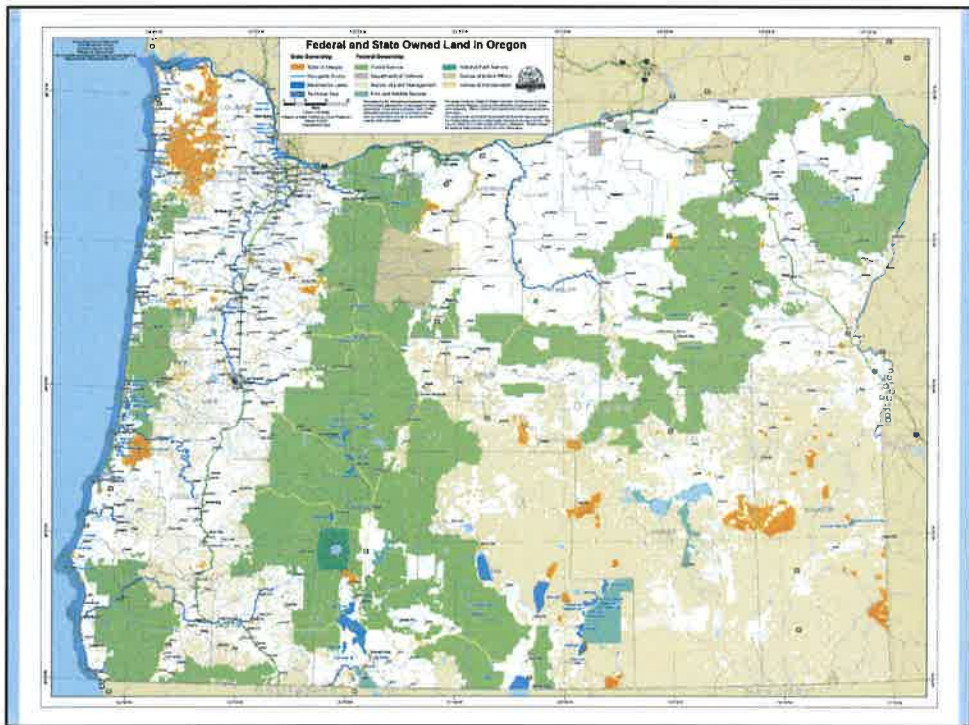


Federal Forest Payments

Presented to
House Committee on Revenue

Presented by
Mike McArthur, Executive Director
Association of Oregon Counties

MEASURE: INFORMATIONAL
EXHIBIT: A
HOUSE REVENUE COMMITTEE
DATE: 2/22/2011 PAGES: 7
SUBMITTED BY: MIKE McARTHUR

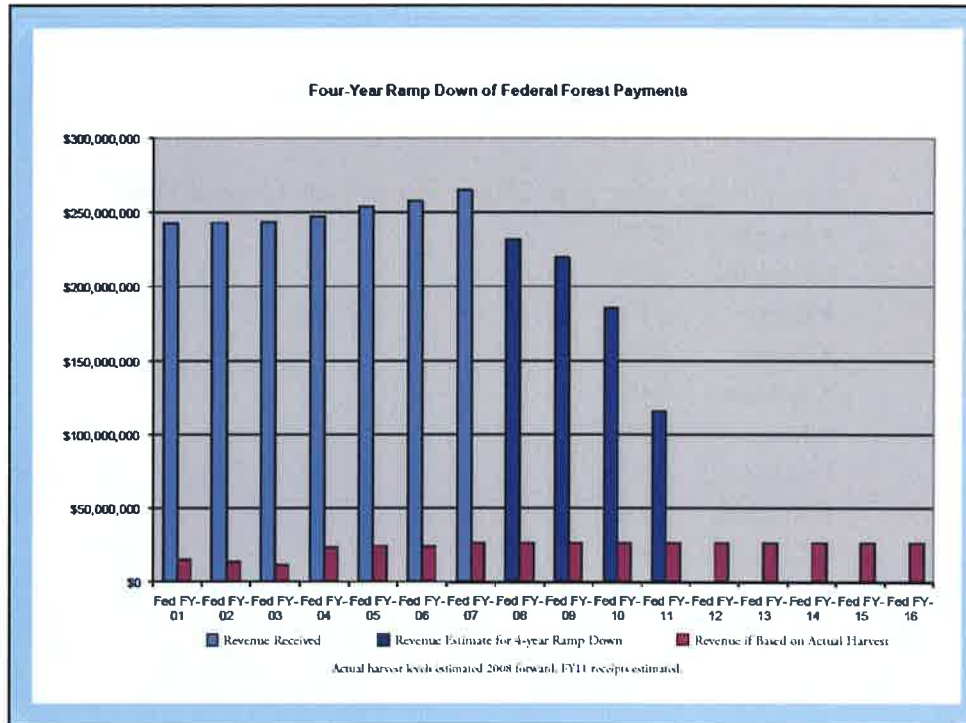


How Did We Get Here?

- National Forest Revenue Act of 1908
 - 25 % of harvest receipts
 - Schools and county roads
- O&C Act of 1937
 - 75% of harvest receipts
 - County general fund
 - Counties have agreed to turn back 25% for forest management activities
 - 18 Oregon counties (western Oregon and Klamath)

How Did We Get Here?

- 1990's saw a reduction in timber harvest from federal forest land of 90 percent.
 - Spotted Owl payments (western Oregon) 1993-2003 gave way to
 - Secure Rural Schools and Communities Self-Determination Act of 2000 (41 states)
 - Reauthorization #1 – one-year, 2007
 - Reauthorization #2 – four-year, ramped down 2008-2011



Impact to Oregonians

SHARED STATE-COUNTY SERVICES

SERVING THE CITIZENS OF OREGON

HEALTH & HUMAN SERVICES	PUBLIC SAFETY	NATURAL RESOURCES & RECREATION	TRANSPORTATION, LAND USE & ECONOMIC DEV.	OTHER COMMUNITY SERVICES
Child Protection ☑ Nursing ☑ Mental Health Hospital Aging/Senior Services Alcohol/Drug Treatment Children & Family Svs. Dev. Disabled Services Mental Health Services ☑ Oregon Health Plan Svs. ☑ Statutory Services Public Health Services ☑ Environmental Health ☑ Housing Services Medical Examiner Emergency Planning and Response Solid Waste Management Recycling Programs	Appellate Court State Police ☑ State Prison Attorney General Trial Courts District Attorney 911/Emerg. Communications Emergency Management Homeland Security Community Corrections Court Security Juvenile Services ☑ Marine Patrol Drug Courts County Law Library ☑ Sheriff Patrol ☑ Animal Control Justice Courts Search and Seizure County Jail	State Parks State Lands ☑ State Regulation Wildlife Regulation County Forest Dist. Lands/ State Forest Management ☑ Habitat Restoration Wildlife/Disease Control Federal Land Policy ☑ Noxious Weed Control Watershed County Forest Management County Parks ☑ Noxious Control Soil & Water Conservation	State Highways ☑ State Fair Land Use Planning & Coord. Highway & Road System ☑ Senior & Disabled Transport. Energy Development Engineering Building Permits & Inspection Economic Development County Fair Infrastructure Development Surveying County Transportation ☑ System	Administration Services Assessment & Taxation ☑ EERC Employee/Labor Relations Elections Information Services ☑ Telecommunications Assessment Recording Public Documents County Library County Museums ☑ County Service Districts

Green = State-Provided Services
 Red = State/County Shared Services
 Blue = County-Provided Services

☑ Directly supports schools/education

AOC 10/06

Hard Hit Counties

Counties losing more than 20 percent of their General Fund

- Josephine -67%
- Douglas -65%
- Curry -61%
- Coos -42%
- Jackson -34%
- Lane -32%
- Grant -29%
- Klamath -24%
- Columbia -24%
- Polk -21%

Hard Hit Counties

Counties losing more than 20 percent of their road fund

- | | |
|----------------|-------------------|
| • Wheeler -75% | • Wallowa -51% |
| • Harney -71% | • Linn -49% |
| • Lake -70% | • Crook -48% |
| • Grant -67% | • Tillamook -45% |
| • Curry -65% | • Baker -38% |
| • Douglas -54% | • Hood River -33% |
| • Lane -57% | • Union -26% |
| • Klamath -54% | • Jackson -26% |
| • Wasco -53% | • Josephine -26% |
| • Lincoln -51% | • Jefferson -26% |
| | • Deschutes -24% |

Condition “Critical” for General Fund Services

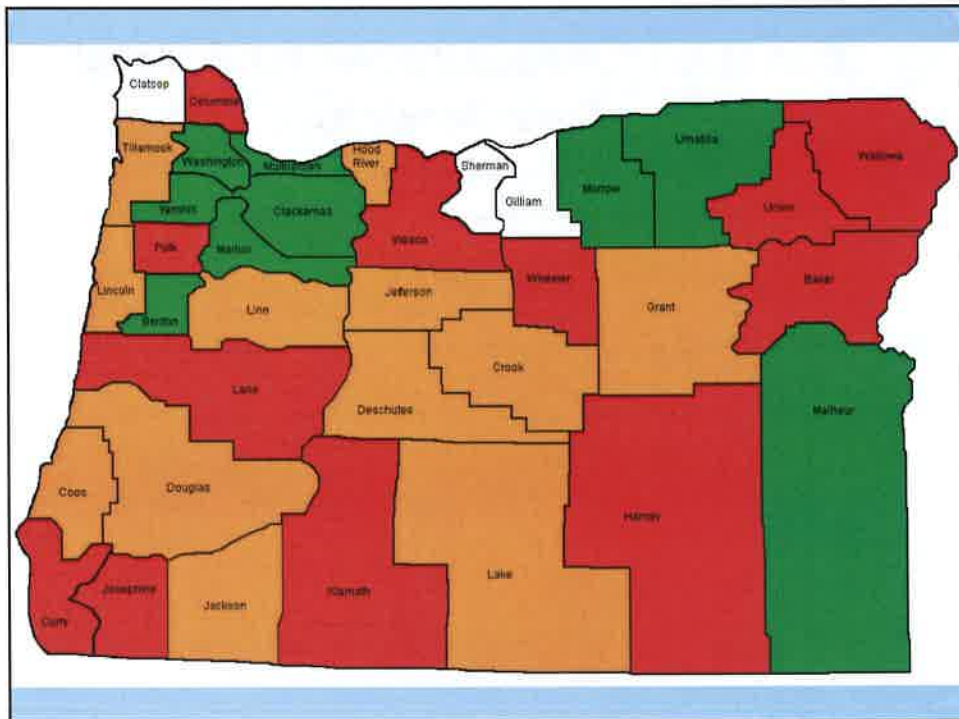
- Condition “Critical” = severe general fund shortfalls within one to two years after the loss of federal forest payments
 - Columbia
 - Curry
 - Josephine
 - Klamath
 - Lane
 - Polk

Condition “Unsustainable” for General Fund Services

- Hard hit counties buffered by reserves which will be exhausted within two to four years after the expiration of federal forest payments
 - Coos
 - Douglas
 - Grant

Condition "Critical" for Roads

- Will revert to mostly gravel road standards within one to two years after the expiration of federal forest payments
 - Baker
 - Harney
 - Union
 - Wallowa
 - Wasco
 - Wheeler



Current Efforts

- Nationwide effort to reauthorize federal forest payments for 10 years at the 2008 level (\$230 million/year to Oregon schools and counties)
 - Oregon Congressional delegation is working very hard
 - President's proposed budget included a five-year ramp-down starting at 2011 payment level (~40% of 2008 level)
 - Budget climate is just as difficult at the federal level as it is at the state and local level
 - It's an uphill battle

Source: OEDD