1000 friends of Oregon

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April 16, 2013

To: Senate Committee on Rural Communities and Economic Development
State Capitol
900 Court Street NE
Salem, OR 97301

RE: SB 538 – Legislation to redefine agricultural and forest lands in Oregon - Oppose

Chair Roblan and members of the committee:

Thank you for this opportunity to present testimony on SB 538, legislation to redefine agricultural and forest lands throughout the state. 1000 Friends of Oregon is a nonprofit, membership organization that works with Oregonians to support livable urban and rural communities, protect family farms and forests, and provide transportation and housing choice.

As you know, in 2012 the legislature appropriated $650,000 for a Southern Oregon pilot project that does essentially what this bill contemplates. The Governor subsequently signed Executive Order 12-07 to begin the process. That pilot, done under current laws, is ongoing in Southern Oregon. Passing another law to do the essentially the same thing is premature until we see the results of the pilot.

SB 538 is an attempt to water down new definitions of farm and forest land.[1] The Governor's Executive Order states that LCDC's new definitions of agricultural and forest lands in Southern Oregon need to be based upon usefulness of lands for these resource industries. *SB 538 introduces factors not related to the actual usefulness of land for agriculture and forestry*. This is a proposition that could cause major damage to Oregon farming and forestry – traded-sector industries that rank #2 and #3 in the state's economy, both of which are especially crucial to rural economies and communities.

As an example of the attempt to water down the new definitions, Section 2(5)(d)(B) of SB 538 allows the new definitions to be based upon "[t]he long-term viability of farm and forest operations in the region." *This is obviously impossible to know[2] and turns the land use planning program on its head.* While an objective of the program is to permanently protect crucial agricultural lands, it is equally important to protect operations on farm and forest lands near our cities. In many areas of the state our most productive lands are near cities because historic population centers sprang up around resource areas. It is in the best interest of the region and the state to keep them in resource use for as long as possible. Categorizing lands as non-resource, based upon the prospects for the region rather than based upon the possible resource uses of the particular lands will act as a self-fulfilling prophesy. High quality lands will be deemed non-resource when farms on lower quality lands in the same region struggle. This will take the best lands out of resource use. Our land use program is intended to make the best use of land for as long as possible, not squander it based on suppositions about long-term region-wide "viability."

Similarly, another provision of Section 2(5)(d)(B) directs the counties and LCDC to take into account "the location of resource lands in relation to lands employed for nonfarm and nonforest uses." This

[1] Farm and forest lands are collectively referred to as "resource lands" while lands for other uses are often referred to as "non-resource lands."
[2] As John Maynard Keynes famously said, "The long run is a misleading guide to current affairs. In the long run we are all dead."

would logically lead to removing from the definition of agricultural and forest lands those that are near urban growth boundaries, highways, and other developed uses. This provision effectively undermines the intent of an urban growth boundary in the first place, because it could redefine even very productive land outside an urban growth boundary as "non-farm," no matter its contributions to the region's economy or productivity. The inevitable result: poorly planned residential development and rural sprawl in places where services are not yet available. Not only should this land be kept in resource use to economically sustain the region, but if a nearby urban area should need to expand in the future, this disorderly development will make it very difficult to do so, while wasting taxpayer's money on disconnected infrastructure and vastly more expensive services.

These loopholes strike at the heart of the land use planning program. Under Oregon's planning program, lands outside urban growth boundaries (UGBs) are planned for rural uses – agriculture, forestry, ecological functions, and rural levels of development. These lands are protected because they support two of Oregon's top industries – agriculture and forestry.

Agriculture is Oregon's second largest industry: 1 out of 8 jobs in this state is agriculture-related, and the industry is directly and indirectly linked to about $22 billion in sales of goods and services, accounting for 15% of the statewide total of sales involving all industry sectors. Agriculture is traded-sector – 40% is exported out of the country, bringing new dollars into the state.[3] And those figures have been increasing almost steadily for two decades, which is not a story any other industry can tell.

Similarly, Oregon's wood products industry makes up 6.9% of Oregon's industrial output, contributing over $12.6 billion each year to Oregon's economy; and it also provides jobs - jobs that are particularly important to Oregon's rural economies, often representing one of the few sources of local high-paying jobs.

Agricultural and forest lands *are* industrial lands. Converting them to other uses yields some short term construction jobs, but the jobs dry up when the land is developed. Meanwhile, city and county budgets are stretched even further to provide new sheriff and fire services, water and sewer lines, and more.

In contrast, agriculture and forestry provide products to sell and jobs year in and year out – at very little cost to the public for infrastructure. SB 538 would compromise these industries by opening the door to development currently not allowed in these rural areas. **Keeping resource lands in industrial use is critical for the future of jobs in Oregon and SB 538 will make that more difficult.**

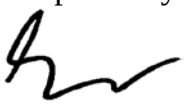
There are already regional definitions for agricultural land in LCDC rules and LCDC has the authority to make more regional definitions. Eastern Oregon and Western Oregon have different definitions to reflect the agricultural capacity of the lands and different agricultural practices. As evidenced by Executive Order 12-07, LCDC could initiate rulemaking and make other regional definitions under current law. However, some of the factors that this bill includes for defining agricultural and forest lands would be legally indefensible because they do not actually address the usability of the land for agricultural and forest use. Some have stated that current land use maps and definitions have miszoned some unproductive lands as exclusively for farm and forest uses. If this is indeed the case, **remapping of lands that do not meet the definition of agricultural land or forest land is already possible under legislation passed in 2009.** However, since that time, no county has taken advantage of that authorization. **Thus, even the stated policy intentions of the SB 538 are duplicative and unnecessary, while the additional effects are actively harmful to the state's future.**

[3] Oregon Department of Agriculture, February 2011: http://ruralstudies.oregonstate.edu/sites/default/files/pub/pdf/OregonAgEconomyAnUpdate.pdf

Perhaps the biggest problem with SB 538 is that it would increase the complexity of the land use program, potentially turning a statewide program that has effectively preserved the contributions of two vital industries into an arbitrary, confusing patchwork. Increased uncertainty in rural areas would then result in reduced investment in agricultural and forest lands and their supporting industries, damaging Oregon job growth and fostering extensive litigation, while wasting the future of our highly productive lands.

For the reasons stated above we **urge you to oppose SB 538.**

Respectfully submitted,



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