

**REVENUE:** May have revenue impact, statement not yet issued

**FISCAL:** May have fiscal impact, statement not yet issued

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<b>Action:</b>	Without Recommendation as to Passage and Be Referred to the Committees on Finance and Revenue and then to Ways and Means by prior reference
<b>Vote:</b>	3 - 1 - 1
<b>Yeas:</b>	Atkinson, Prozanski, Avakian
<b>Nays:</b>	Beyer
<b>Exc.:</b>	Bates
<b>Prepared By:</b>	Sue Marshall, Administrator
<b>Meeting Dates:</b>	2/01, 4/26

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**WHAT THE MEASURE DOES:** Allows the State Forester to acquire property for the establishment of working forests. Directs the State Forester to manage the property acquired for long-term revenue to provide student assistance to persons attending institutions in the Oregon University System. Allows the State Treasurer to issue working forest revenue bonds. Establishes a Working Forest Higher Education Fund. Establishes a Working Forest Revenue Bond Fund. Establishes a Working Forest Revenue Bond Administrative Fund.

**ISSUES DISCUSSED:**

- Conversion of forestland to other uses in eastern Oregon
- Compensating counties for lost tax revenue
- Need to clearly define primary purpose of state owned forests subject to harvest
- Profitability of wood products industry in eastern Oregon
- Decoupling timber industry from school funding
- Broaden working forest definition for recreation and environmental protection

**EFFECT OF COMMITTEE AMENDMENT:** No amendment.

**BACKGROUND:** Federal tax code changes in the early 1990's provided a disincentive to traditional timber companies that resulted in a transition in ownership patterns to timber investment management organizations and real estate investment trusts made up of multiple investors. In some cases, these investment organizations may have less interest in managing the land for long-term sustainable timber production. There is concern that parcelization or unsustainable harvest to realize short-term profits or to service investment debt will result in a conversion of forestland to non-forest uses.

Senate Bill 98 authorizes the State Forester to acquire and manage forestland for long-term timber harvest and other beneficial uses such as recreation, fish and wildlife habitat protection, and water quality protection. All of the revenue generated through the sale of timber, grants, and gifts will be deposited into a Working Forest Revenue Fund, of which the net revenue (minus certain expenses) will be deposited into the Working Forest Higher Education Fund. As moneys are available in the Working Forest Revenue Fund, 90 percent will be transferred to the Higher Education Fund and 10 percent will be transferred to the counties in which the working forest is located. The measure also establishes a Working Forest Revenue Bond Fund within the State Treasury and sets the conditions for issuing and managing working forest revenue bonds. The State Forester is authorized to distribute payments in lieu of property taxes to the counties in which working forests are located.

5/2/2007 4:18:00 PM

*This summary has not been adopted or officially endorsed by action of the committee.*