

HB 3221 A STAFF MEASURE SUMMARY

Carrier: Sen. Meek

Senate Committee On Finance and Revenue

Action Date: 06/22/23

Action: Do pass the A-Eng bill.

Vote: 3-2-0-0

Yeas: 3 - Golden, Jama, Meek

Nays: 2 - Boquist, Findley

Fiscal: Has minimal fiscal impact

Revenue: Revenue impact issued

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Meeting Dates: 6/22

WHAT THE MEASURE DOES:

Removes federal forest reserve revenues to schools from the list of local revenues for the purpose of State School Fund distributions. First applies to the 2023-24 State School Fund distributions. Takes effect on July 1, 2023.

ISSUES DISCUSSED:

- the Secure Rural Schools and Community Self- Determination Act of 2000
- A change in the 2018 Consolidated Appropriations Act and implication on local revenue for the purpose of State School Fund distributions
- Impact on upstream payments and related legal issues
- Base bill and A Engrossed version

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Local revenues listed in ORS 327.011 are combined with the State School Fund (SSF) to form so-called the formula revenue. This formula revenue will be distributed to school districts and education service districts based on specified formulas in statutes. One of the local revenue sources currently listed is federal forest reserve revenues (or Secure Rural Schools Act payments) to schools. However, a change in federal law in 2018 prohibits these revenues from being a local revenue source for the purpose of SSF distributions.

As part of reauthorizing provisions of the Secure Rural Schools and Community Self- Determination Act of 2000, the 2018 Consolidated Appropriations Act explicitly stated that federal forest reserve revenues to schools may not be used in lieu of, or to otherwise offset, a State funding source for a local school, facility, or educational purpose (16 U.S.C. 7112(f)).

This bill removes federal forest reserve revenues to schools from the list of local revenue sources for the purpose of SSF distributions, thus aligning the Oregon law with the federal law.

Note: Some background information on the Secure Rural Schools and Community Self- Determination Act of 2000 is taken from USDA Forest Service website (<https://www.fs.usda.gov/working-with-us/secure-rural-schools>):

"The Secure Rural Schools program provides critical funding for schools, roads, and other municipal services to more than 700 counties across the U.S. and Puerto Rico.

The Forest Service was established in 1905 with 56 million acres of land. By 1910, the amount of National Forest System land tripled to 172 million acres. Today, the agency manages approximately 196 million acres. Congress ratified the Act of May 23, 1908, as a measure to support rural counties whose tax base was limited by the

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growing amount of Federal land. A portion of Forest Service funds generated through multi-use activities, such as grazing, timber production, and special use permits, are distributed to eligible counties to help maintain local roads and schools.

By the year 2000, after decades of declining agency revenues, Congress passed the Secure Rural Schools and Community Self Determination Act to help stabilize the funds available to rural counties."