

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 847 - A

79th Oregon Legislative Assembly – 2017 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

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Measure Description:

Creates process for State Land Board, Department of State Lands and Legislative Assembly to coordinate transfer of certain trust lands managed for benefit of Common School Fund that have limited performance potential as assets of Common School Fund to certain other public bodies better positioned to manage lands for benefit of public.

Government Unit(s) Affected:

Department of State Lands, Legislative Assembly

Summary of Expenditure Impact: See Analysis

Summary of Revenue Impact: See Analysis

Analysis:

SB 847 establishes a process by which the Department of State Lands (DSL) and the Legislative Assembly may identify tracts of trust lands that have limited performance potential as assets of the Common School Fund, and submit proposals to the Legislative Assembly for the transfer of those lands to another state agency, federal agency, or tribe.

The process of identifying and valuing underperforming tracts of trust lands can be absorbed within the existing resources of DSL, and is expected to have a minimal impact to the Department. However, the Legislative Fiscal Office notes that the potential future transfer of large tracts of trust lands to another state agency may pose a significant fiscal impact to both DSL and the receiving agency. It is assumed that the receiving state agency would be responsible for the expenses related to operating the transferred land.

Trust lands under the jurisdiction of DSL are categorized into one of seven classifications: forestlands, agricultural lands, rangelands, industrial/commercial/residential (ICR), mineral and energy resources, waterways, and special stewardship lands. For the purposes of the following analysis, mineral and energy resources, and waterways lands are not considered appropriate candidates for transfer.

DSL has provided an analysis of the expenditures associated with each land classification, on a statewide basis, for fiscal years 2013, 2014, and 2015. Based on this analysis, the Legislative Fiscal Office estimates the 3-year average expenditure, per acre, by land classification is as follows:

| <u>Land Classification</u> | <u>Total Acreage</u> | <u>3-year Avg. Expenditure per Acre</u> |
|-----------------------------------|----------------------|---|
| Forestland | 121,973 | \$36.67 |
| Agricultural Land | 5,726 | \$20.16 |
| Rangeland | 601,031 | \$0.94 |
| Industrial/Commercial/Residential | 6,668 | \$118.27 |
| Special Stewardship | 5,526 | \$0.77 |

It is important to note that DSL is mandated by the Oregon Constitution to manage trust lands for the primary purpose of generating revenues for K-12 public education. The management of these lands under a different state agency would be done so in a different manner and under the guidance of an alternate mission, which would likely alter the amount of funds required to manage the land.

Additionally, DSL has provided an analysis of the revenue generated by each land classification, on a statewide basis, for fiscal years 2013, 2014, and 2015. Based on this analysis, the Legislative Fiscal Office estimates the 3-year average revenue, per acre, by land classification is as follows:

| <u>Land Classification</u> | <u>Total Acreage</u> | <u>3-year Avg. Revenue per Acre</u> |
|-----------------------------------|-----------------------------|--|
| Forestland | 121,973 | \$27.71 |
| Agricultural Land | 5,726 | \$39.00 |
| Rangeland | 601,031 | \$0.98 |
| Industrial/Commercial/Residential | 6,668 | \$150.40 |
| Special Stewardship | 5,526 | \$1.03 |

It is assumed that with any potential future transfer of land to another state agency, an expenditure and revenue impact would be imposed on the receiving agency. The exact expenditure and revenue impact is indeterminate at this time, as each proposed land transfer would have to be evaluated individually based on total acreage, use of the land after the transfer, and other factors.

The bill is expected to have no fiscal impact on the Legislative Assembly.