



Oregon

John A. Kitzhaber, MD, Governor

Department of State Lands

775 Summer Street NE, Suite 100

Salem, OR 97301-1279

(503) 986-5200

FAX (503) 378-4844

www.oregonstatelands.us

State Land Board

John A. Kitzhaber, MD
Governor

Kate Brown
Secretary of State

Ted Wheeler
State Treasurer

**TESTIMONY OF
MARY ABRAMS
DIRECTOR
DEPARTMENT OF STATE LANDS
On House Bill 2031
Before the House Agriculture and Natural Resources
Committee
February 14, 2013**

Thank you for the opportunity to testify today in support of House Bill 2031 that proposes to delegate authority to release state-owned mineral and geothermal resource rights in low potential real property to the Department of State Lands (Department).

Under the current statute (ORS 273.780-787), the State Land Board (which only meets every two months) must approve the release of mineral and geothermal rights on all property owned by the state. Land Board approval is required even for properties with a low potential for mineral or geothermal extraction such as those located inside urban growth boundaries and in rural areas with lots of 3 acres or less that are zoned for residential use. In addition a geologic study of the property must be completed to determine the value of the resource before a release can be approved. The cost of the study, typically a minimum of \$500, is borne by the Common School Fund and, for these specific low potential property types, often exceeds the value of the mineral or geological resources. These lots may also have a local zoning designation that prohibits mining, or requires a land use change before mining could occur. The end result in nearly all of these cases is additional expense and time to gain approval for the release of mineral rights with negligible value..

House Bill 2031 simplifies the release of mineral and geothermal rights for these properties with low potential mineral and geothermal resources, and shifts the authority to release them from the State Land Board to the Department of State Lands. The department would be required to release the mineral and geothermal rights at the time of disposal of low potential properties unless the department determines that a significant mineral or geothermal right exists. The department will work with Department of Geology and Mineral Resources (DOGAMI) to adopt rules that set clear guidelines for when an evaluation by DOGAMI would be conducted.

The purpose of HB 2031 is to save time and expenses for a property owner or another state agency that seeks to release the mineral rights on low potential resource property. Time is saved by avoiding the inherent scheduling delays of waiting for the bi-monthly State Land Board meetings, and money is saved when a geologic study is not required. Action by the department would be required within 60 days of receiving the application, and the fee cannot exceed \$150.

This legislation would not result in a fiscal impact to the department. The department will initiate amendments to OAR 141-967 if this legislation is approved. The rulemaking and subsequent implementation of those rules can be accomplished through existing department staff and resources.

Thank you again.