

January 26, 2021

**To: The Honorable Brad Witt, Chair
House Committee on Agriculture and Natural Resources**

**House Bill 2069
Nigel Seidel, Sage-Grouse Mitigation Coordinator
Oregon Department of Fish and Wildlife**

The Department appreciates the opportunity to discuss House bill 2069 with you today. The Department is sponsoring this bill to aid the Sage-Grouse Mitigation Program in its efforts to keep Greater Sage-Grouse from becoming federally listed under the Endangered Species Act.

The Sage-Grouse Mitigation Program (Mitigation Program) is housed in Oregon Department of Fish and Wildlife, and is a product derived through close coordination with the Sage-Grouse Conservation Partnership (SageCon). The Mitigation Program is responsible for coordinating with developers to appropriately site proposed development in sage-grouse habitat and ensure compliance with State Wildlife Mitigation Policies.

At the request of developers, the Mitigation Program has worked to create an In-Lieu Fee (ILF) option for mitigation. The ILF allows developers to pay the Mitigation Program a project-specific calculated fee to be absolved from the responsibility of conducting mitigation and any liability therein. Mitigation can also be performed through Permittee-responsible mitigation and purchase of credits from an approved mitigation bank, though there are currently no mitigation banks for sage-grouse in Oregon.

The Mitigation Program has put significant effort into creating an ILF cost calculation to satisfy interest from developers proposing projects in sage-grouse habitat. Entities nationwide were consulted to ensure the calculation best represents the true cost of mitigation and captures potential liabilities the State would assume by taking on mitigation responsibilities.

House bill 2069 creates a separate and distinct fund for Greater Sage-Grouse Mitigation ILF payments, and seeks legislative approval to put a portion of the funds received through the Mitigation Program's ILF option into the State's intermediate-term treasury account. Currently, all funds excepted through the ILF are placed into the State Wildlife Fund, which is set up for short-term investment. The low interest rate generated in this account effectively raises the ILF cost to developers.

An assessment of the different interest rates through the ILF calculation indicated that by using a combination of the short- and intermediate-term accounts, the ILF cost can be reduced by approximately 3% for a 30-year impact up to 25% for a 100-year impact. This can be a significant reduction in cost when considering project size.

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