



## Comments on House Bill 3474

Testimony to the House Committee on Rural Communities, Land Use, and Water

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Members of the Committee,

Thank you for the opportunity to comment on House Bill 3474. I am here representing Roseburg Forest Products. The timber supplied from the Elliott has been a critical part of the wood supply needed to operate our plywood mill in Coquille and has also been a key source for our other Oregon mills in Dillard and Riddle. Combined, our Oregon mills provide over 2,000 full-time, family wage jobs.

We appreciate the continuing efforts to find resolutions to management of the state trust lands, particularly the Elliott State Forest. However, we are **opposed to the passage of HB 3474** at this time. While we understand that the bill would provide an additional option for future control and management of the Elliott, we do not believe that there is an immediate imperative to develop this option, and many details are currently unanswered. Below are our key points of concern followed by a brief description of each:

- **Timing is premature**
- **No focus on future timber production to maintain rural jobs**
- **Key elements are not clear**
- **No net financial value to schools**

### Timing is premature

At its December meeting, the State Land Board provided clear direction to the Department of State Lands to proceed with the development of three options. There was no direction toward a land transfer option. Depending upon the outcome of the Land Board's decision, there may or

may not be a need to consider a form of transfer. If there is an interest in a transfer, the details may be very different than language currently proposed in HB 3474. Therefore, it seems reasonable to wait for that outcome before crafting language to address any future transfer.

The Land Board also indicated their interest in progressing expeditiously with the development of the three options. Given that several key legislators have already indicated that general funds necessary for a transfer would not be available in the current biennium, there is no imperative to move this bill in the current session. It could always be brought back in a future session once clear direction becomes available for the Elliott.

### **No focus on future timber production to maintain rural jobs**

HB 3474 provides no prioritization for management of timber. The Land Board's current fiduciary responsibility requires maximum financial return to the Common School Fund, and timber production is clearly necessary to meet this mandate. Under a transfer scenario, the mandate would go away, and rural jobs would likely suffer.

While it is true that the Land Board's responsibility is to maximize returns to the Common School Fund, it would be disappointing to achieve this at the cost of rural jobs. Even the title of this committee includes "rural communities" which I presume indicates a responsibility to consider how legislation could impact these rural areas. A transfer of the Elliott that includes encumbered and unencumbered (manageable) lands to another agency that would lack the motivation or expertise to manage for timber production would harm rural counties directly. These rural jobs are currently provided by Roseburg Forest Products and other local timber companies that require available timber for our operations.

### **Key elements are not clear**

There are a number of considerations that would need to be resolved prior to a transfer taking place. The expectation is that these details would be developed under rule-making rather than outlined in the bill. However, it is difficult for us to support this open-ended proposition when these details are crucial in determining whether the outcome would be acceptable or not. Some of these elements are listed below:

- What parameters would be used in an appraisal? Anything short of maximum value as measured by an open market sale would not meet the Land Board's fiduciary mandate.
- How many unencumbered lands would be lumped with encumbered lands, and how would these be managed?
- What other agencies have the resources and experience to manage portions of the state trust lands better than the Oregon Department of Forestry?

- How would the new managing agencies account for future maintenance costs of a significant timber asset? Fire fighting and road maintenance are examples of considerable annual costs.

**No net financial value to schools**

It is not at all clear how schools gain financially when the state moves money from one fund to another. There is no generation of additional financial resources in this transfer approach which is in stark contrast to the creation of new financial resources from the harvest of timber.

In closing, we agree that there may be merit in ultimately transferring some portion of the Elliott or other trust lands. However, we do not believe that this is the appropriate time to develop that option, nor is there sufficient information available to ensure that the transfer would be in the best interest of schools or our rural communities.

Sincerely,



Eric Geyer  
Roseburg Forest Products