

Joint Committee on Ways and Means

Carrier – House: Rep. Buckley
Carrier – Senate: Sen. Johnson

Revenue: No revenue impact

Fiscal: Fiscal statement issued

Action: Do Pass as Amended, Be Printed Engrossed, and Rescind Subsequent Referral to Revenue

Vote: 16 - 5 - 1

House

Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Gilman, Jenson, Kotek, Nathanson, Richardson, G. Smith

Nays: Garrard, Richardson, G. Smith

Exc: Shields

Senate

Yeas: Bates, Carter, Johnson, Monroe, Nelson, Verger, Walker, Winters

Nays: Girod, Whitsett

Exc:

Prepared By: Susie Jordan, Legislative Fiscal Office

Meeting Date: 5/27, 6/23, 6/24

WHAT THE MEASURE DOES: Authorizes the Board of Forestry (Board) to hold and manage lands alone or in cooperation with other entities, including community forest organizations. Authorizes Board to acquire lands or partial interest in lands, including but not limited to conservation easements. Authorizes Board to sell lands or partial interest in lands, to other parties if the Board determines that other parties are better situated to manage lands for long term. Creates Forest Development Revenue Bond Fund. Renames existing fund established in ORS 530.280 the State Forest General Obligation Fund. Authorizes use of fund in following order: first, for deposit to State Forestry General Obligation Fund to pay bond-related costs for outstanding bonds and second, subject to the approval of State Treasurer, to State Forestry Department account for distribution to counties as provided in ORS 530.115(1). Establishes State Forest Acquisition Fund for purpose of acquiring parcel in the Gilchrist area. Declares emergency, effective upon passage.

ISSUES DISCUSSED:

- Need to update acquisition authority, bonding authority and mechanics of bonding payback process
- Productive, working forests versus “museum” forests
- Unemployment rate in Klamath Falls; What purchase of property would do for the County

EFFECT OF COMMITTEE AMENDMENT: Removes language relating to authority to sell Lottery Bonds which is now contained within Senate Bill 5535.

BACKGROUND: The Board of Forestry has an historic opportunity to acquire about 95,000 acres of forestland near Gilchrist, in Klamath County. The current landowner has indicated that absent a single buyer for the tract, this land will likely be divided and sold in many separate pieces. When forestland is fragmented, particularly when low-density homes are introduced, forest values and habitat are lost or diminished, firefighting grows more costly and complex, and vulnerability to invasive species increases.

The Board’s bonding authorities, currently decades old, require updating to make this or other potential acquisitions feasible. Eventually, the lands will provide a significant revenue stream for local economies and Klamath County, and will cover operating costs. The measure without Lottery bonds has four primary components: (1) Updates language relating to the bonding mechanisms available to the Board and Department of Forestry, including definitions of bond-related costs and specific payback mechanisms for bond recovery. (2) Authorizes the Board to accept title to lands that may have easements or other encumbrances. The primary function has to do with accepting title to lands that may have conservation easements, an increasingly common tool in maintaining resource values. Such easements were not even imagined when the existing language was adopted in the 1930s. A key focus then was that in order to be

marketable (in the event the lands had to be sold to generate funds) state-owned lands should have clear title. (3) Creates the Forest Acquisition County Reimbursement Fund. The fund consists of monies distributed by the formula established in ORS 530.110 (state share of harvest receipts); monies from the fund will be used to reimburse the county for the loss of tax revenue from the acquired land [for the last year in which the acquired land was taxable] unless the county share of the distribution formula under ORS 530.110 equals or exceeds the amount lost tax revenue. (4) Removes the annual ceiling on bonding authority, which was set in 1949 at \$750,000. Inflation and increasing real estate values make that ceiling an artificial barrier to virtually any acquisition project.