a cruise by volume like Klamath and Lake Counties where timber was valued ~~by~~ on a cruise basis in 1946. We speak today of discounting and a valuation factor as being one of the important things but I found that in going back in some of the history that even in the middle thirties the values arrived at by Nels (Rogers) and later by Howard Conkle, involved this principle even though it wasn't in the law or even spoken of as a valuation factor. They seemed to use this principle in forest valuation in the knowledge that the timber had to be cut over a long period of time and took many years to grow.

In my first work in Klamath County one of the problems was the valuation of selective cut pine timber which was treated differently than the virgin pine, and given a lower value in recognition of the fact that it had perhaps even more years to grow before being cut through again.

Howard (Conkle) somewhere about 1944-45 had set up some select cut value schedules which had a discount. I remember working with these in 1946-47 and writing them into the records.

OGLE: WERE THESE SELECTIVE CUT AREAS CUT ACCORDING TO KEEN'S TREE CLASSIFICATION IN ORDER TO REDUCE THE INSECT SUSCEPTABILITY ?

Right: this was Weyerhaeuser and I am not sure about Gilchrist ~~by~~ but I recall working on both <sup>Weyerhaeuser +</sup> Gilchrist where they were selective cutting to take out the high risk trees and leaving the others for the future. Even in this we used a discount in those years.

OGLE: WAS YOUR DISCOUNT FACTOR ON THE PINE DIFFERENT THAN THAT ON THE FIR ?

Well that developed later on. As we finished the inventory of Grant

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and Josephine County

We had to value the timber and there the discounts were used. I think the valuation factor in Josephine County was about 32, so was Jackson County in 1954. They were worked out on the average depletion of all of the private owners in the whole county. Same way in Grant County. Now when Douglas County's total new inventory was put on the roll, I believe in 1955, it was also put on at a 32 percent valuation factor. This was based upon the average depletion rate of owners in the county with a discount rate against the time period.

OGLE: ABOUT WHAT WAS THE AVERAGE DOUGLAS FIR VALUE AT THAT TIME ?  
Some of the first values were about \$6.00 to 6.70 Douglas fir \$6.70 Pond. Pine and \$7.70 Sugar pine and \$1.30 for all other species, and that was in a higher priced zone. So after discounting and using the assessment ratios they had at that time the assessed value was \$1.35 on the fir and ponderosa and .25 on the other species. in 1955 and 1956. It was in these years 50-51 that we used a discount and we may have use it ~~unconsciously~~ unconsciously before that but we began to use it systematically and using a compound discount rate.

In those years we spoke about retail value instead of immediate harvest value as we do now but it is about the same thing and then discounted it to get true cash value or market value then the assessment ratio was applied in the same way.

OGLE: IN THOSE DAYS WERE ANY OF THE ASSESSORS USING A UNIFORM VALUATION FACTOR ?

No the assessors had no uniform valuation factor they each came up with their own or else we helped them. Conkle had helped them to try and keep somewhere in line but they of course did their own work in the way they wanted it and only the timber industry could keep them in line to keep them from getting too wild with it. There was no system or uniformity between counties. Of course there was no state property tax to worry about and I am not sure about Basic School Support and the apportionment of money in those days.



By 1956 the use of the valuation factor began to be more critical. In the Northwest corner of Oregon the values began to rise more and more. In January of 1956 we put Columbia County on the roll after timber reappraisal and there we found only a four year depletion period in the old growth and it was given a 78% valuation factor. But this applied only to the old growth and the young growth which chiefly makes up the Columbia County inventory we used the discount for different age groupings. 54% valuation factor for the old young growth and 24% for some in between and 13% for some of the younger classes. So by 1956 we had set up this young growth based upon age and growing time to a reasonable rotation age. So we had quite a mixture of valuation factors between the old growth and young growth classes. Then in 1957 we completed Clatsop County for January one 1957 valuation, and we figured it had a fifteen year depletion period on the old growth with a 51% valuation factor although the young growth was set up on the <sup>same</sup> ~~same~~ valuation factors as in Columbia County. Same age deferment system.

Lake County reappraisal was also finished in 1957 and it had a 35 year depletion period with a 28% valuation factor for virgin timber and the selective cut were set up on a cutting cycle and discounted using an 8% interest rate so in this year we were working on both sides of the mountain ( Cascade Range). Then for January 1, 1958 the reappraisal in Lane, Coos, Tillamook and Benton was completed. In Tillamook we set up a twenty two <sup>year</sup> depletion period and a 40% valuation factor with the young growth off on the age discount. In Lane County we set a 25 year depletion period a 36% valuation factor and Benton County a fourteen year period and a 53% valuation factor. Coos County a twenty year depletion period and a 42% valuation factor. So you can see that the policy of the commission at that time was that the <sup>market value of</sup> timber as it appeared on the roll was at a discounted value.

This was by the use of each individual county data concerning private dep~~re~~ciations and time period to arrive at the amount of discount. You see what happens is that you have Benton County next to Lane County, one with a 53% factor and the other with a 36% so you had timber on lands just across the county line with different value just because of this different valuation factor. Though everything else might be equal. Down in Douglas there was still 32% and down in Coos a 42% so these are values for January 1, 1958 going on the roll in the spring of 1958. So this is the year that the great controversy over timber valuation techniques arose.

OGLE: HOW ABOUT LINN AND BENTON?

Nothing was done in Linn then it was still coasting along under the 1927 cruise on an acreage basis and we had done nothing in Linn County. Before we had a partial inventory completed in Benton County and we put it on the roll at a 45% valuation factor in 1954 and the complaint of the owners in Benton County was that the timber in adjoining counties was not being increased in value and they were being discriminated against by being put in a bad light in so far as competing in the lumber market etc. There was somewhat the same objection when the whole county was completed in 1958 and their neighbors in Linn County and Polk and Lincoln were not revalued and not at these higher value levels so they complained about the value as between counties.

In this year of 1958 the industry people in Bento, Lane and Coos counties complained bitterly about the values because by this time we were quite well up to market value levels and it was a great change from the previous value levels in the county where they had been behind, the cruises were old and did not include the full volume. So these years brought a great change in the tax load ~~in~~ to the timber owners. So in complaining to the Boards of Equalization in these three counties and also in Douglas County we found that the Boards of Equalization took different actions. In all of them they lowered the Commission's timber values to various degrees.

As a result of this the Commission felt that all of the Boards could not be correct in what they did if they went so many different ways in their actions. So the Commission held hearings during the summer of 1958 running two and one half months, investigating the timber valuation procedures so I was on the witness stand a couple of months explaining ~~them~~ how we cruised timber and mapped it and classifications for value, valuation techniques and all the data we used. They also had in industry people and the County Board of equalizations to find why they acted as they did. As a result of all this, in September of 1958, the Commission issued an order which changed quite drastically the techniques which we had been using. Now the valuation factor, instead of using a county as an area, would be figured on a larger area. So they set a uniform valuation factor in these counties at 30%. This helped Benton County a great deal because it dropped its valuation factor from 53% to 30%, dropped Coos County from 42% to 30%, Lane County a little bit and Douglas County stayed about the same. Large companies like Weyerhaeuser were still not happy with this procedure, they were not ~~un~~happy with the county being used as a unit for average depletion of all owners. They figured that depletion should be figured either by ownership or else by a geographic area. They were one company with a large quantity of timber they were trying to manage and harvest over a long period of time to get into a sustained yield operation and bring their young growth along. So they still disagreed with the wider area idea and a 30% valuation factor. All of this came about in interpreting a small phrase in the law which stated that the volume of timber in the area and the rate of its depletion should be considered in arriving at a value. So that the interpretation of the word area in this law brought on all this controversy at this time. The Commission first interpreted it to mean County as units, secondly larger groups of counties, but some companies such as Weyerhaeuser wanted it to be ownership or perhaps some geographic area within a county. Another large company

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who had come into the picture in 1956, Georgia Pacific, having different management policies and financial problems was cutting old growth timber very rapidly and they on the other hand were getting the benefit of ~~the~~ even the average 30% depletion. They were opposed to Weyerhaeuser because they did not want it on an individual ownership basis where they would have a much higher value than Weyerhaeuser or some of the others with longer cutting periods. They wanted it on a county unit or else a wider area. So we had a split within industry on these general principles. Of course here we have been talking about the valuation factor on old growth and yet our young growth was on the age deferment basis so it was getting a different valuation factor according to its age.

OGLE: WAS THIS A FACTOR IN DOUGLAS COUNTY WHERE THE COMMISSION FIGURE WAS REDUCED ?

What happened in Douglas County ~~was~~ in 1958 was that the values which had been placed in 1955 had been held the same through 1956 and 1957 and in bringing Coos and Lane on new values for 1958 at a higher level, the Commission felt that Douglas County values should be adjusted also so that they would be on a comparable plane.

\*\* After we had recommended values to the assessor, for him to apply, <sup>he</sup> said that he did not have time then to go through his records system and apply them that way but that he felt that a 50% increase of his old values would bring them up to the level that the Commission wanted. So that is what he started out to do in 1958. These were the values that the industry contested in Douglas County. Then the Board of Equalization then put them back down to the previous old level and then the Commission in its September order, ordered the assessor to put them back up. In the mean time a group of owners in Lane County, Booth Kelly Lumber Co., Rosboro Lumber Company, International Paper Co. and Giustina had banded together after the Commission's order over-riding the Board of Equalization's decrease in timber values, took the Lane County timber values to Circuit Court. There the techniques of inventory, valuation methods and

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all of the details and aspects was gone through in the Circuit Court, which case was decided in the Commission's favor so all of the methods and values stood up.

OGLE: WALLY IN JUDGE FORT'S DECISION AND HIS OPENING STATEMENT HE SEEMED TO EXPRESS SOME DOUBT AS TO WHAT THE SUIT WAS ALL ABOUT IN AS MUCH AS THE STATE TAX COMMISSION HAD NOT RULED ON THE LOCAL BOARDS ACTION. THEY TOOK NO ACTION ON THE METHODS.

No the values as determined were upheld.

The case in Coos County 1958-59 where Weyerhaeuser appealed the use of county wide or several county wide areas went to the Supreme Court and the Commission was sustained so this gave the commission further basis then to to stick to the wide area, area wider than county as a basis of depletion and valuation factor. In the Northwest corner of the state we still had Columbia County with a high valuation factor, and Clatsop was higher and Tillamook was higher than the 30% so industry people from this corner of the state began asking questions as to "where are we"? on lower factors so the Commission in 1959 held to the principle that the whole west side of the state or Douglas fir region would be used for the basis of depletion and a valuation factor. So all counties went on the same valuation factor.

OGLE: THAT WAS IN 1959 ?

Yes in 1959.

I found here in some of the Coos records that the first cruise was in 1928 by a C.H. Choate, Clark and Elder. In 1928-29 the fires in the County made the cruise of little value. This together with the depression in 1929 and 1930 made the assessor's office really go to pot as far as timber appraisal was concerned. Conkle's letter to someone in 1943 speaks of a 28 year depletion and figuring values on an 8% discount rate.

OGLE:

How about the Forest ? Fee and Yield tax were the values set by the State Forestry Department before the State Tax Commission took over the program, out of line.

Yes with the 1953 session of the legislature passing this job to the commission and required us to issue permits and determining

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harvest values and policing tax collection. We began this in July of 1953 and by the time we got our feet on the ground in 1954 -- and I had the job of working this out personally at that time-- we found that stumpage values on the permits leading up to that time were very, very conservative. I don't know whay anybody should have complained about them being too high. We found good second growth in some of the counties valued at four and five dollars when it was selling for twenty-five dollars and zero value set on salvage of old growth when by that time cull peelers were being used and old growth snags were being sought after quite eagerly in the industry expansion of that time when we had some of the highest plywood prices in history. So we gained quite a bad reputation there inside of a couple of years in trying to get these values up to market. It was difficult because the market kept going up ahead of us, faster than we could raise them.

OGLE: I WONDER IF WE MIGHT SAY SOMETHIN OF THE TAX COMMISSION PROGRAM OF KEEPING THE INVENTORY AND ALSO THE ADMINISTRATION OF THE YIELD TAX AND THE SEVERANCE TAX BY AREAS. SETTING UP YOUR FIELD ORGANIZATION.

Concerning Eastern Oregon, now that timber is on a severance tax system rather than an ad valorem we have set up four field districts where an experienced forester who worked through the reappraisal program is in charge of the district. He checks on valuation data harvesting and depletion reports.

OGLE: I JUST THOUGHT THAT IT MIGHT BE INTERESTING TO MAKE A COMPARISON BETWEEN THE WAY IT WAS FORMERLY DONE BY ASSESSORS AND IS NOW DONE BY THE COMMISSION WITH THESE MAINTENANCE DIVISIONS.

We have central supervision from Salem for these eastern Oregon districts and of course all of the collection of money takes place here in Salem. The mens work on the severance tax and the forest products harvest tax is done all together in these areas. Then concerning the Forest Fee & Yield Tax we have four timber appraisers who work on this most of the time. It is their job to check over the lands and see that people take out harvesting permits. They cruise and appraise the timber to determine the value and often

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check books and records of companies, or persons to check out the harvest reports. Of course the Counties collect the money. We don't handle any of the money. But this again is handled from Salem and centrally supervised. As compared with some other states where the each county trys to do its own and they have many different ways and perhaps different values on the same kind of timber. Our biggest job now in Western Oregon is in doing what we call maintaining the timber reappraisal for after all of this money and time and effort has been spent to get this good inventory of timber and set up a good record system it is important not to let this go back by not taking care of it. So we have set up nine different working districts some them in one county and some in two or three counties depending upon the amount of timber and operations in them. There are twenty two foresters working in these districts again with a central supervisor from Salem who sets up standards for them to work by and checks out their work and their results. We now have a central records and mapping section which does a lot of the records work for these county people.

Since 1957 we have been making use of automatic data processing machines and more and more in recent years so that we have a lot of our records on the machine system and it is quicker and easier to run off data. So these men in the field in these districts, cruise timber and make growth studies. They check up on harvesting and make adjustments for such things as the recent Oxbow fire and do all of this work to do the best we can to keep these timber inventories current. I think timber is one of the hardest properties to keep up with in appraisal work for it is growing and being cut and burned down and being changed constantly. There is never a moment of quiet with it at all.

Of course the 1961, Western Oregon Timber Law added considerably more work to the section with the additional tax feature which requires a lot more paper work to set the thing up for collectbn. It makes the harvest reports and their accuracy more important because the tax is directly connected with that report now.

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We do a little more checking to verify them.

The 1963 law concerning the valuation of roads also brought us more work in determining what specific forties and timber areas have road access and which don't and set up what is actually separate values for roaded and non-roaded timber.

OGLE: IF HB 209 had passed wouldn't it have required a lot of work in the central office. Yes these kind of things take so much constant manpower and record keeping that it runs up the cost of collection way out of reason.

OGLE: When the Forest Fee & Yield Tax was first set up the assessor kept a separate record book for Reforestation lands and that caused quite a bit of confusion due to the fact that some persons bought lands which appeared to ~~have~~ have clear title but on attempting to cut timber they found that it was subject to the 12  $\frac{1}{2}$  % yield tax. Are the FF&YT records now carried on the regular rolls.

Yes I think that in all counties they are carried in the same book or the same card file with the continuing tax roll. In the early years and even up until say 1950 or even later for some counties Linn County was one. they had a hand written bound book for a tax roll and they had a separate book for the Reforestation roll. So if you came in to look for one you would miss the other. So it wasn't until the 1950s that this was corrected. .

Conversation of de-classification of Yield tax lands through transfer to exempt owner.