

A-Engrossed
Senate Bill 1555

Ordered by the Senate February 14
Including Senate Amendments dated February 14

Sponsored by Senators GIROD, BAERTSCHIGER JR; Senators BEYER, BOQUIST, CLOSE, EDWARDS, FERRIOLI, HANSELL, JOHNSON, KNOPP, KRUSE, OLSEN, ROBLAN, THOMSEN, WHITSETT, WINTERS, Representatives KRIEGER, WEIDNER (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Caps amount of bonds or other securities required of bidder or purchaser in connection with forest product sales by State Forester. Limits time for State Forester to return unexpended amount from performance bond or other security.

Makes bonding or other security requirements for forest product sales by Department of State Lands and provisions for department's return of bonds and other securities equivalent to revised bonding or other security requirements and provisions for return of bonds or securities applicable for forest product sales by State Forester.

Applies to bonds or other securities provided for forest product sales occurring on or after July 1, 2014.

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to forest products; creating new provisions; amending ORS 273.535 and 530.059; and de-
3 claring an emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Section 2 of this 2014 Act is added to and made a part of ORS 530.010 to**
6 **530.110.**

7 **SECTION 2. The State Forester may require the successful purchaser at a forest pro-**
8 **ducts sale to provide a surety bond, cash deposit, assignment of surety, irrevocable letters**
9 **of credit or other securities as determined acceptable by the State Forester for the purpose**
10 **of securing performance by the purchaser. The required amount of a bond, deposit, assign-**
11 **ment, letter of credit or other security may not be more than \$500,000. Claims by any person**
12 **against the bond, deposit, assignment, letter of credit or other security shall be made to the**
13 **State Forester for determination. If the claim is disputed, the State Forester may request**
14 **settlement of the claim through compromise or mediation or require that the claim be liti-**
15 **gated. Unless there is a claim awaiting determination, the State Forester shall return any**
16 **unexpended amount from the bond, deposit, assignment, letter of credit or other security**
17 **no later than 180 days after the earlier of the completion of operations under the sales con-**
18 **tract or the termination date in the sales contract.**

19 **SECTION 3. ORS 530.059 is amended to read:**

20 530.059. (1) Before offering any forest products for sale under authority of ORS 530.050 or
21 530.500, the State Forester shall cause the forest products to be appraised. Should the appraised
22 value of the forest products be in excess of \$25,000, the State Forester shall not sell the same to a

NOTE: Matter in **boldfaced** type in an amended section is new; matter *[italic and bracketed]* is existing law to be omitted. New sections are in **boldfaced** type.

1 private person, firm or corporation, except after giving notice of the sale as required by this section,
2 and affording an opportunity for competitive bidding either by public auction or through sealed bids,
3 or a combination of both; provided, however, that such notice and opportunity for competitive bid-
4 ding will not be required for sales in connection with:

5 (a) Experimental or research projects in the field of forestland management or forest product
6 utilization.

7 (b) The removal, injury or destruction of forest products necessitated by any grant of easement
8 or right of way, or necessitated by a permit or license to use a right of way, including trees which
9 may endanger the use of such easement or way.

10 (c) The removal of forest products with an appraised value of less than \$100,000 that, as a result
11 of an act of nature or other unforeseen circumstance:

12 (A) Pose a threat to the health of the forests, waterways or forest road infrastructures; or

13 (B) Will lose value as a result of potential theft.

14 (d) The removal of forest products with an appraised value of less than \$100,000 to facilitate the
15 development, placement or maintenance of forest road infrastructures.

16 (2) The State Forester shall give the notice required by subsection (1) of this section by mail to
17 all persons requesting such notice and in such other media of communication as the State Forester
18 may deem advisable. The State Forester shall maintain a mailing list with the names and addresses
19 of persons who have requested to receive State Forestry Department notices of timber sales. The
20 notice shall describe the forest products to be sold and the land on which such products are situ-
21 ated, state the minimum price at which the same may be sold, and contain a brief statement of the
22 terms of the sale. As a provision of each sale, the State Forester shall reserve the right to accept
23 or reject any or all bids.

24 (3) Prior to or at the time the State Forester receives bids, each bidder shall furnish the State
25 Forester with a certified check, cashier's check, money order, surety bond, cash deposit, assignment
26 of surety, irrevocable letters of credit or other securities as determined acceptable by the State
27 Forester in an amount designated by the State Forester. *[but said amount shall]* **The amount des-**
28 **ignated by the State Forester may** not exceed 10 percent of the minimum price of the forest
29 products to be sold¹, *which check, order or deposit, in the case of the successful bidder, shall be re-*
30 *tained by the State Forester as a credit toward payment of the purchase price of the forest products*
31 *sold, and which, in the case of the unsuccessful bidders, shall be returned to them]* **or \$500,000,**
32 **whichever is less. The State Forester shall retain the amounts furnished by the successful**
33 **bidder as a credit toward payment of the purchase price of the forest products sold. The**
34 **State Forester shall return the amounts furnished by an unsuccessful bidder** after determi-
35 nation of the successful bid. Any checks, bonds or orders furnished under this subsection shall be
36 made payable to the State of Oregon.

37 *[(4) The State Forester is authorized to require and accept a surety bond, cash deposit, assignment*
38 *of surety, irrevocable letters of credit or other securities as determined acceptable by the State Forester.*
39 *Claims against such bond shall be made to the State Forester for determination. If the claim is dis-*
40 *puted, the forester may request settlement of the claim through compromise or mediation or require the*
41 *claim to be litigated.]*

42 *[(5)]* (4) If the provisions of this section have been complied with, and no satisfactory bid has
43 been received, or the bidder fails to complete the purchase, the State Forester may, at any time,
44 during a period of six months after the advertised date of sale, sell the forest products in such
45 manner as the forester deems appropriate, but the sale price shall not be less than the minimum

1 terms offered in the notice of sale or the highest bid received, whichever is the larger amount.

2 **SECTION 4.** ORS 273.535 is amended to read:

3 273.535. Bond **or other security** requirements for the sale of forest products **by the Depart-**
4 **ment of State Lands and provisions for the return of those bonds or securities to a purchaser**
5 shall correspond to the [*requirements for bonds*] **bond or other security requirements and pro-**
6 **visions for the return of bonds or securities to a purchaser that are established for a forest**
7 **product sale by the State Forester in ORS 530.059 and section 2 of this 2014 Act.**

8 **SECTION 5.** Section 2 of this 2014 Act and the amendments to ORS 273.535 and 530.059
9 **by sections 3 and 4 of this 2014 Act apply to bonds, deposits, assignments, letters of credit**
10 **or other securities provided for forest product sales occurring on or after July 1, 2014.**

11 **SECTION 6.** This 2014 Act being necessary for the immediate preservation of the public
12 **peace, health and safety, an emergency is declared to exist, and this 2014 Act takes effect**
13 **on its passage.**