



## **Council of Forest Trust Land Counties**

1212 Court St. NE | Salem, Oregon 97301

Co-Chair Helm, Co-Chair Owens, Vice Chair Finger McDonald, members of the committee. For the record, my name is Branden Pursinger and I am here today in my capacity as the Executive Director for the Council of Forest Trust Land Counties. The Council of Forest Trust Land Counties is made up of the 15 counties which in the 1940s deeded in trust their forest lands to the state for long term management. For the record those 15 counties are: Benton, Clackamas, Clatsop, Columbia, Coos, Douglas, Josephine, Klamath, Lane, Lincoln, Linn, Marion, Polk, Tillamook, and Washington.

Before we begin discussing HB 4105, I thought it would be helpful for the committee to understand why these 15 counties take such an interest in these forestlands and more specifically, why the Trust Land Counties are in support of sustainable harvesting in the state forests.

In the late 1930s, the wood products industry across the nation had a practice known as “cut and run.” They believed the value was in the tree and not in the land. So, what many companies in the wood products industry began doing was harvesting the trees as quickly as they could process them and then moving on to a different location. They did not replant and manage the land like they do today. After the trees were harvested, these lands were abandoned, and the land fell into foreclosure. Counties then reclaimed these lands through tax foreclosure proceedings.

These lands were held in fee by the counties, and because of this, the land did not generate any property taxes. County governments had two options, they could sell the land and place them back on the tax rolls, running the risk of future foreclosures and being in the same position they were in, or they could keep the land as they were. Local governments, dependent upon property taxes for revenues, were struggling to decide what to do.

Beginning in the 1939 Legislative Session, and following in subsequent sessions through the 40s, the Legislature in partnership with the Counties, began enacting a series of laws which provided a third option for this timber land, these laws became ORS Chapter 530. The agreement was the lands would be held in trust by



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the state, under a contract agreement with the counties. The contract was to share the revenues generated from harvesting the lands. A portion of the revenues would remain with the Department of Forestry and the rest would be returned to the counties that deeded the lands to the state. Those revenues would then be further shared with the schools and special districts in our communities.

This sharing is in statute and found in ORS 530.110 and ORS 530.115. Counties and the state have an agreed split of 63.75% of the revenue generated goes to the local side, and the remaining 36.25% revenues generated remains with ODF. Of that 63.75%, the county general fund shall be reimbursed for the costs and expenses incurred for the maintenance and supervision of the lands at no less than 10%. Then 25% of what is left is paid into the county school fund, and then what remains is prorated and apportioned out to the various taxing districts in which the lands are situation based on the tax rate in place. Again that can all be found in ORS 530.115 sub 1.

These 15 counties, CFTLC, is found in statute under ORS 526.156 and the mission of CFTLC is to Protect the trust and contractual relationship between the forest trust land counties and the state of Oregon, Support sound active management of county forest trust lands, and protect the flow of revenues from county forest trust lands for essential local public services.

Turning our attention to House Bill 4105, predictable and sustainable harvesting in the state forests.

March of 2024, the Board of Forestry voted to advance the Habitat Conservation Plan developed by Department staff to the Federal Government for approval. That HCP, if approved, will remove roughly 45% of what today is available for revenue generation for counties, special districts, schools, and the State Forest Division at ODF. During that March vote, Governor Kotek sent a letter to the Board letting them know that her office would start conversations with the Trust Land Counties in finding an alternative revenue source to backfill what is being lost. Those meetings occurred off and on throughout the spring and summer and then became weekly in September of 2024.



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During those meetings we worked together to first identify the true impact this HCP decision will have monetarily on the funding recipients.

After months of work and conversations, we found – by using the 10 year historical average for harvest amount and stumpage price, there is a reduction of \$22.2m to the system. If you used the stumpage price from the 2024 Annual State Forest Report produced by ODF, the stumpage was \$588mbf or a reduction to the total system of \$32m. This is the single annual reduction and as such, the biennial number would be between \$44.4m and \$64m.

Those conversations then turned to where we were going to find the revenue to backfill the reductions, and unfortunately there was not a solution that worked for all parties. The proposal that came forward for the counties to consider was which of the 4 funding recipients (Counties, Special Districts, Schools, or ODFs State Forest Division) would face the biggest reduction in an attempt to keep the others as close to whole as possible. Counties met and discussed this, we spoke with the special districts in our communities, we spoke with the school districts and administrators, and where we landed was, counties would like to pursue a fourth option that raises all boats. This is where HB 4105 comes in.

CFTLC is here in support of House Bill 4105 and I am joined today by two CFTLC County Commissioners.

House Bill 4105 attempts to provide a level of certainty in the state forest harvest that is not currently known every year. Counties deeded these lands to the state for long term management known as Greatest Permanent Value. Nothing in this bill would impact the Departments ability to manage the forest. The bill simply states in Section 1 the Department would be required to model a sustainable harvest level over a 10 year period in annual increments. All policies, applicable federal and state requirements, the Forest Practices Act, the HCP that has been submitted for consideration by the federal services, all of that must be taken into account before the model is run. After that model is run, the department must let the counties know what this figure is so we can adequately budget and plan for that revenue.

The bill does allow for the department to adjust this harvest amount after being generated due to exigent circumstances like disease, wildfire, storm damage, things



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that would prevent the harvest of timber. But it requires the department to calculate a sustainable amount every 10 years, and then manage these working forests to that number.

Section 3 of the bill is our attempt to hold the department to the number they said they would produce. If the Department does not develop the 10-year number, they can be held to making that amount available through the circuit court. If they do not make it available, only the funding recipients can bring a claim forward, again those recipients are ODF themselves, counties, schools, and the special districts. And even then, if found in favor, the order from the circuit court would be to direct the state forester to promptly manage the available forestland that produces the sustainable timber harvest level that was modeled in section 1. ODF gets to set the number in Section 1 and manage to that number. We deeded these lands to the state for them to manage, we are simply asking in this bill that they do just that.

The Trust Land Counties are in support of this bill for the simple reason that it provides a level of certainty to what has become a very fluctuating process over the years. The Department has 15 counties where state forest harvesting could occur. Today, The Department gets to decide when to put out for bid the harvest, where to harvest, and how much to sell the contracts for. The counties are then left year after year wondering if they will have the revenue they need let alone the other special districts and schools, while also wondering exactly how much will be allocated to them. This bill allows the funding recipients to know what we can expect over a 10 year period.

15 Counties rely on these timber harvest revenues for their annual operating budgets. Special Districts rely on this harvest revenue to stay afloat and school districts in the Trust Counties rely on this harvest revenue to provide the level of service our kids require. Without the predictable harvest level, counties and special districts will struggle to provide the necessary services expected, schools will see a reduction in the local share and an increase would be needed in the state school fund to compensate, and the state forest division at the department of forestry will be looking for a general fund allocation. The state forest division has never received a general fund allocation since it was started – as it has always been funded solely off harvest revenues.



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The Council of Forest Trust Land Counties very greatly appreciates the opportunity to discuss this bill and why we are in support of a commonsense, good governance, transparent approach in the management of our forests. These forests were deeded to the state for management of greatest permanent value which requires them to be working forests - that was the agreement when the state took over these lands. HB 4105 allows these working forests to remain working forests while at the same time providing the certainty in county, special district and school budgeting year after year.

Thank you for the opportunity to testify and I will turn it over to Clatsop County Commissioner Courtney Bangs and Washington County Commissioner Jerry Willey to talk about the impact this bill will have on their respective counties.