

Legislative Fiscal Office

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Joint Committee on Ways and Means

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To: Natural Resources Subcommittee

From: Zane Potter, Legislative Fiscal Office

Date: February 23, 2022

Subject: SB 1546 – Relating to Elliott State Research Forest
Work Session Recommendations

SB 1546 establishes Elliott State Research Forest consisting of lands formerly constituting the Elliott State Forest. The measure decouples the Elliott State Forest from the Common School Fund and management of the State Forester and establishes the publicly owned Elliott State Research Forest.

This measure creates the Elliott State Research Forest Authority, a new state agency that is tasked with operating as a financially self-supporting entity and overseeing the Forest. The Authority will be governed by a seven- or nine-member Board of Directors appointed by the State Land Board. Before the measure is operative, the following tasks must be completed on or before July 1, 2023:

- The State Land Board ensures that financial obligations to the Common School Fund related to the Elliott State Forest are satisfied; votes to decouple the Elliott State Forest from the Common School Fund; and approves a forest management plan for the Elliott State Research Forest.
- The National Marine Fisheries Service and the United States Fish and Wildlife Service jointly publish a notice of the availability of a final habitat conservation plan for the Elliott State Forest pursuant to the Endangered Species Act of 1973 and a final environmental impact statement for the forest pursuant to the National Environmental Policy Act.
- The Department of State Lands (DSL) contracts for third-party expertise and concludes that Oregon State University's (OSU) plan for forest operations and management demonstrates financial viability.
- The Board of Trustees of OSU authorizes the university to participate in management of the Elliott State Research Forest.

The State Land Board is to report to an interim or regular committee of the Legislative Assembly related to forests on or before September 15, 2023 if the tasks above were completed. If completed, the measure is largely operative on January 1, 2024.

DSL anticipates no additional administrative costs in their 2021-23 biennial budget because of this measure and intends to submit a Policy Option Package during the 2023-25 budget development process to request funding for Authority operations. The decoupling of the Forest from the Common School Fund is estimated to cost \$121 million. Impacts on other state agencies is likely to have no or minimal fiscal impact.

The measure provides that the Authority’s Board of Directors is to contract with OSU for implementation of forest management operations consistent with mission and management policies included in this measure. OSU currently estimates that an initial investment of approximately \$23 million from 2024-2026 is needed for research equipment and the operational costs associated with starting up the research and operations programs. Federal funds are targeted for these costs, but if federal funds aren’t received, it is not known what entity would pay these costs. Additionally, OSU estimates \$17 million in capital costs for research and administrative facilities.

The measure previously had hearings in the Senate Committee On Natural Resources and Wildfire Recovery on 2/1/2022, 2/3/2022, and 2/8/2022 and was reported out with a do pass recommendation as amended.

Recommended Changes

LFO recommends adoption of the -A2 amendment, a technical amendment that clarifies that the Authority is a state agency, removes Article XI-Q general obligation bonds language, and retains certificates of participation language in statute.

Final Subcommittee Action

LFO recommends that SB 1546, as amended by the -A2 amendment, to be moved to the Ways and Means Full Committee.

Carriers

Full Committee: _____

House Floor: _____

Senate Floor: _____