

Committee on Resources

Subcommittee on Forests & Forest Health

Testimony

TESTIMONY OF LANE COUNTY BOARD OF COMMISSIONERS

CHAIRMAN BOBBY GREEN

PRESENTED TO

THE HOUSE RESOURCES COMMITTEE

SUBCOMMITTEE ON FORESTS AND FOREST HEALTH

JULY 13, 1999

Lane County is one of the most unique counties in the United States. It is about the size of Connecticut with more than a third of a million people. Our land stretches from mountain ski slopes to ocean seashores. Most Lane County citizens live in Oregon's second largest urban center, the Eugene-Springfield metro area. We're a microcosm of all U.S. counties reliant on federal forest policies. Forest land comprises 88% of Lane County. The United States government - the U.S. Department of Agriculture, Forest Service, and the U.S. Department of the Interior, Bureau of Land Management - owns more than half of the county, 54.2% to be precise.

Lane County, Oregon is home to one of the largest combined federal and O&C forest properties in the United States today. Because the county is more than half (54.2%) federally owned or managed, a unique partnership with the federal government was created almost 100 years ago.

Since 1908, Oregon schools and local governments have had a good partnership with the U.S. Forest Service. Timber resources from federal lands are used to provide raw materials for developing industry and economic growth. Funds from selling these materials provide education for our citizens. The funds pay for the transportation system to get the raw materials to the market. They provide resources to the federal agencies administering the lands. They assist the federal treasury.

The partnership has worked extremely well in Lane County. While we continue to diversify our economic base, the timber industry still provides 6,900 jobs in our county.

Lane County's "Owl Guarantee" portion alone has provided an additional \$22 million to help educate Oregon's children. In addition, it funded \$66 million to maintain and modernize 1,500 miles of roads and bridges in Lane County's transportation system. These roads are heavily used by the timber industry and federal agencies as timber moves to the mills and the marketplace.

National forest timber revenue is used to finance the planning, design and construction of new county roads and bridges. All of these services are at risk of severe reduction or complete elimination on June 30, 2004. If no changes are made to the current system, that's when Lane County expects to lose close to \$12 million a

year.

The history of the Oregon & California Railroad lands (O&C) is long, unique and quite colorful.

Lane County's O&C lands comprise about 2.4 million acres of forest land managed by the Bureau of Land Management (BLM). Before 1903, these lands were in private ownership and available as resources for local government taxation. Because the O&C Railroad failed to comply with federal law, and after much litigation, including a case that went all the way to the United States Supreme Court, these lands were "revested" in the federal government.

In 1916, Congress directed a portion of the resources to the counties. However, little funding actually made it to local governments. Future federal acts continued to provide that a portion of the proceeds be given to counties.

In 1938, the federal government granted 50 percent of the revenues from O&C lands to counties. With the partnership, counties could use the funds to provide vital public health and public safety services to its citizens, despite the fact that more than half the county is exempt from taxation.

In 1952, the O&C Association formed a partnership with the Bureau of Land Management (BLM). Both parties agreed that one-third of the counties' share of timber revenues be reinvested in managing the lands to improve future harvests. For years it worked extremely well, turning Oregon & California Railroad lands into some of the country's most productive forest lands. Unfortunately, just as counties were about to get a return on their investment, federal forest policy changed. As a result, counties did not get the return. Over time, through this *plowback*, O&C counties voluntarily returned more than \$2 billion in timber revenues to the BLM. Lane County's share of this lost investment is more than \$314 million.

About 25 percent of Lane County's general fund is financed by O&C timber revenue. It is used to pay for *critical* public safety and health services. In fact, 75 percent of the discretionary funds provide services such as immunizations, communicable disease control, county jail and rural police patrols.

It's a dilemma. We are one of many Oregon counties who have partnered with the federal government for nearly 100 years in sharing federal timber receipts.

Lane County is different from other counties because the federal government owns **54 percent** of us - all of it forest land. This means only 46 percent of the property in our county is taxable. What's more, because of our unique partnership, we did not increase property taxes as did some Oregon counties. As a result, our tax rate alone cannot totally support our public safety and health services. In plain English, our budget relies on federal timber money.

If guaranteed timber payments aren't stabilized, the county cannot recoup its loss. Even if citizens want to make up the difference, they can't. Why? Because in 1997, Oregon voters adopted Ballot Measure 50, a property tax limitation measure that prohibits permanent increases in the property tax rate.

We've relied in good faith on our partnership with the federal government. Now we're afraid this reliance will cripple our critical public safety, health services and transportation if Congress does not stabilize the payments.

THE BOTTOM LINE - If our federal government decides to take a big chunk of Oregon's federal forest

land out of timber production, counties should be compensated. Also, if the harvestable timber sales quantity is cut or eliminated to satisfy the Administration's and Congress' competing policy objectives, we should be compensated as well.

We are certainly aware of the tight federal budget. However, almost 100 years ago, we made a deal with the federal government and we've upheld our end of the deal by providing health services, public safety and roads. Now we call on Congress to insure that the federal government upholds its part of the bargain. We urge you to seriously consider and adopt a viable stabilization plan.

I'd like to call your attention to the fact that the Lane County Board of Commissioners has carefully considered how best to solve the problem of counties reliant on federal forest funds, and on June 2, 1999, the Board voted unanimously on a resolution backing federal action to stabilize payments and asking to:

- 1) Continue payments in perpetuity.**
- 2) Provide for inflationary increases.**
- 3) Revert to the actual harvest receipt formula if payments ever drop below the "original" funding formula. If receipts ever go above the original formula, Congress should review appropriations.**
- 4) Allow counties to participate in land management decisions.**

Given the immediacy of the issue, we cannot endure a prolonged debate over best forest management practices. We believe the best and most practical approach is to **stabilize** our partnership with the federal government in order to permanently provide for the maintenance of **critical** services for our citizens.

Thank you for this opportunity to testify, I will be happy to answer any questions.

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