



January 26, 2012

Honorable Members of the Oregon Legislature:

I am writing to ask for your support for SB 1511 and HB 4126. The bill encourages the use of "ecosystem service" approaches to regulatory compliance by state and local governments. Ecosystem service approaches are a key piece of regulatory reform that makes it easier to do business in Oregon while improving environmental outcomes.

Ecosystem service markets allow a regulated entity to meet their regulatory obligations by purchasing environmental benefits from other property owners who can produce better environmental outcomes at a lower cost. For example, Clean Water Services pays landowners to plant trees at a tenth of the cost of installing expensive cooling towers on treatment plants. The trees do a better job of keeping streams cool. The environment is better off and so is Clean Water Services. This type of approach, if encouraged and coordinated through this legislation, has promise to provide significant environmental and economic benefit to Oregon.

Oregon has invested considerable energy in developing the tools and considering the policies necessary for an effective ecosystem service market. For example the 2009 passage of SB 513 was a good step forward. However, the time has come for explicit authorization and guidance from the legislature to legitimize and coordinate these activities. Without a coordinated approach, random markets will pop up and fade away. A carefully structured ecosystem marketplace can provide revenue to landowners who provide the services, expedite development projects, and produce much greater environmental and economic benefits than the current random approach.

SB 1511 and HB 4126 are critical next steps to advance this effort. Please let me know if you have further questions about ecosystem service markets, their economic and environmental benefits, or how they fit into a broader vision of economically and environmentally beneficial regulatory reform in Oregon.

Sincerely,

A handwritten signature in black ink, appearing to read "Duncan Wyse", written in a cursive style.

Duncan Wyse, President
Oregon Business Council

The Oregon Department of Environmental Quality supports the bill because it will further the development of compliance approaches similar to water quality trading that produce improvements on a broader scale. Water quality trading offers multiple benefits including enhancing wildlife habitat, saving treatment costs associated with building and operating chillers, and reducing greenhouse gas emissions from operating the chillers.

The Oregon Department of Forestry appreciates affirmation of Oregon's policy in support of incentives for private landowners, reference to the need for a system that is flexible enough for landowners to receive payments for multiple types of services, the suggestion that granting agencies be explicit about the ownership of ecosystem services when receiving financial support. The Department believes ecosystem service payments will help protect working forests.

Eight state agencies were involved in the SB 513 work group that made many of the recommendations in SB 1511 and HB 4126, and support the bill. Besides the ones whose statements are summarized above, they are the **Oregon Watershed Enhancement Board** that hosted the work group process, **Departments of State Lands, Agriculture, Water Resources, Fish and Wildlife and Transportation**.

Tribal Government

Mike Wilson, Natural Resources Division Manager for the **Confederated Tribes of the Grand Ronde Community of Oregon** says that SB 1511 and HB 4126 will facilitate and provide incentives for responsible stewardship of the natural resources that are so important to the tribe.

Federal Government

Five federal agencies participated in the SB 513 interim work group process including the **U.S. Fish and Wildlife Service, Forest Service's Pacific NW Research Station, Natural Resources Conservation Service, U.S. Army Corps of Engineers, and Environmental Protection Agency**. Although the agencies generally do not take positions on state legislation, they were active and enthusiastic supporters of the recommendations from the SB 513 work group, and are expected to be very helpful in the implementation of SB 1511 and HB 4126.