

Chair Golden and Members of the Committee on Natural Resources and Wildfire Recovery,

I urge you to support SB 335-2, which would reform the Board of Forestry and make the Department of Forestry more accountable.

SB 335-2 addresses **regulatory capture**, an economic theory originally developed by the Nobel-prize winning economist George Stigler. Regulatory capture occurs when the entities charged with regulating an industry become subservient to the industry that they are supposed to regulate. This is not necessarily due to corruption, but can result from straightforward economic incentives and social pressures. Regulators often rely on industry sources for information about the industry itself, and those who work in the industry have strong incentives to build ties with the regulators. These ties allow the industry to heavily influence the regulatory agency, resulting in weak regulation that profits the industry to the detriment of public interest. To prevent regulatory capture and protect the public interest, regulatory agencies should be protected from outside influence as much as possible.

Unfortunately the regulations governing the Board of Forestry and the Department of Forestry are not sufficient to prevent regulatory capture. At present, up to three members of the Board can make their living from forestry, potentially directly benefiting financially from weak regulation. The advisory committees to the Department are similarly composed of individuals who have a financial stake in weak regulation, further undermining the voice of public safety and good governance. Finally, the Board is in charge of appointing the head of the Department, the State Forester, which puts that position within the sphere of regulatory capture.

The modest changes proposed in SB335-2 would reduce timber industry influence on important bodies that regulate the industry. That is a tenet of good governance, and would advance the public interest in protecting clean drinking water and a livable climate. The industry has protested vociferously against these changes, as you would expect because they benefit from regulatory capture. The fox always appreciates the opportunity to guard the henhouse. Please look beyond their arguments to the interests of all Oregonians.

Thank you for your consideration.

Sincerely,  
Felice Kelly, Ph.D.  
Co-lead 350PDX Forest Defense Team

