

Senator Lew Frederick and Representative Witt, Co-Chairs
Joint Ways & Means Committee on Natural Resources
900 Court St. NE, H-174
Salem, Oregon 97301

RE: HB 5040 – Oregon Watershed Enhancement Board Budget

Co-Chairs Frederick and Witt, member of the Committee:

Thank you for the opportunity to testify. For the record, my name is Nellie McAdams and I represent the Oregon Association of Conservation Districts (OACD).

OACD wishes to express our strong support for robust funding of the Oregon Watershed Enhancement Board (OWEB). OWEB is running an effective grant program in the state that serves conservation in all regions (from East to West) and has fostered trusting relationships with landowners and conservation groups. Their in-depth strategic planning process, which recently gathered feedback from around the state, is evidence of their strong commitment to offering responsive and effective programs and to building relationships with diverse partners around the state.

I have had the opportunity to work closely with OWEB along with five other organizations that represent thousands of Oregon landowners on the work group that developed the **Oregon Agricultural Heritage Program**. The work group of agricultural and conservation representatives included Oregon Farm Bureau, Oregon Cattlemen's Association, The Nature Conservancy, Coalition of Oregon Land Trusts, Sustainable Northwest, and OACD. These groups met every other week for over a year to develop what has become **House Bill 3249**.

HB 3249 would address the growing concerns of farm and ranch succession planning and the preservation of Oregon's agricultural lands. As Farm Preservation Program Director of Rogue Farm Corps, I conducted research with OSU and PSU that found that 2/3 of Oregon's agricultural land (10.45 million acres) will be changing hands in the next two decades and up to 80% of Oregon farmers and ranchers do not have succession plans. Lands that pass without succession plans are more likely to be divided in order to pay estate taxes and non-farming heirs. The landscape will become more vulnerable to development as lands are fragmented and/or purchased by investment entities that will ultimately dispose of the lands in a way that yields the greatest financial returns.

HB 3249 would meet an unmet need in Oregon to provide match funding for voluntary conservation measures that also assist Oregon landowners with succession planning. These include permanent conservation easements, 20-50 year conservation covenants, and conservation management plans. Working lands easements and covenants that would be partially funded through this program allow farmers and ranchers to sell property rights rather than parcels of property itself in order to pay estate taxes and non-farming heirs. This helps the viability of the farm or ranch business and helps stave off the loss of these lands to development.

Because the Oregon Constitution limits OWEB's direct spending to fish and wildlife habitat and watershed health, OWEB has not been available thus far to provide match funding to the federal Agricultural Conservation Easement Program – Agricultural Land Easements (ACEP-ALE). As a result, Oregon is leaving millions of federal dollars on the table. Unlike 28 other states, Oregon does not have a state match program. As a result, Oregon has received only 0.19% of total U.S. funds distributed from

ACEP-ALE and its predecessor programs. For that reason, the work group designed a separate match program that would be separate from OWEB in order to leverage those funds.

OWEB already runs several effective programs that do not use Measure 76 funds (e.g. forest collaboratives). The work group believes OWEB is the most qualified state Agency to house this program because of the natural resource values it serves and because of their proven track record of running grant programs. The Oregon Agricultural Heritage Program is synergistic with existing OWEB programs, but it will offer a new set of tools, for which there is great landowner demand and which would provide significant uplift for Oregon's environment, rural communities, and economy.

The bill would also fund the delivery of curriculum through OSU's Ties to the Land Program. It would not fund succession plans for farmers, but would provide them with training and encouragement to take steps towards creating their own plan. This curriculum is very interactive and requires presentations to be effective. Additionally, it would fund technical assistance for easement, covenant, and conservation management plan holders, and a study of the effects of Oregon's estate tax on intergenerational transfer of farm and ranch estates.

We hope to come before you regarding HB 3249 again, dependent upon its successful passage out of the House Agriculture and Natural Resources Committee this Thursday, where it is scheduled for a work session.

In the meantime, we want to convey that **state dollars would be well spent in setting up this program**. As Wallowa rancher Woody Wolfe said, "I would ask what the cost would be if those lands become concrete or developed?"

Furthermore, this program cannot wait another session. The average age of Oregon farmers and ranchers is near retirement (59.6 in Oregon), a vast amount of agricultural land will be changing hands in the coming years, and farms without plans and tools for transferring it to the next generation as a whole and viable operation may not be taken out of family stewardship and eventually developed or lost from production. Rulemaking and creating a commission will likely be a long and thoughtful process. We need to have the program ready to go by the time additional funding could become available.

We cannot slow the impending retirement and passing of Oregon's farmers and ranchers. As time passes, we are missing opportunities to provide conservation and economic benefits to the state. It is imperative that we pass this bill this session to at least create the framework for a solution.

Thank you for your time,



Nellie McAdams
Oregon Association of Conservation Districts, Secretary