



Oregon

Kate Brown, Governor

Department of State Lands

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State Land Board

To: Senator Rob Wagner, Chair, Senate Committee on Rules
Senator Fred Girod, Vice-Chair, Senate Committee on Rules
Members, Senate Committee on Rules

Kate Brown
Governor

From: Vicki Walker, Director, Department of State Lands

Shemia Fagan
Secretary of State

Re: **House Bill 3318 A**

Tobias Read
State Treasurer

The Department of State Lands appreciates the opportunity to provide additional information as the Senate Committee on Rules considers House Bill 3318 A.

The Department oversees school lands on behalf of the State Land Board, working to generate revenue for the Common School Fund through leasing, development, sales and other property management activities. Management of school lands must consider longer-term benefits and intergenerational equity to ensure that decisions made now do not negatively impact students in the future.

The Department has no position on HB 3318 A. However, because the Stevens Road Tract is school lands, the State Land Board is ultimately responsible for making a decision to sell the property, including price and conditions of sale. Significant analysis is performed when school lands are sold. In the case of HB 3318 A, multiple factors would need to be considered in determining potential benefit to the Common School Fund, including:

- Whether an earlier sale of the land, if it is brought into the UGB before the next formal expansion, would provide greater investment returns than the increase in the market value of the parcel over time.
- The loss of value to the Common School Fund and the students of Oregon for the acreage that is proposed to simply be *given* to the City of Bend.
- Impacts on the value of the parcel due to the bill's planning requirements, which may reduce interest in the development opportunity.

In initial conversations with the City of Bend staff, the Department has been clear regarding our serious concerns with their request to give away Common School Fund lands. Such requests decrease the value of an asset for all Oregon's school children as well as circumventing the normal land use process. More work is needed to determine the comparative benefit of all that is proposed within HB 3318 A, including the City's request to be given 20-plus acres of Common School Fund lands.

The Department has a long track record of working with communities in central Oregon, including recent sale and development of parcels in Prineville, Redmond, and in the City of Bend. The Department works cooperatively with local partners to identify and meet community needs, while also fulfilling our mission and meeting constitutional and fiduciary responsibilities to the Common School Fund.

Regardless of the outcome of this legislation, the Department, the City of Bend, and other partners will certainly work together on future development of the Stevens Road Tract. The Department is committed to its due diligence involved in all school land transactions to support the State Land Board in making decisions that provides the greatest benefit for the Common School Fund and schools across the state.

Thank you for the opportunity to provide this important information on HB 3318 A, and for your continued understanding of the importance of the Common School Fund to Oregon's school children.