



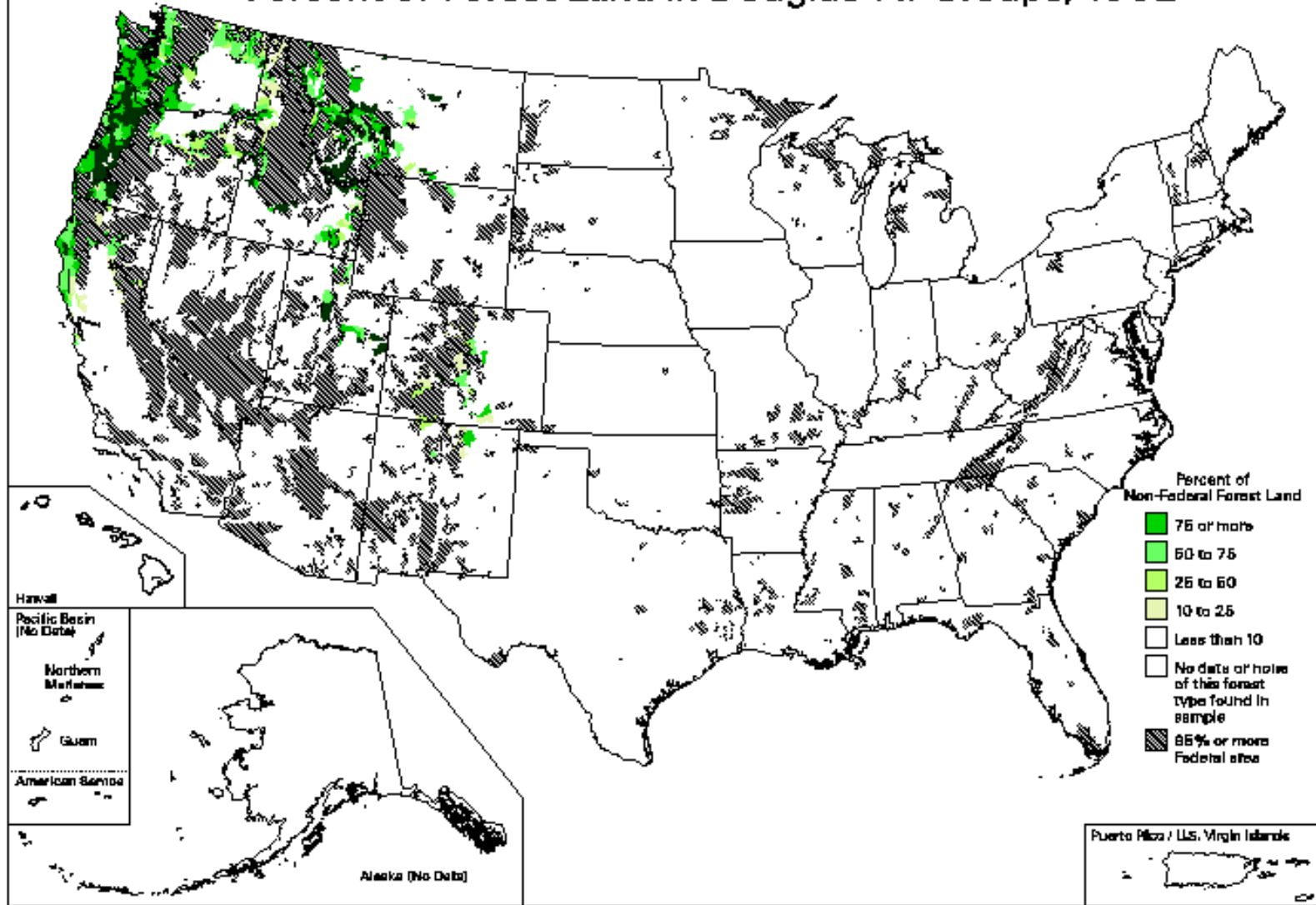
## **Federal Forests and Lane County: From Timber to Treasury**

Presented to the Lane County Board of County Commissioners

August 17, 2010

Alex Cuyler, Intergovernmental Relations Manager

# Percent of Forest Land in Douglas-Fir Groups, 1992



USDA Department of Agriculture  
 Natural Resources Conservation Service  
 Resource Assessment and Strategic Planning Division  
 Washington DC May 1998

Map ID: 2681  
 For proper interpretation, see Explanation of  
 Analysis for this map at our web site. Search  
 for "USDA507E" to locate our map index.

Date Source: National Resources Inventory, 1992

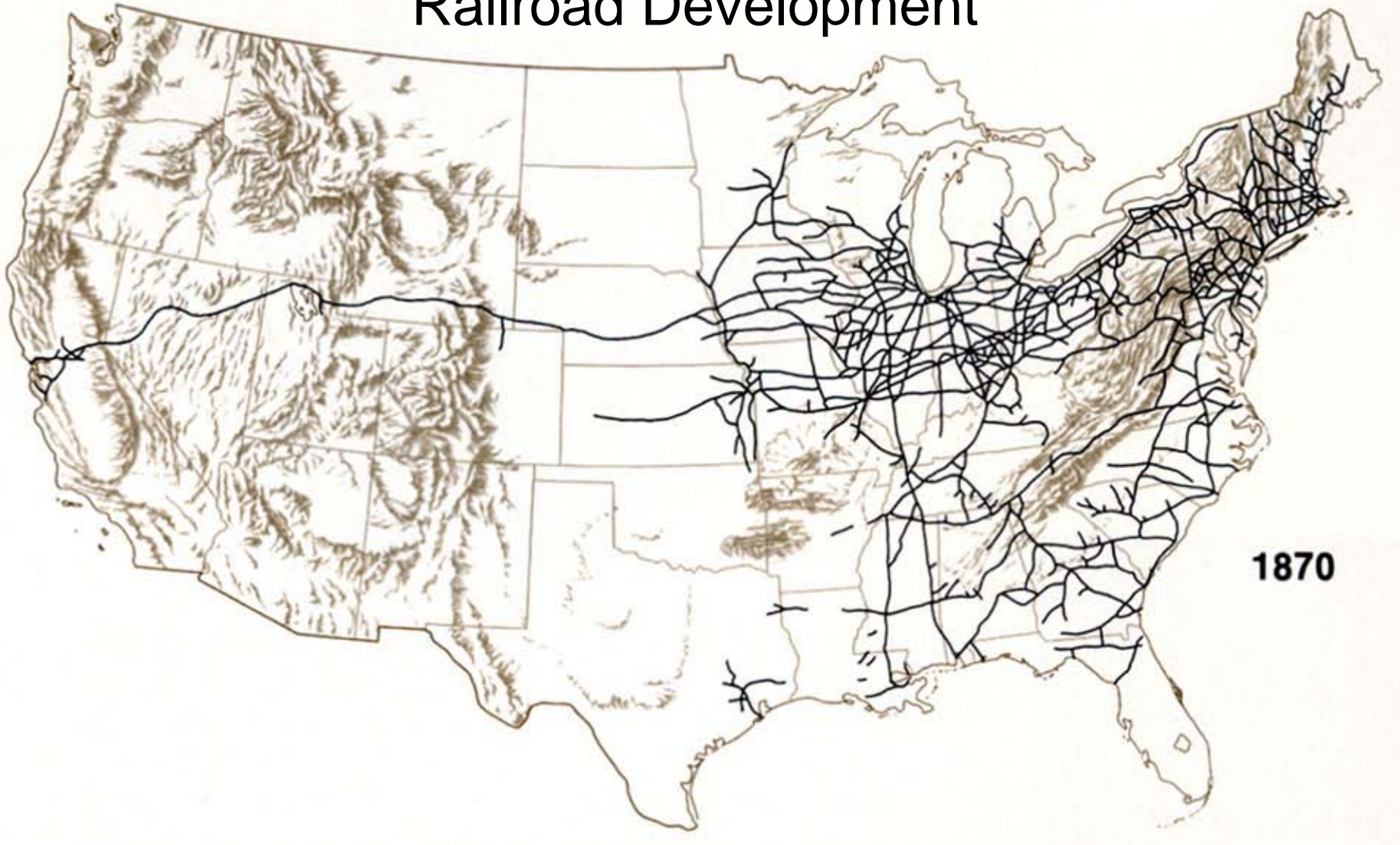
# Pre-1900 Forestland Policies

- Forest Reserve Act, 1891
  - Gave the President authority to create Forest Reserves
  - Immediately led to debate from rural county commissioners
  - Was clarified in 1897 with regards to use of these lands:
    - Improve and protect forests in the Reserve
    - Secure favorable conditions of water flows
    - Furnish a continual supply of timber

# Early 1900's

- Forest Reserve renamed National Forests
- 25% Revenue Sharing established
  - To counties which contained these forests
  - Used for County Roads (75%) and Public Schools (25%)
  - Dollars flow through state legislature

# Railroad Development



# Pre-1900 Rail Policies

- Pacific Railway Act, 1862
  - Authorizes construction of a transcontinental Railroad
  - Goals were to stimulate settlement and foster economic development
  - Establishes land grant program to promote rapid completion of related lines (one of which was 3.7 million acres in Western Oregon to connect Portland to San Francisco)
  - As an incentive, for each mile of track laid, companies received a square mile of land to sell to future settlers (settlers had to be bonafide, and purchase price was to be \$2.50 per acre)

# Early 1900's

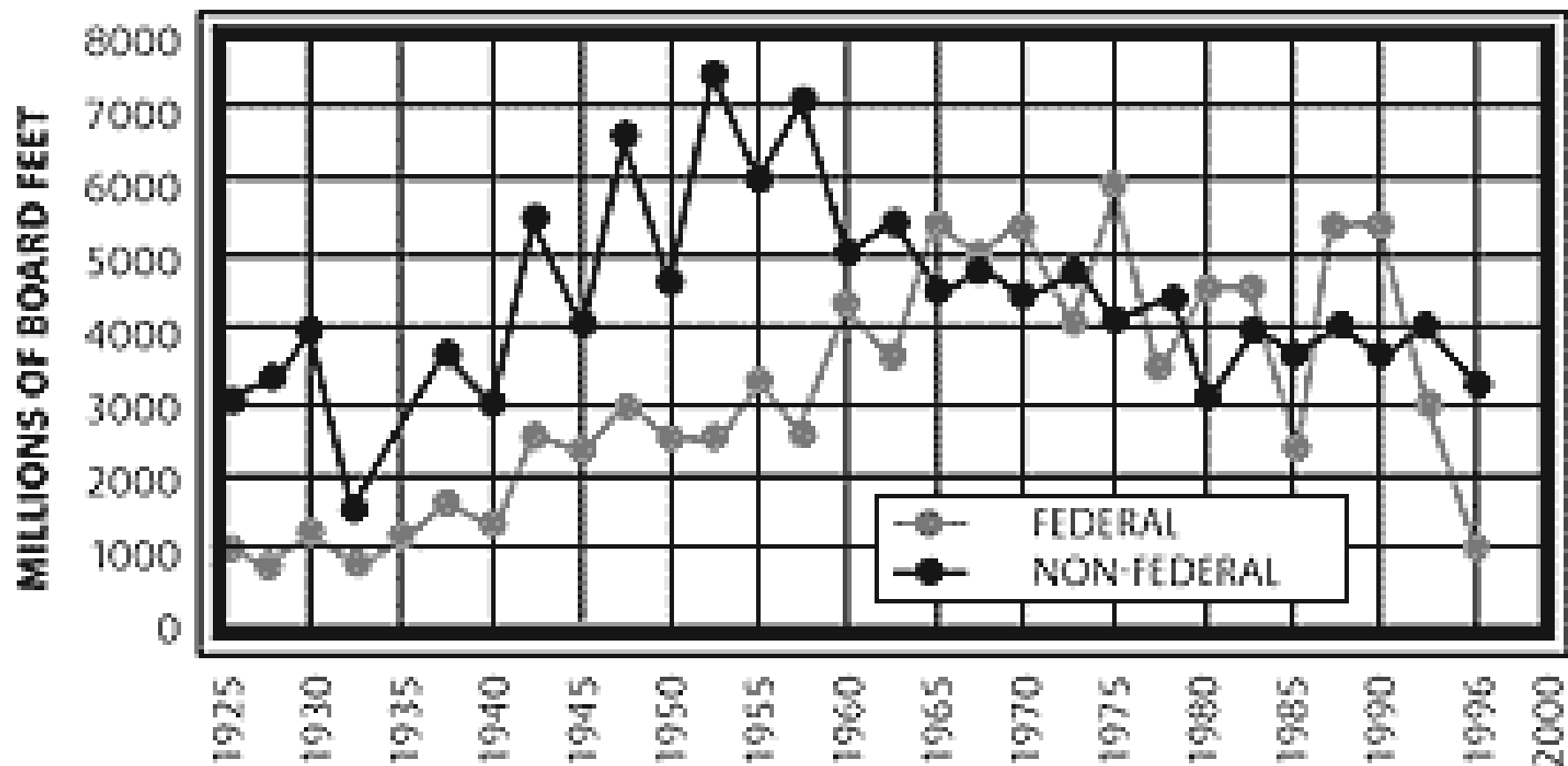
- In 1907 the Oregon Legislature endorsed a memorial to Congress requesting that the railroad company (Oregon and California) be compelled to meet the terms of the land grant law
- Congress authorized a lawsuit against the Southern Pacific RR in 1908, alleging land fraud
- The Chamberlain-Ferris Act (1916) reclaimed all of the unsold O and C lands, 2.8M acres

# O and C Lands

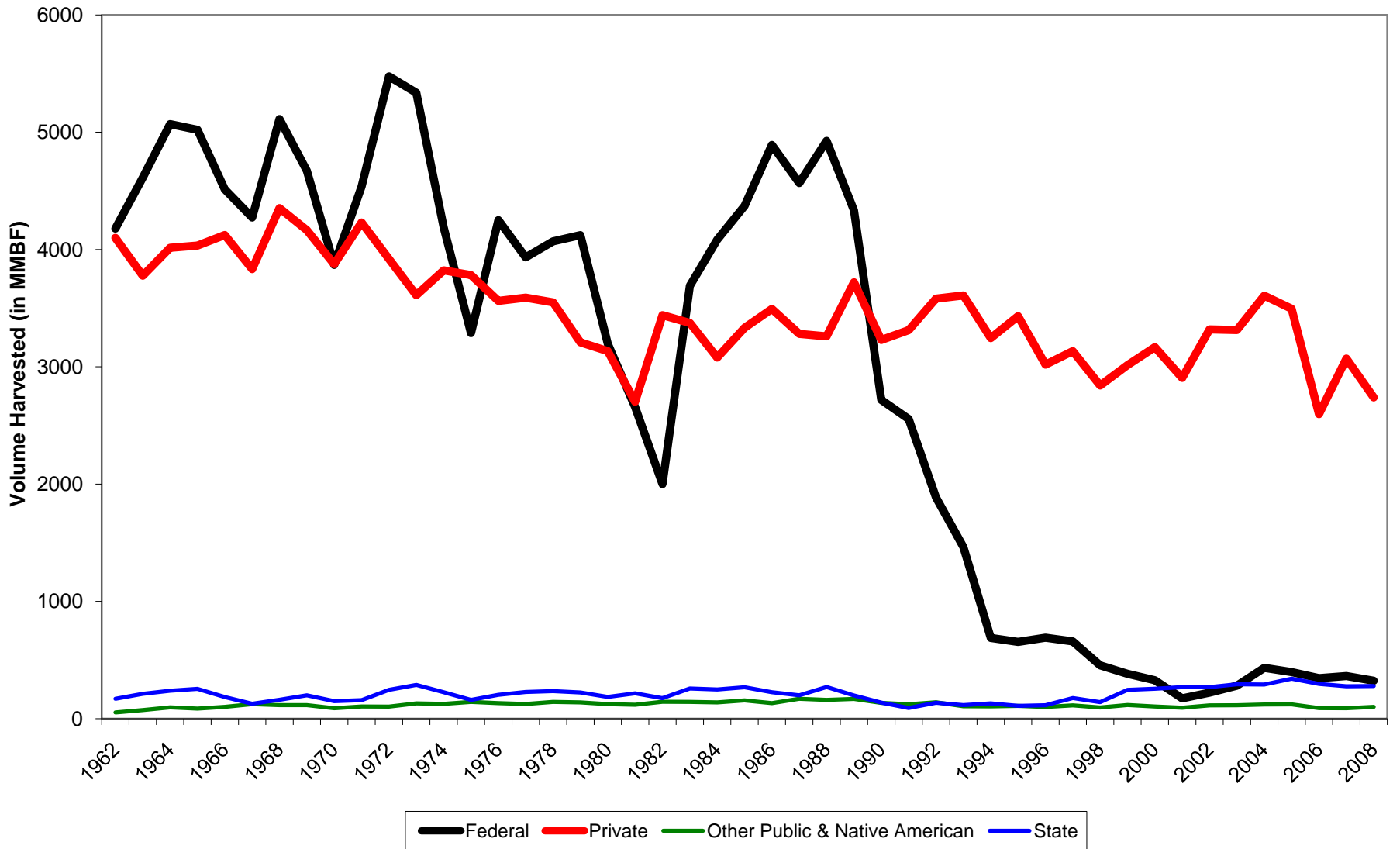
- The 1916 Act authorized timber sales, but provided for no revenue sharing.
- Association of O & C Counties, forms in 1926.
- The Stanfield Act, 1926 set a formula for revenue sharing, (including a one time payment of \$7M for the past decade).
- The O&C Act, 1937, orders the Interior Department to manage the lands for permanent forest production in conformity with the principle of sustained yield forestry and provides a revenue share of 50% to the eighteen Oregon counties having O&C lands (based on a 1915 assessment).
- Between 1937 and 1951, 25% of revenues reimbursed the Oregon and California Land-Grant Fund, for payments previously made to the Treasury to Oregon Counties for lost tax revenues. When this was paid back, Counties agreed to return this portion to the federal government to be used as in investment in the management of the lands.



**TIMBER HARVESTS IN OREGON, 1925-2002**



# Oregon Timber Harvest by Ownership Class 1962-2008



# Federal Actions (plus recession) with Impacts to Harvest

- **1973** Statewide land use planning is approved. Congress passes the Endangered Species Act.
- **1976** The National Forest Management Act passes, thus providing for harvest practices which preserve biological diversity and meet multiple-use objectives. The act restricts clearcutting, but does not prohibit it. In western Oregon, only Lane and Douglas counties show an increase in logging; they account for a third of logs produced in state.
- **1979** The northern spotted owl, with specialized habitat and food requirements that can be met only by an old-growth system, is chosen as an indicator species for the ancient forests.
- **1980** In October 1979, the bottom fell out of the wood-products market, and over the next three years lumber prices dropped more than 48 percent. The recession of the early 1980s was a nationwide phenomenon that hit resource-dependent communities particularly hard.
- **1986** The USDA Forest Service releases proposed management guidelines for the northern spotted owl; final guidelines are released in 1988.
- **1989** The US Fish and Wildlife Service lists the northern spotted owl as a threatened species in Washington, Oregon, and northern California.
- **1991** Northern Spotted Owl v. Lujan holds that the Endangered Species Act requires the US Fish and Wildlife Service to designate critical habitat for the owl.

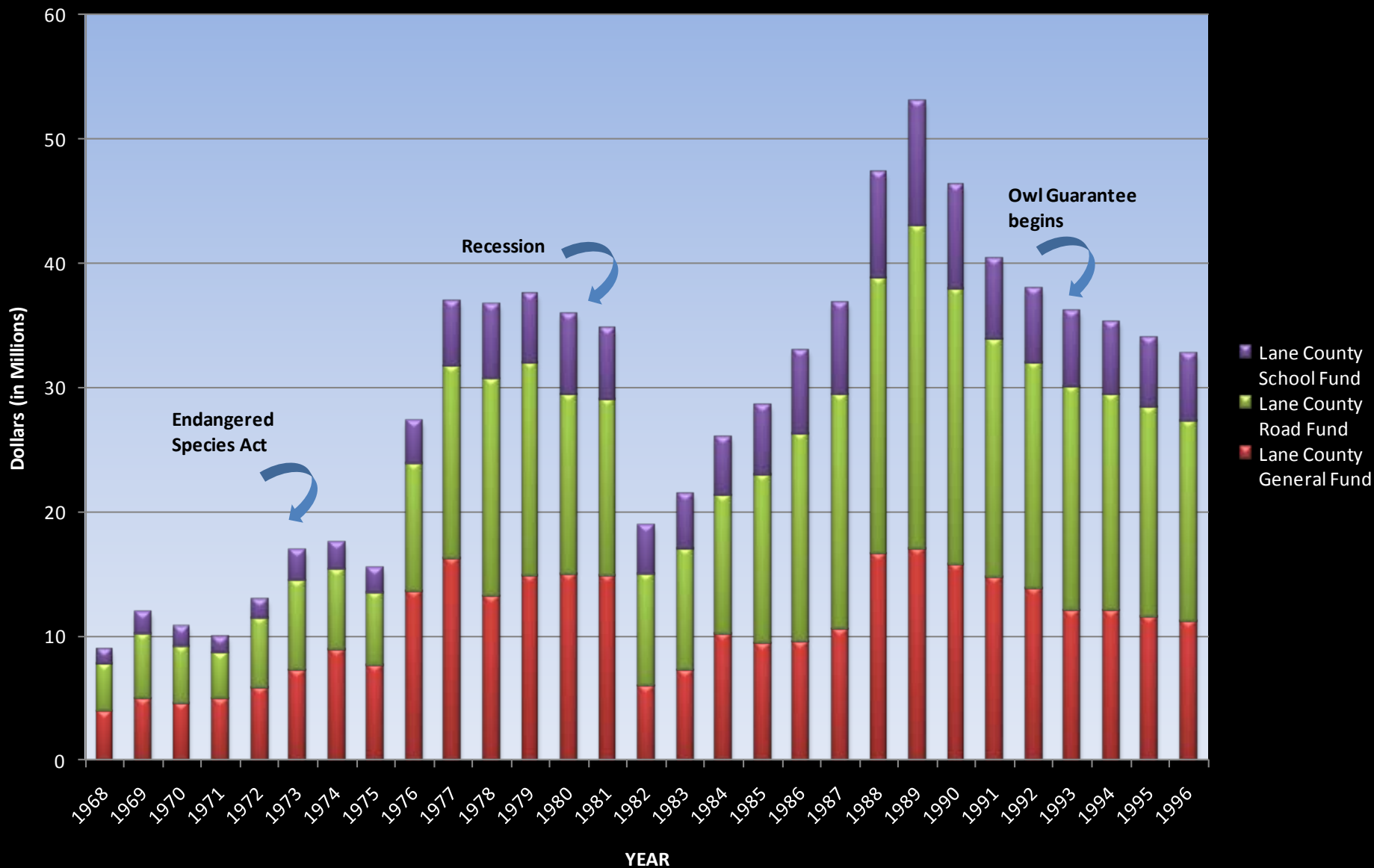
# Safety Nets

- As controversy increased over the harvest of public timber in the Northwest in the late 1980s, Congress recognized that the potential reduction in timber sale volume and revenues associated with the controversy would cause extreme financial uncertainty for the O&C counties.
- To stabilize payments to the O&C counties, appropriations language in 1991 and 1992 included provisions for a “floor” payment to the O&C counties. The “floor” was equal to the annual average payments covering the five year period between 1986 to 1990. These are sometimes referred to as the “owl guarantees”.
- In 1993, Congress enacted a ten year, declining, guarantee.

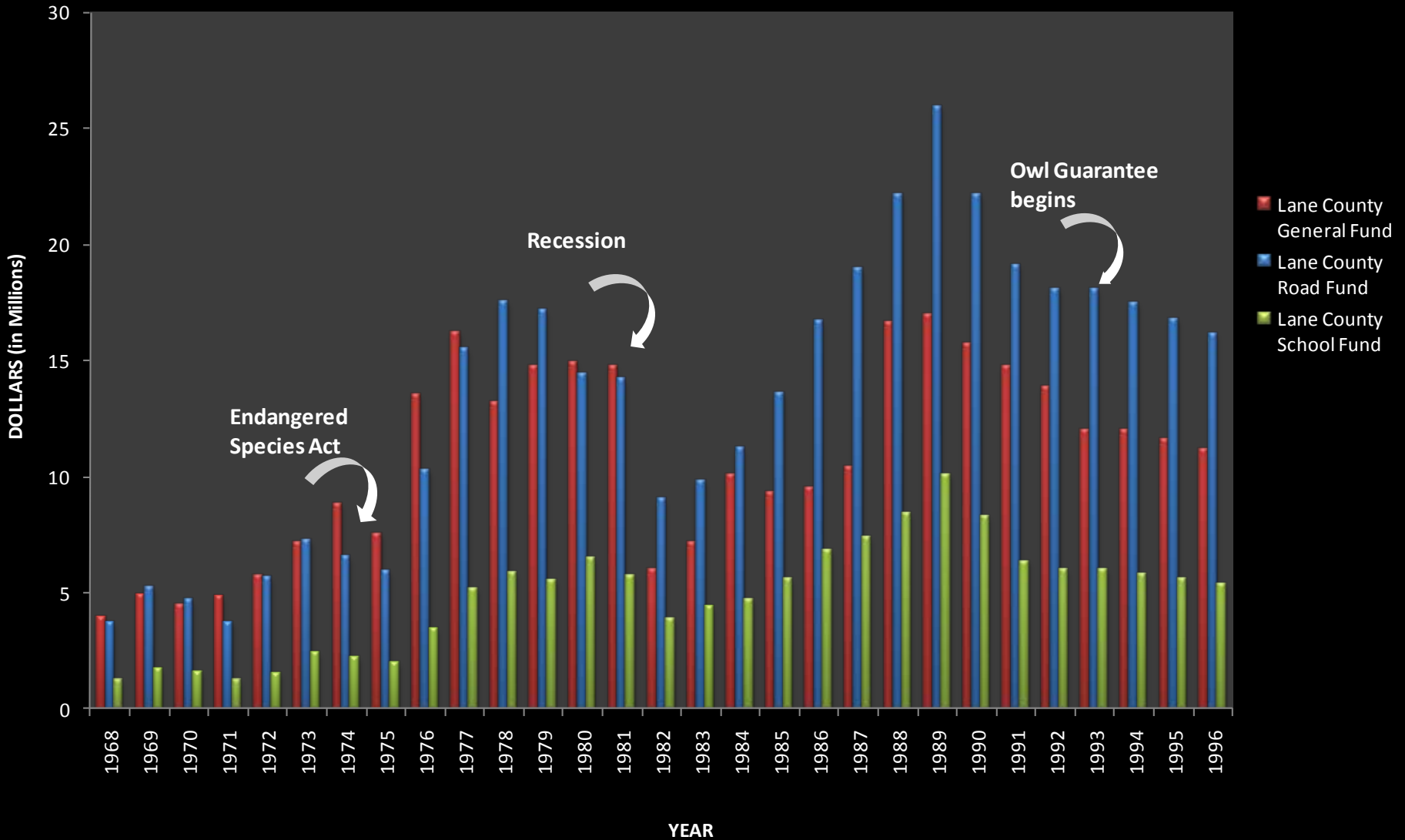
<b>Combined Timber Revenue</b>			
	<b>Old Formula</b>	<b>Owl Guarantee</b>	<b>Gain to County</b>
FY92	29,718,074	40,292,050	10,573,975
FY93	25,666,698	37,948,529	12,281,831
FY94	15,756,691	36,106,786	20,350,096
FY95	15,186,218	35,255,964	20,069,746
FY96	12,974,875	33,983,892	21,009,018
FY97	11,505,161	32,701,600	21,196,439
FY98	9,506,585	31,427,465	21,920,880
<b>Grand</b>	<b>120,314,302</b>	<b>247,716,287</b>	<b>127,401,984</b>

From Administrator VanVactor's FY00 Budget Statement: "The greatest uncertainty comes from not knowing whether the guarantees will truly expire or will be modified in some fashion."

# Lane County Federal Timber Revenue, 1968-1996



# Lane County Federal Timber Revenue, 1968-1996

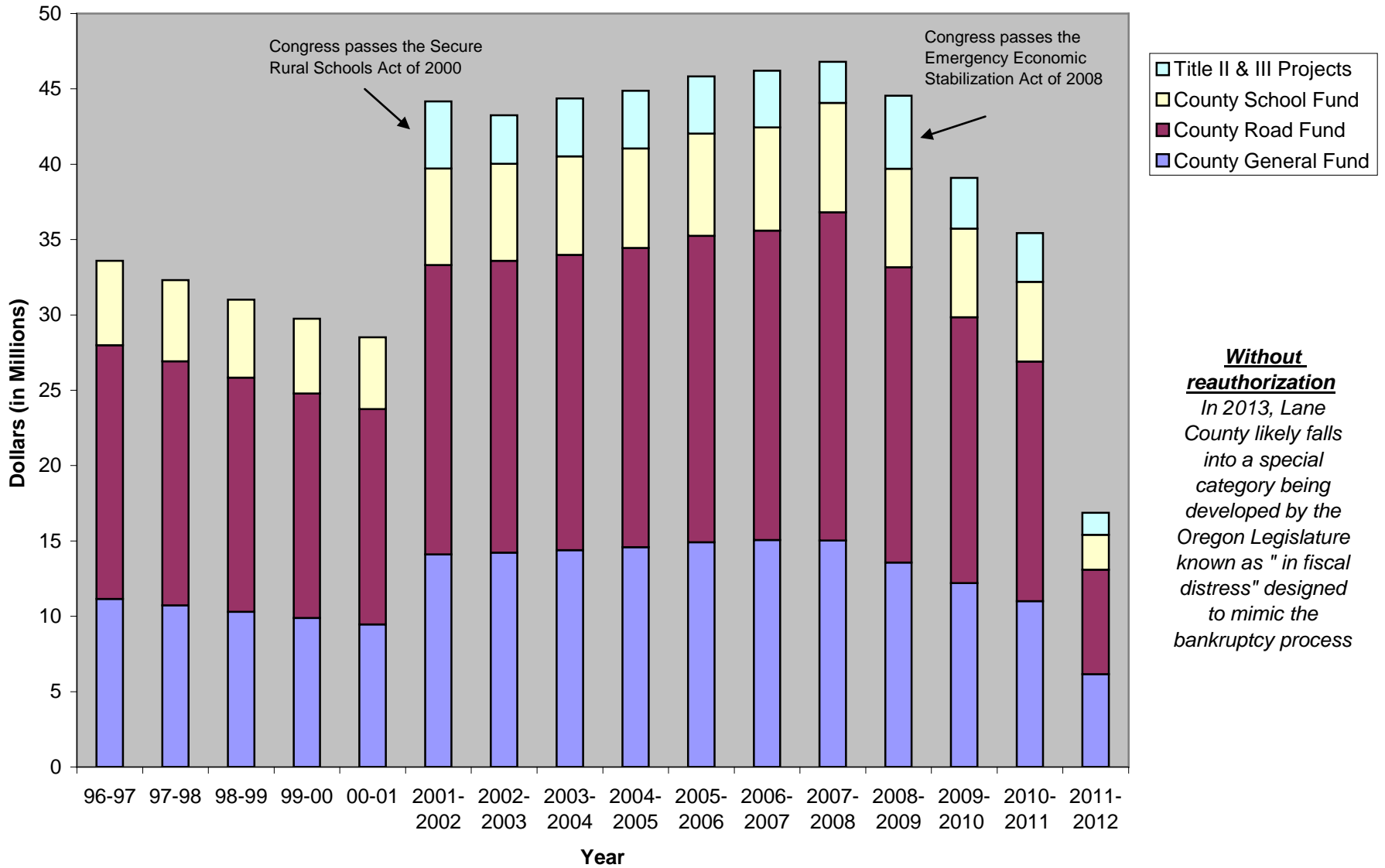


# SRS

- 2000 Secure Rural Schools and Community Self Determination Act
- Expired in 2006, Iraq Accountability Appropriations Act, kept it alive through 07
- 2008, as part of the Bailout, (TARP) establishes a four year rampdown.
  - Lane County plays instrumental role in funding the Congressional lead-up to this reauthorization

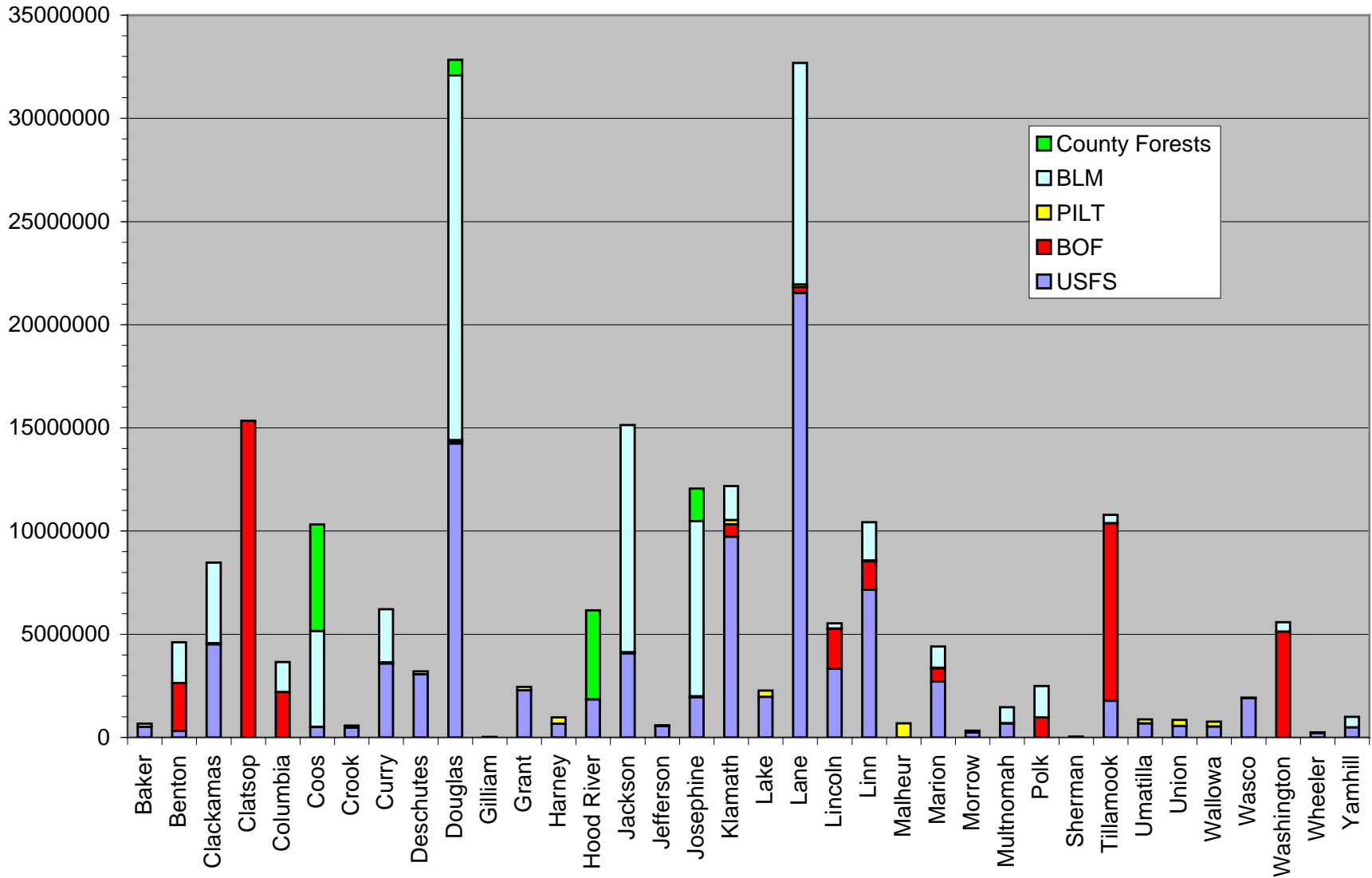


## Lane County, Oregon: Federal Payments Recipients



# 1997 Revenue Distribution to Oregon Counties

*by County and Agency*



# State Efforts

- Governor's Task Force on Federal Forest Payments and County Services, 2009
  - 53 Recommendations
  - Legislatively, results are mixed and generally poor...recession interfered
- Government Efficiencies Task Force, 2009-10
  - County Services Planning Council stays alive
- Western Governor's Association an active participant in SRS reauthorization campaign

# Partnership for Rural America

- A project of the National Forest and Counties School Coalition (funded through memberships in AOC and AOCC)
- Campaign consultant is Marc Kelley, with action teams spread across the nation
- Grassroots focus
- Goal is to leverage Congressional support for Administration's budget item (FY 2012)
  - Seeking 10 year level based on '08

# Partnership for Rural America

- Successes
  - Grassroots Action Teams
  - Partners (WGA, TU, NACO, NEA, AFSCME)
  - Senate Budget resolution
  - Letters to Administration
  - Economic Analysis
  - Secretary Vilsack mtg
- Yet to Accomplish
  - Meeting with Administration
  - FY 11 fix
  - Buy off on dollar amount
  - Paygo (offset)

# Timing Concerns

- Rampdown is through 2012 (FFY 11), with last regular (year 3) payments to County received in December, 2010 (O&C) and January, 2011 (USFS). New formula (final) payment would be one year later.
- FY 2012 Federal Budget is being developed right now. By mid-December, 99% of the budget issues are resolved. FFY 12 begins, October 1, 2011.
- Typically, Congress delays new budget adoption until as late as January (2012).

# Cuyler's Prediction

Reauthorization: YES

Short Term Fix: NO

Term and Amount: UNKNOWN



**CERTAINTY:** Serious and immediate work needs to be done to secure a different revenue source, as reauthorization beyond this seems highly unlikely.