

Submitter: Fergus Mclean
On Behalf Of:
Committee: Joint Committee On Ways and Means
Measure: SB5506

The legislature has the capacity to generate \$121 million for general fund for the upcoming budget cycle by simply requiring the Department of State Lands to disclose the market value of the carbon stored in the Elliott State Forest before it is turned over to the new Elliott Authority on July 1.

Oregon's Supreme Court made clear, in its 2019 DSL vs Cascadia Wildlands verdict, that management of the Elliott State Forest is purely up to the discretion of the legislature to determine; there is no legal compunction for DSL to maximize revenue in managing the Elliott Forest, contrary to what most believe. So there was no reason to separate the forest from under DSL's umbrella in the first place.

In the second, SB1546, which governs the transfer of the forest's ownership to a new state agency, provides no compensation to the Common School Fund for the Elliott State Forest's marketable carbon reserves, which could exceed \$250,000,000 in value. SB1546 "Provides that provisions related to forest become operative on January 1, 2024, only if certain events occur on or before July 1, 2023." In order for the Elliott Authority to acquire ownership of the Elliott State Forest from the Common School Fund the State Land Board, acting as Trustees, must certify that the Common School Fund is receiving fair value for the Elliott State Forest. This is impossible without at least three credible, independent and objective appraisals of the marketable carbon reserves in the Elliott State Forest.

Some very good things happen if the State Land Board fails to certify the proposed selling price of the Elliott State Forest:

- 1) The Elliott remains in the hands of the Common School Fund, administered by DSL; this frees up \$121 million authorized to complete the purchase, while the initial \$100 million Elliott bond funds can be used to actually establish a genuine research forest under DSL.
- 2) With the Elliott under DSL, none of the excessive funding demands from OSU need come from the general fund, saving another \$50 million.
- 3) The Common School Fund retains the Elliott Forest, with its carbon reserves worth perhaps \$250,000,000- a value in the global voluntary carbon market which has doubled in the last two years and shows no sign of slowing. It makes no financial sense for the Common School Fund to divest an asset growing this fast in present unsettled market conditions; Oregon's schoolkids need to hang on to the Elliott and its wonderful carbon.
- 4) DSL vs Cascadia Wildlands makes it clear that the Elliott State Forest operates at the pleasure of the legislature. The legislature should demand convincing proof of the

Elliott's carbon value before allowing the transfer to take place. Valuation by a single, timber-industry oriented local group is insufficient to justify setting a purchase price. At least three qualified & independent appraisals are needed before this transaction can be allowed to proceed.