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**TESTIMONY OF
MARY ABRAMS
DIRECTOR
DEPARTMENT OF STATE LANDS
On House Bill 4063
Before the House Transportation and Economic
Development Committee
February 5, 2014**

Good morning Chair Read and members of the Committee. I am Mary Abrams, Director of the Department of State Lands. Thank you for the opportunity to testify today on House Bill 4063 that proposes to allow the Department of State Lands to make loans from the Common School Fund (CSF) for brownfields redevelopment.

The CSF was established at statehood through land grants from the federal government to the new state to provide funding for Oregon's common schools (K-12 public schools). The State Land Board (LB) was established to manage the fund as a trust to maximize revenue for public schools.

HB 4063 as written would use the loan program established in ORS 327.475 which legal advice indicates is in conflict with the constitutional trust obligation of the State Land Board (LB). Article VIII of Oregon's constitution requires the LB to maximize revenue for the CSF to distribute the proceeds in support of the state's 197 public schools.

Brownfield redevelopment loans by their nature are speculative which is evidenced by the difficulty in securing loans for this work in the private sector. Therefore it seems problematic that the department could build a loan program that would both be attractive to private investors while guaranteeing that the LB could continue to meet its fiduciary responsibilities under Article VII.

Given the need to maximize revenues to the CSF in order to maintain the most sustainable CSF distribution to the state's public schools, the department always urges great care when considering alternate uses of the CSF. In this case the department believes adopting the bill as written may have unforeseen legal and financial consequences for the CSF. The department therefore urges the committee to consider a broader and deliberative public process on how to fund brownfields redevelopment rather than focusing on the CSF.

Thank you for your time and I will be happy to answer any questions you might have.