Abstract: The federal forest payment system based on a percentage of the harvest revenue is an outdated and unworkable system that does not address the underlying inequities brought about by the presence of significant federal forest lands in Oregon counties. A more equitable system should be based on the county permanent rate and gross acreage of federal forest lands. This study documents that such a system would result in an equitable and consistent federal payment scheme.
Table of Contents

List of Figures and Tables ............................................................................................................. 3
Executive Summary ....................................................................................................................... 4
Chapter 1 .................................................................................................................................. 6
Introduction ................................................................................................................................. 6
  History .................................................................................................................................. 9
Secure Rural Schools to Present ................................................................................................. 11
Existing Knowledge and Context .............................................................................................. 12
Literature Review ......................................................................................................................... 15
Chapter 2 .................................................................................................................................. 19
Constructing the Study .............................................................................................................. 19
  Design and Data Gathering .................................................................................................... 19
  Ethical Concerns ................................................................................................................... 23
  The Value of Creating a New County Compensation Formula ............................................. 23
Chapter 3 .................................................................................................................................. 25
The Solution: The Whole Forest Value Plan ............................................................................. 25
  A New Plan ........................................................................................................................... 29
  Secondary Considerations/Add-ons ...................................................................................... 33
  Advantages of the Whole Forest Value Plan ....................................................................... 33
  Challenges ............................................................................................................................ 34
Chapter 4 .................................................................................................................................. 37
Enactment: The Death Road ...................................................................................................... 37
  Speed Bumps ........................................................................................................................ 37
  Into the Breach ...................................................................................................................... 40
Coalition Building by Interest Group: ...................................................................................... 42
  *Liberal County Commissioners* .......................................................................................... 42
  *Conservative County Commissioners* ................................................................................ 43
  *The Association of Oregon Counties* .................................................................................. 45
  *The National Association of Counties* ............................................................................... 45
  *Timber Industry Interests* ................................................................................................. 46
List of Figures and Tables

Figure 1 Federal lands as area of states .................................................................- 8 -
Figure 2 Fed. forests as percentage of total ..........................................................- 16 -
Figure 3 Timber Ind. Employment over time ......................................................- 18 -
Figure 4 Forestland values by classification ......................................................- 22 -
Figure 5 Housing price/tax index .......................................................................- 25 -
Figure 6 Forest harvest trends ...........................................................................- 26 -
Figure 7 SRS payment compared with revenue if taxed as private property .......- 29 -
Figure 8 Permanent tax rate by county ..............................................................- 30 -
Figure 9 Comparison of compensation methods ..............................................- 32 -
Figure 10 – 2012 Presidential election map by county source: www.politico.com - 37 -
Figure 11 Turtle ...............................................................................................- 40 -
Figure 12 Wood Products sector employment over time source .....................- 48 -
Figure 13 Compensation comparison as cost to federal government ..............- 51 -
Table 1 ...........................................................................................................- 60 -
Executive Summary

Counties in Oregon, like all local governments, have experienced significant revenue strife in the recent past due to a combination of the general downturn in the economy but especially from the expiration of federal forest legislation which compensated counties for the loss in tax revenues as a result of large parcels of federal tax exempt lands within their jurisdictions. The loss of this federal revenue has had a far greater negative impact on counties’ budgets than the economic crash due to the Great Recession.

The federal government owns 47% of the landmass of the continental United States; however, it owns 53% of the area of the state of Oregon, which does not include the Native American or military reservations. Under the Oregon taxation system all government owned lands are exempt from property tax, which is problematic because local governments derive the bulk of their discretionary funding from property tax proceeds. However, the greatest funding losses have been from what are generally referred to as the federal forest payments, comprised of national forest and Oregon and California Counties lands harvest proceeds. Originally, the revenue sharing was strictly a percentage of harvest receipts. As timber harvests in the west dropped precipitously, several efforts were undertaken to fill the gap. At first Congress attempted to stabilize and bridge the gap with payment in lieu of taxes funds (PILT) and transition payments. Next came the Secure Rural Schools Act with a complicated declining formula., Finally in 2012 a one year extension at a significantly reduced rate was passed in the Transportation Bill, but was far less than hoped for by Oregon Counties.

The two primary plans proposed in Congress both rely heavily on increased harvests, however, that is impractical at best based on current prospects for increased harvest levels and
past litigation. To provide stability and predictability to county finances a system of compensation based on the permanent tax rate and gross acreage of federal forests within the borders of each county should be adopted and implemented. By multiplying a county’s permanent tax rate by the total number of federal timber acres a fair compensation for counties may be determined. The plan works to change the philosophy from one of shared revenues to appropriate compensation for the simple presence of federal forests.

This study examines selected interest communities and identifies interests and strategies for approaching each. However, in the end the counties will be required to begin and maintain the effort due to their unique position in the social and governmental hierarchy. If the county commissioners build the appropriate coalitions it would be possible to move Congress in a productive direction to improve the fiscal reality of each of the Oregon counties that has large amounts of federal lands that are untaxable.
Chapter 1

Introduction

The challenge that faces both local and federal leadership is equitable treatment for localities that are financially constrained by the presence of federal forest lands. From 1908 until the 2007 reauthorization of the Secure Rural Schools Act (SRS) Congress had recognized the burdens placed on local governments near to large federal lands. Recent Congressional representatives, however, do not appear to understand the significance of the challenges faced by local governments. That national forests and parks are a benefit to the nation is undisputed, that they impose a burden on property tax dependent local governments is equally undisputed; whether to compensate the local governments, what mechanism to use, and in what amounts remain issues of controversy in Congress and within the affected localities themselves.

The following study will examine the history of the current compensation method for federal forests in Oregon, identify the challenges in the system that are in need of correction, then propose a new method of calculating the compensation based on the acreage present and each county’s permanent tax rate.

In this section, the current status of the federal forestland payments will be presented and then placed in the historical context of federal forest lands in Oregon. Next, the existing scholarship and published works relating to the federal forest land compensation will be reviewed, including state and federal agency reports, Congressional Research Office briefing papers and discussions in the media on this topic. Finally, the existing knowledge and relationship with the global and national economy will be presented to properly place this topic in its current political and sociological context.
The 2007 reauthorization of the SRS signaled a change in Congressional understanding of the consequences of federal land ownership. The reauthorization provided for funding levels that exceeded the 2006 funding levels, but imposed a declining formula that significantly stepped down the payment amounts over four years. Unstated, was the expectation that the forest funds-dependent counties would develop other revenue sources to compensate for the loss of federal funds. However, given the restrictions placed upon local governments by Oregon residents through the initiative process, it is clear that Congress fully understood the hurdles placed in front of local officials, or the human tendency to delay addressing unpleasant realities until forced to do so.

The most recent Congressional action served to increase the difficulties of local governments while Oregon’s Congressional delegation claimed a significant victory, though it was a pyrrhic victory for Oregon counties to be sure. Congress inserted a one-year reauthorization of the SRS into the Transportation and Highway legislation; however, the funding provided was so minimal that none of the affected counties were able to more than deposit the funds into reserves and initiate the planning process to enact increased service reductions in the coming years. The single year funding strategy also eroded confidence in the Congressional Delegation’s understanding of the reality of Oregon’s situation. The actual impact of the one-year renewal was to pour fuel on the fire, so to speak, by reinforcing the belief of some residents that government always has hidden funds that can be accessed rather than raising taxes or increasing fees. Effectively, Congress undermined local governments’ claim that services are costly to maintain and that federal funds cannot be relied upon into the future. History has shown an ongoing evolution in the understanding of the tradeoffs of federal forest lands, leaning heavily against the interests of local governments.
The federal government owns approximately 640 million acres in the continental United States, as previously stated the majority of that land is located in the western 11 states, as depicted in Figure 1. Congress and the Executive Branch have, over the past century or more, tasked four separate agencies with managing federal lands: the Forest Service (USFS), the Bureau of Land Management (BLM), the Fish and Wildlife Service (USFWS) and the National Parks Service (NPS). Further complicating the management structure, the USFS is an arm of the Department of Agriculture while the other three agencies are subordinate divisions of the Department of the Interior. The BLM’s responsibility encompasses 248 million acres of surface lands and 700 million acres of mineral rights. These resources are to be managed with sustained yields to multiple ends, including resource production, energy development, grazing, and wild herd protection. The USFS manages 193 million acres of surface lands with similar mandates as the BLM with the addition of habitat and watershed protection, among others. Another key differentiation between the BLM and USFS is that the majority of USFS lands are designated national forests, which obligates the USFS to have a more public than industrial focus. The USFWS’ primary focus is protecting and enhancing wildlife populations and habitat and the agency manages its 89 million acres accordingly. The NPS manages 80 million acres that are...
almost entirely set aside for strict preservation for public recreational and heritage opportunities.  
(Gorte, Vincent, Hanson, & Rosenblum, 2012)

**History**

In 1908, Congress passed legislation titled the Twenty-five Percent Fund Act as a method of compensating the states that hold significant amounts of national forests administered by the USFS; 25% of all harvest receipts were to be distributed to each of the states that held national forests within their borders. The funding amount was disbursed to the counties based on the percentage of national forests in each county. Seventy-five percent of the funds were to be utilized for road construction and maintenance while the remaining 25% was to be dedicated to school funding needs.

The Oregon and California Counties (O&C) lands, as federally controlled lands, originated as tracts ceded to a the Oregon and California railroad to finance a rail line from San Francisco to Portland. 3.7 million acres in Oregon was set aside for the railroad to sell to finance the line. However, a series of poor financial decisions and outright fraud resulted in the federal government “revesting” the lands to the government; 2.7 million acres remained unsold by the railroads and was revested to the national government. The 1937 Act dictated that the O&C lands would be dedicated to usage for “permanent timber production…in conformity with sustained yield” while simultaneously protecting vital watersheds and natural resources. In 1946 President Harry Truman merged the General Land Office and the United States Grazing Service to form the BLM, which was then tasked with management of the O&C lands. The underlying O&C Act requires that 50% of the annual timber sales receipts be distributed to the western Oregon Counties with O&C lands based on the overall percentage of the whole O&C lands that lay within a county’s borders. The remaining 50% of the funds were set aside to cover the costs
incurred by the federal government for management of the O&C lands. Initially 25% was used to reimburse the federal government for prior offset payments to Oregon. After that debt was repaid, the 25% was rededicated to funding management costs along with the original cost reimbursement of 25%). The Association of Oregon & California Counties (AOCC), which has remained a key player in all federal forest discussions, was formed in 1926 to ensure that the counties had a voice in Congress to advocate for their needs. The AOCC remains the primary lobbyist for 17 of the 18 counties, Benton County being the sole non-member as of this writing.

O&C funds have been used in a variety of ways, as they were initially allowed to be used in a manner similar to general county funds. Courthouses, jails, dams, and miles upon miles of roads have been constructed or updated through these funds; other counties have utilized the funds as simply a portion of their operating funds. (Bureau of Land Management, 1988)

The reduction in timber harvests that occurred in the 1990’s had a significant impact on the O&C counties and Oregon as a whole. In 1978 the wood products industry in Oregon employed more than 80,000 people. By contrast in 2008 the same industry employed approximately 33,000, a decline of nearly 60% (Lehner, 2012). The cause of the drastic decline in wood products employment has, and will continue to be, a source of highly contentious debate. Timber industry proponents claim that the Endangered Species Act protections afforded to the Northern Spotted Owl destroyed the timber based communities. Environmentalist advocates argue that the decline was due to the belated recognition of the unsustainable harvest practices in use from the early 1900’s until phased out or improved regulation in the 1970’s and 1980’s. Some economists have pointed to the boom and bust cycle of the general economy and the housing construction industry in particular in Oregon. Regardless of the cause, the decreased
harvests directly and negatively impacted the funding available to the counties through the O&C
Act of 1937, prompting Congress to pass the Secure Rural Schools Act (SRS) in 2000.

**Secure Rural Schools to Present**

The SRS act was intended to backfill the loss of funding not only from the declining
harvest receipts but also from the sharp decline in employment and thus the additional impact of
lower income tax returns to the state. Funding from the federal government via the federal forest
harvests had declined over 80% by the year 2000. The SRS was primarily passed to stabilize
funding for schools and roadways, excluding the federal interstate system. The funding formula
was based on an average of the three years with the greatest revenue returns. However, the
funding came with new strings attached in the forms of what are referred to as Titles I through
III. Title I funding was the traditional unrestricted funds, but was capped at 85% of the total
funding, the remaining 15% was allocated to Titles II and III. Title II funding was allocated for
restoration activities on public lands; Title III funding was required to be used for county
activities on federal lands, such as reimbursement for search and rescue operations or community
wildfire protection plans. SRS expired in 2007. However, Congress renewed the funding for
four years, utilizing a new declining funding formula. The funding formula decreased over each
of the four years, with the final year being significantly lower than the first, approximately 42%
of the 2006 payment level. The intent was that the succeeding scheme of revenue sharing would
be based on a rolling seven year average. The expectation was that funding levels would dip to
approximately 10% of the 2006 funding levels (Legislative Committee Services, 2010). SRS
was renewed in 2012 at levels far lower than expectations, 95% of the 2011 level. As stated
earlier in this section, the amounts provided were hailed by the Oregon Congressional
delegation as a “win” for Oregon, while local officials reacted with, at best, mixed emotions.
Several acknowledged that the funding would be of little more use than to be placed into reserves as an attempt to stave off future layoffs, but could not be used to rehire staff or reinstitute programs that had been shuttered prior to Congressional action (Associated Press, 2012).

**Existing Knowledge and Context**

The worldwide economic recession has, indisputably, placed significant pressures on the finances of all government entities. Counties are especially impacted due to the reliance on property tax income and the breadth of services mandated by the state. Property tax collections did not begin a precipitous decline until well after housing values had ceased dropping and began to recover (Bergen, 2012). The delayed impact protected local governments for a brief period and allowed proactive governments to plan for decreased revenues and attempt to reconcile service costs with forecasted collection rates. However, few localities successfully anticipated the extreme nature of the decrease in funding local government entities would realize.

The political climate in recent years has been increasingly hostile to all levels of government, typified by the Tea Party platform of “reigning in” government of all levels. Increasing numbers of conservative politicians at the national level have signed the “Taxpayer Protection” pledge put forward by Grover Norquist and his organization Americans for Tax Reform, though several notable Republican Congressmen have repudiated the pledge (Mak, 2012). Such absolutist positions, especially when documented in such a manner as the pledge, complicate the necessary process of negotiation, concession and compromise that enable the nation to emerge from distress. The rhetoric from congressional representatives from across the political spectrum has become increasingly polarized and partisan while the media fuels the impasse by providing a forum for the most extreme positions rather than those of more moderate philosophies.
Reauthorization of the SRS accomplished in 2008 required a tremendous amount of compromise that included distributing funding to a number of states that had not previously received funding under the original 2000 legislation. The Payment In Lieu of Taxes (PILT) program also realized an increase in funding as a component of the compromise necessary to secure the support of influential congressional representatives to extend the SRS payments. However, the 2012 extension of the SRS funding was believed to be impossible until the Supreme Court’s decision in the affordable health care cases. That the extension was included in the overarching transportation funding package, also thought by most observers to be impossible to pass, rather than as an independent bill as in 2000 and 2007, speaks to the lack of support available in Congress as a whole.

The one year extension passed under the recent transportation bill has been touted as a great victory for Oregonians by the Oregon Congressional delegation. Without minimizing the effort required to secure such a compromise, it is clear to many local officials that such a minimal funding amount causes greater public relations damage at the local level than the small amount of positive advantage in reducing some of the budgetary strains. The funding formula contained in the renewal legislation was a declining formula that decreased over each of the four years, with the final year being significantly lower than the first, approximately 42% of the 2006 payment level. The intent was that the succeeding scheme of revenue sharing would be based on a rolling seven year average; the expectation was that funding levels would dip to approximately 10% of the 2006 funding levels (Legislative Committee Services, 2010). The SRS was renewed in 2012 at levels far lower than expectations, 95% of the 2011 level. The amounts provided were heralded by the Oregon Congressional delegation as a “win” for Oregon, while local officials reacted with, at best, mixed emotion. Several acknowledged that the funding would be of little
more use than to be placed into reserves as an attempt to stave off future layoffs, but could not be used to rehire staff or reinstitute programs that had been shuttered prior to Congressional action (Associated Press, 2012). The actual effect of the extension was to provide validation for the anti-tax sentiment that claims that governments all have extensive reserves that officials simply choose not to tap and therefore no valid reason exists to approve taxes or bond measures. Rather than maintaining faith with those who live in the shadow of significant federal holdings, Congress merely reinforced an already strong distrust of government in rural Oregon.

Within Oregon, significant divisions in opinion over the primary use of forestlands cloud the discussions of federal forest payments as well. Carbon sequestration, recreational uses, and industrial production continue to be debated as the primary utilization of governmentally owned forest lands. The AOCC continues to advocate for ever increasing industrial uses while ignoring opposing viewpoints (Association of Oregon and California Counties, 2012). Such divisions and dismissive attitudes led Benton County to withdraw from the AOCC in 1997. Only recently has AOCC initiated discussion to draw Benton County back into the association. To date, Benton County has refused to rejoin the AOCC until the inequities in the voting structure of members are rectified, new approaches to forest management are considered, and the AOCC’s business is conducted more transparently.

A final element that is vital to the consideration of federal forests is the changing nature of the utilization and understanding of the federal forests by the public. Timberlands as a whole are no longer viewed as simply a site of resources as was the case in the early 20th century when the national forests and O&C lands were initially set aside. It has been argued that one of the significant factors that attract a highly educated workforce and industries to the Pacific Northwest is the existence of significant tracts of forested land and the ecotourism and
recreational opportunities provided by such environments (Shindler & Cramer, 1999). The Siuslaw National Forest alone took in over $1.3 million in recreation fee revenue in 2011, and over one million visitors, in a forest that is only 630,000 acres (United States Forest Service, 2012).

**Literature Review**

Much of the study of the social impact of federal compensation to counties for lost tax revenues has been conducted by the press with the technical aspect being largely limited to the affected agencies and interest groups. However, the Congressional Research Service, the Oregon Governor’s Office and a few other organizations have contributed key pieces of research to the topic. Most of the studies have been geared towards reauthorizing the funding based on timber harvests rather than exploring alternative funding mechanisms. It is of substantial interest to all western states because the federal government is the single largest landowner in the US west of the Mississippi.

Under the current Oregon property tax system all government-owned lands are exempt from taxation; to compensate for such losses to the tax base, the federal government has traditionally shared proceeds from timber harvests and other resource sales. However, such sales have declined over the past several decades resulting in diminishing operating revenues for most western Oregon Counties. As of 2009, shrinking federal forest revenues has cost 33 of the 36 counties (Clatsop, Sherman and Gilliam counties are not a party to SRS funds) approximately $210 million dollars per year in revenue (Governor’s Task Force on Federal Forest Payments and County Services, 2009).
The shifting focus from industrial forestry to predominantly recreational uses and protection of old growth stands have satisfied the nation’s move towards environmentalism, but has had a tremendously negative impact on local governments’ revenue; Figure 2 shows the area of federal forest lands as a percentage of the whole area of a county. With the controversy surrounding federal forestland harvests, the many compromises made to pass the SRS and more recently the sacrifices demanded to authorize another round of revenue sharing through the recently passed transportation act it is clear that the Congressional trend is to cease federal forest revenue sharing. The one year extension of the SRS funding provided little enough funding that none of the affected local governments could restore. 

Figure 2 Fed. forests as percentage of total
services based the amounts received, but could only begin to replenish depleted reserves to potentially soften further reductions in services in the next fiscal year (Associated Press, 2012).

Some counties have turned to local option levies to attempt to fill the gap in funding and expenses. However, until recently, Measure 5 required what was commonly referred to as a “double majority” vote to pass any taxation measure. A double majority entails requiring a 50% turnout of a jurisdiction’s registered voters as well as the traditional majority of affirmative votes. Such a requirement has prevented increases in property taxes, especially in May elections where voter turnout has hovered near 40% since 1990 (Oregon Secretary of State, 2012).

As Francis and Francis (2003) described in their study of property rights controversies over the last several decades, tremendous amount of conflict arises when those who do not live in a specific geographic locality seek to impose some form of regulation upon that locality. In the immediate instance, Congress has tremendous direct control over the funding available to county governments in Oregon without direct responsibility for the consequences.

The reductions in federal forest funding have decimated the budgets of many western Oregon counties. Lane County, home to Oregon’s second largest metro area and largest university, was required to eliminate 188 positions and 98.9 million dollars from the fiscal year 2012-2013 budget; one of the most immediate impacts will be the estimated 1000 criminal offenders who will not be prosecuted (Ross, 2012). Curry County has been even more greatly impacted; the county will lay off 48 of its 78 employees, a 62% reduction; Curry County Commissioner David Itzen expects to terminate all Sheriff’s Office patrols for the remainder of 2012 (Baer, 2012).
O&C funds have been used in a variety of ways, as they were initially allowed to be used in a manner similar to general county funds. Courthouses, jails, dams, and miles upon miles of roads have been constructed or updated with these funds. Other counties have utilized the funds as simply a portion of their operating funds (Bureau of Land Management, 1988). The reduction in timber harvests that occurred in the 1990’s had a significant impact on the O&C counties and Oregon as a whole. In 1978 the wood products industry in Oregon employed more than 80,000 people, by contrast in 2008 the same industry employed approximately 33,000, a decline of nearly 60% as shown on Figure 3 (Lehner, 2012).

A final element that is vital to the consideration of federal forests is the changing nature of the utilization and understanding of the federal forests by the public. Timberlands as a whole are no longer viewed as simply a site of resources as was the case in the early 20th century when the national forests and O&C lands were initially set aside. It has been argued that one of the significant factors that attract a highly educated workforce and industries to the Pacific Northwest is the existence of significant tracts of forested land and the ecotourism opportunities provided by such environments (Shindler & Cramer, 1999).
Chapter 2

Constructing the Study

In this chapter I will summarize the design of the study, which was conducted by collecting financial and geographical data from the affected jurisdictions and agencies. The chapter is organized into the following subsections: Design and Data Gathering; Ethical Concerns; and The Value of Constructing a New Formula

Design and Data Gathering

The design of this study is rather straightforward. As was stated earlier in chapter 1, a significant amount of the scholarship on this topic has been completed by the various news agencies which sufficiently details the social and superficial impact of the federal forest payments. However, on the whole they did not delve deeply into the interrelated cause and effect of the state and federal systems, focusing mainly on the changes in policy and the politics surrounding the issues. The author’s professional knowledge and familiarity with the topic from the county government level aided in scoping and locating the information predominantly through online research with the various impacted agencies and available archives. The bulk of the statistical and financial information was easily obtained through publications from the two agencies with the primary responsibility for administering federal lands in the country: the United States Bureau of Land Management (BLM), and the United States Forest Service (USFS). Further, because the topic is of such exceeding importance the State of Oregon’s Department of Forestry (ODF), The Oregon Department of Revenue (DOR), the Governor’s Office, and the Legislature have contributed reports and studies to the topic. One of the most comprehensive sources for the federal forest payments was the Congressional Research Service.
In the remaining sections of this chapter I will discuss the strategies used to obtain the critical pieces of information needed to complete this study.

**Identifying Forest Lands on County by County Basis.** Locating the amount of federal forestland in each of Oregon’s 36 counties was surprisingly difficult. Few of the studies reduced the overall acreage number on a county by county basis. And if a breakdown was undertaken it almost invariably focused on the most heavily impacted counties in the state such as Coos, Curry and Josephine. Further complicating the effort was a significant disagreement in the amount of reported acreage between not only the agencies, but the state, local and federal governments. When the study was initiated it was assumed that such a mundane detail would be clearly reported and easily located from any number of sources. It is suspected that the manner in which the counties describe properties, by taxlot rather than whole parcels in most instances, contributes to some of the variables in information as well as the simple length of time the federal agencies have managed the lands and opportunity for error to enter into reports. As the federal government has possessed land in Oregon from its inception as a territory, the recording devices have undergone numerous changes in format, recording methods, shifts in surveying, and conversions between paper and digital formatting. On the federal agency side often the federally controlled lands were reported as a single number rather than divided categorically into forestlands, aggregate resource lands, or grazing lands which made a definitive conclusion based off of agency data speculative at best. Additionally, management of portions of federal lands has been periodically transferred between agencies and indeed, entire agencies have been transferred between departments at points. Each factor mentioned above, as well as simple human error and the compressed time frame of this project made securing a definitive acreage very difficult. In the end however, the absolute truth of the acreage amount is relatively unimportant to this
examination. The final number would be formally determined during the implementation stage which is beyond the scope of this study; a close approximation suffices for the demonstration needs of this study. For the purposes of this study the author has chosen to use the acreage reported for western and eastern Oregon in studies prepared by the Northwest Research Station of the USFS in 1997 and 1999 respectively. These two reports were chosen because of the clear delineation between state and federal lands and the clarity of information presented on a county by county basis.¹

To arrive at the percentage of federal forest land in each county the acreage described above was used in conjunction with the overall land area reported in the AOC’s 2011-12 County Bluebook. The overall area of each county has been static for most counties since the last county was created in the early part of the 1900’s, though there have been some minor boundary changes, notably to Benton and Linn County in the late 1990’s which resulted in a net area gain for Linn County, though it was insignificant compared to the whole and the changed boundary contained no federal forest land.

The Permanent Tax Rate for Each County. The next piece of data that was collected was the permanent tax rate for each county and the value of forestland in the state. In Oregon the tax rate is based on a dollar amount per thousand of assessed value. The tax rate is the maximum amount each county can levy in a given period; to increase the permanent tax rates the proposal must be put forward for a vote during a general election. The tax rates contained in this study were located in an audit conducted by the Oregon Secretary of State’s Office.

¹ It is worth noting that the challenge of defining “forest land” is not limited to federal forests alone. Beginning in 2009 the Oregon Department of Forestry embarked on a county by county reclassification effort that begin with clarifying the definition of the characteristics that differentiated forestland from other resource and interface lands. (Benton county, 2012)
Forestland values, however, are determined by the Oregon Department of Revenue (DOR) on an annual basis and vary by the quality of the resource timber on the parcel as shown in Figure 4.

For this study the values based on the highest, middle and lowest valuations will be presented for comparative purposes. Table 1 shows the values of each of the classifications is shown along with a full valuation of the timberland held by the federal government in each of the counties, as well as the tax amount that would be due if that acreage was held in private ownership.

Table 1 also presents the final SRS payment to the county as a comparator for both the valuation if in private ownership and for creating a new compensation methodology. It is important to note that that datum is significantly lower than any preceding year under the SRS or the base 25% receipt/revenue sharing arrangement that preceded the SRS. The payments made to the counties were one of the pieces of data that was easily accessible from the BLM and Forest Service sites and easily reconcilable between the forest and non-forest federal lands. The payments made to the southern and western Oregon counties under the O&C act have been included in this number as the proposed revision would eliminate the distinction between federal and O&C lands, as it is largely a false distinction under the modern forestland management operations conducted by the BLM.

<table>
<thead>
<tr>
<th>Forestland Class</th>
<th>Maximum Specially Assessed Value</th>
<th>Specially Assessed Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>FA</td>
<td>$587.11</td>
<td>$946.00</td>
</tr>
<tr>
<td>FB</td>
<td>$465.77</td>
<td>$749.00</td>
</tr>
<tr>
<td>FC</td>
<td>$390.08</td>
<td>$629.00</td>
</tr>
<tr>
<td>FD</td>
<td>$331.37</td>
<td>$536.00</td>
</tr>
<tr>
<td>FE</td>
<td>$220.46</td>
<td>$356.00</td>
</tr>
<tr>
<td>FF</td>
<td>$159.13</td>
<td>$257.00</td>
</tr>
<tr>
<td>FG</td>
<td>$66.51</td>
<td>$109.00</td>
</tr>
<tr>
<td>FX</td>
<td>$7.79</td>
<td>$10.94</td>
</tr>
</tbody>
</table>

Figure 4 Forestland values by classification

Source: Department of Revenue Letter dated May 10, 2012
Ethical Concerns

Collecting the data via the internet and publicly accessible documents from the agencies in possession of or responsible for creating the data did not present any ethical dilemmas to the author aside from the normal necessity of accurately portraying the substantive issues and choosing accurate data rather than simply data that supports the underlying premise. The data collected was secured during private time or during the course of meetings open to the public or from documents accessible to the general population via the internet or public records requests and was in no way provided upon special consideration of the author’s status as a professional public servant.  

The Value of Creating a New County Compensation Formula

The study will result in a clearer explanation of the inadequacy of the harvest based compensation systems and present a simplified, easily expanded plan based on local property tax rates and acreage. Basing the recommended plan on the local tax rate would encourage the local governments to engage in reasonable revenue actions. If a locality kept its tax rates low, their federal receipts would remain low. If an area was higher in tax rates their return would be correspondingly higher. Utilizing such a payment construct would require the population and the federal government to act as, or at least appear to be, partners.

Such a plan also significantly simplifies the logistics of compensation. Accounting, reporting and budgeting would be greatly simplified by instituting a new system, which would save a tremendous amount of staff time for both the county and federal governments. Local

---

2 The author is currently employed as the Recorder and Records Manager for the Benton County Board of Commissioners
governments would be able to budget the payments as a consistent revenue stream rather than one-time funding and the federal government would have a set outlay each year.

The Federal government may also reduce opposition when it designates new wilderness areas in the west. While this type of plan will never eradicate that controversy it will have compensation to the communities built in and may cause, or appear to cause, Congress to pause before creating a new designation. New designations would come at a cost to the federal government, not only the local populations as they do currently.

Lastly, at present only the counties are in a position to shift the funding discussions because the counties were the primary beneficiaries of the federal forest funding and little, if any, federal land lies within any city’s boundaries. The federal agencies and legislators are ossified in the old way of thinking and unlikely to move out unless the repeat players (county governments, industry groups, etc.) demand a change. Aside from the counties no other party has the motivation as well as the unique ability to reframe the discussion and philosophy. The federal legislators lose little influence or prestige if their efforts fail and the federal agencies’ funding is in no way dependent upon action to preserve the counties; it is likely that any funds in excess of the agencies’ needs will be swept back into the US Treasury.

The National Association of Counties can be called on for assistance in lobbying, largely because that is their raison d’etre, but also because if the new compensation method is shown to be effective it can be easily and directly applied to any form of federal lands in any county in the nation. This portability would ease the way for Congressional adoption of the proposal.
Chapter 3

The Solution: The Whole Forest Value Plan

The amounts of federal non-military lands that exist in the western United States dwarfs that of any of the states in the east; Oregon alone is comprised of 47% federal lands with 23% of that being forest lands. Figure 1 (see pp. 8) presented a graphic illustration of the difference in federal ownership between the Midwestern, western and eastern states. The blue area represents the land owned by the federal government excluding military ranges. Given that the majority of western states are property tax driven, funding at the local level such vast tracts of untaxable land presents significant challenges. As noted previously, there have been several different schemas for attempting to compensate the localities; however, all fail because they are constructed on an assumption that the value of land is tied to its resource extraction value rather than to the mere presence of those lands. As shown in Figure 5 resource extraction values are problematic in that they are held hostage to the whims of the construction market and the economy as a whole; in years of poor economic conditions the value of the resources drops...
precipitously, thus depriving localities of income when the demand for services, conversely, skyrockets. As can be easily deduced from Figure 6 each recession has triggered drops in the housing price indexes which, after a brief lag time is followed by declines in property tax collections as well. Along with the drop in property tax collection is a drop in forest harvest volumes; it is a simple and elementary principle of economics that less demand leads to diminished production.

Figure 6 shows the harvest level patterns of state, federal and private lands which roughly correspond to the housing price index in Figure 4. Consequently, and again quite obviously, when harvest levels diminish due to poor economic circumstances the receipts provided to the county diminish as well. With the addition of the controversy surrounding species protection in federal forests the decline in the production of the federal forests was increased more rapidly, though Congress attempted to ameliorate the adverse consequences as described in Chapter 1. Several declining payment schemes were put into place to cover the local government losses in an attempt to wean the counties from their federal funding based on harvest levels. However, as noted continuously in this study, basing funding
on harvest levels does nothing to rectify the inequity of the presence of so much federal land in rural counties with a relatively small tax base. How then would Congress best approach compensating local governments for the protected forests that are within the borders of so many counties? The problem stems not from harvest levels or lack thereof in the federal forests, but the simple fact that federal lands dominate the local landscape. Under the Oregon property tax system lands are taxed based on a value per thousand basis with the values for forestland set on an annualized basis by the Oregon Department of Revenue (DOR) based upon the quality and productive capability of the lands (see Figure 4 pp. 22) that also determines the zoning class of each property. At first blush the solution that leaps out is that the federal lands should be compensated for as if they were held by private landowners. Such an arrangement would provide for clarity in the assessment of values and appeals to the American notion of fairness, that the federal government would be treated in the same manner as the common landowner.

However, several problems immediately present themselves. First, no other government or non-profit property is assessed a tax under the Oregon property tax system. Indeed, states cannot tax federal property in anyway under federal statute and case law; to do so to provide relief to Oregon’s counties would set a precedent that would likely be uniformly unacceptable to Congress. Payment in lieu of taxes has been a compensatory mechanism designed to offset the productivity potential of federal lands, but is not in and of itself a property tax; a narrow but potentially important distinction though one that may have run its course. Second, the properties must be assessed on regular intervals to determine the productive capability which may lead to a cost that the local governments are unwilling to bear; such assessments also provide the right for the landowner to appeal the determination which could lead to intergovernmental conflict, a negative for all those involved. Finally, the revenue produced by such a system would be of
minimal assistance to many the financially distressed localities, though a few would show an increase. The actual revenues that would have been realized in 2012 are shown below in Figure 7 as a comparison with the SRS funding.

<table>
<thead>
<tr>
<th>County</th>
<th>2012 SRS+USFS sharing payment***</th>
<th>Property tax receipts</th>
<th>County</th>
<th>2012 SRS+USFS sharing payment***</th>
<th>Property tax receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baker‡</td>
<td>$1,115,081</td>
<td>$1,866,619</td>
<td>Lane†</td>
<td>$16,294,774</td>
<td>$1,649,219</td>
</tr>
<tr>
<td>Benton†</td>
<td>$946,208</td>
<td>$175,615</td>
<td>Lincoln†</td>
<td>$1,648,202</td>
<td>$496,196</td>
</tr>
<tr>
<td>Clackamas†</td>
<td>$2,586,341</td>
<td>$1,378,530</td>
<td>Linn†</td>
<td>$5,955,993</td>
<td>$540,639</td>
</tr>
<tr>
<td>Columbia†</td>
<td>$767,194</td>
<td>$15,893</td>
<td>Malheur</td>
<td>$359</td>
<td>$9,763</td>
</tr>
<tr>
<td>Coos†</td>
<td>$2,576,759</td>
<td>$227,835</td>
<td>Marion†</td>
<td>$1,967,374</td>
<td>$481,552</td>
</tr>
<tr>
<td>Crook‡</td>
<td>$1,739,933</td>
<td>$1,343,594</td>
<td>Morrow‡</td>
<td>$172,606</td>
<td>$480,559</td>
</tr>
<tr>
<td>Curry†</td>
<td>$3,648,021</td>
<td>$267,340</td>
<td>Multnomah†</td>
<td>$518,622</td>
<td>$221,705</td>
</tr>
<tr>
<td>Dechutes‡</td>
<td>$1,825,744</td>
<td>$922,691</td>
<td>Polk†</td>
<td>$1,026,464</td>
<td>$66,712</td>
</tr>
<tr>
<td>Douglas†</td>
<td>$19,365,327</td>
<td>$1,571,940</td>
<td>Tillamook‡</td>
<td>$1,116,715</td>
<td>$180,213</td>
</tr>
<tr>
<td>Grant‡</td>
<td>$4,861,716</td>
<td>$3,571,793</td>
<td>Umatilla‡</td>
<td>$87,313</td>
<td>$935,547</td>
</tr>
<tr>
<td>Harney‡</td>
<td>$2,091,193</td>
<td>$1,928,421</td>
<td>Union‡</td>
<td>$910,743</td>
<td>$1,197,068</td>
</tr>
<tr>
<td>Hood River†</td>
<td>$933,932</td>
<td>$162,542</td>
<td>Wallowa‡</td>
<td>$1,242,765</td>
<td>$665,587</td>
</tr>
<tr>
<td>Jackson†</td>
<td>$7,724,304</td>
<td>$1,361,445</td>
<td>Wasco‡</td>
<td>$978,142</td>
<td>$623,178</td>
</tr>
<tr>
<td>Jefferson‡</td>
<td>$569,921</td>
<td>$472,811</td>
<td>Washington†</td>
<td>$172,507</td>
<td>$25,542</td>
</tr>
<tr>
<td>Josephine†</td>
<td>$7,311,195</td>
<td>$334,884</td>
<td>Wheeler‡</td>
<td>$668,692</td>
<td>$1,250,754</td>
</tr>
</tbody>
</table>
The goal of this study, as stated earlier in this document, is to determine an equitable solution to the revenue problem presented by the presence of substantial amounts of federal forest land within the borders of the Oregon counties. It should be noted that the purpose is not to replace the funding forgone by the expiration of the SRS nor the funding provided through 25% revenue sharing but to provide equitable, stable and predictable funding to the local governments.

Funding through any solution is likely to be substantially less than it was at the peak of the preceding payment methods but potentially higher than the final year of the SRS funding. The most successful program is one in which each of the participants have substantial “skin in the game”. Therefore, a proper solution would be one that relies on both the needs and factors controlled by the localities and those of the federal government.

The solution proposed herein shall be a hybrid system that takes into account both the permanent tax rate of each individual county as well as the gross amount of federal forest acreage, irrespective of its harvest potential. Given the previous statements regarding the changing uses and views of today’s public forests, that recreation is as valid a use as industrial harvest value, this plan acknowledges the shift in popular opinion and recognizes that the federal forest system was instituted not simply as a resource extraction bank. It also acknowledges the value of the tourism dollars that are brought into and support the local economy.

The plan could be titled the “Whole Forest Value Plan” as it is intended to respond to the entire range of benefits that are provided by forests. To arrive at the value of the payment to a
county the local permanent county tax rate, not inclusive of levies, bonds or other additional
taxes, shall be multiplied by the raw acreage of federal forests within the county’s political
boundary. This formula is illustrated below for Benton County.

**Example 1: Benton County**

\[
\text{Permanent Tax Rate} \times \text{Federal Acreage} = \text{Payment}
\]

\[
\$2.21 \times 84,000 = \$185,640
\]

Clearly, the amount provided under this formula is substantially less than the 2012 SRS payment
of $946,208 but it is more than triple the pure 25% revenue sharing payment of $52,973 that
remains after the expiration of the SRS Act. Figure 8 shows the permanent tax rates of each of
the counties as a comparison.

![Perm. Tax Rate (per thousand assessed value)](image)

*Figure 8 Permanent tax rate by county*

However, an astute observer will note that the formula contains factors that are under the
control of each of the parties committed to this relationship. The citizens of each individual
county have complete control over their permanent tax rate. Should they one day seek to
increase their permanent tax rate, then the federal forest payment would increase correspondingly. If the federal government sought to sell off any portion of its holdings, absent the aforementioned increase in the permanent tax rate, then the federal forest payment would decrease. However, the county in which the sale occurred would have the benefit of the property reentering the tax rolls while the state of Oregon would recoup funding via the harvest tax and whatever income, personal and corporate, is derived from the future sale of harvested timber. In essence rather than the timber counties being at the whim of actions of Congress or as has been more often the case, the result of voluminous forest litigation, they would be partners with the federal government. Each party controls an equal portion of the equation: the citizens would have the power to “tax” the federal government for the impact of their holdings on the citizens’ community, while Congress could dispose of property to lessen its burden thereby lessening its presence in a county. The plan is incredibly, and perhaps fatally, simple. Figure 9 on page 33 shows the varying impacts of such a plan on the counties as compared to privatizing the forests and the SRS funding.

Another advantage to the Whole Forest Plan moving away from being based on harvest levels is the reduction in the importance of litigation over management plans from the county perspective. Even though between 1989 and 2002 the USFS won more than 57% of the 575 cases filed in federal court substantial legal costs were incurred. More than 22% of those cases were filed in the Washington and Oregon region of the USFS (Keele, Malmsheimer, Floyd, & Perez, 2006). No matter the resolution, any litigation is costly to the government, removing one of the participants, such as the counties, not only can save the costs of litigation but may also provide another forum for non-litigation arbitration by a party familiar to both sides.
Figure 9 Comparison of compensation methods
Secondary Considerations/Add-ons

One who is familiar with this subject should by now wonder what would be the recommended distribution or resolution of the funding acquired through harvest. Fundamentally, the Whole Forest Value Plan should, and can easily be paid out of the harvest receipts from the BLM and USFS with a significant amount of overage that would remain with the agencies. The disposition of that overage could be considered with an add-on formula similar to the State of Oregon’s tax kicker law: if the overage exceeds a certain level or percentage then a portion of that overage could be distributed to the state. If that were to be adopted it is recommended that it be set relatively high so as to ensure the support of the federal agencies by allowing a source of funding as a cushion for their operations and a profit to the federal government.

Advantages of the Whole Forest Value Plan

The primary advantage of the proposed plan, from the county perspective, is the consistent level of funding. The swings in the federal forest funding have been the bane of budget committees throughout the state. With a stable level of funding the counties could more accurately predict the level of funding that will be available for programs and staffing.

The federal agencies would also be relieved of the burdensome necessity of completing the complex calculations and reporting requirements that plague the funding schemes currently in place. Each county is currently required to set aside no less than 15% of the federal forest funding each year for projects under Titles II and III of the federal forest acts. Those funds are restricted for use on federal lands such as for search and rescue efforts, road repair, and management activities. Under the Whole Forest Value Plan those requirements would be eliminated and the funding for those projects would remain with the federal agencies, thus eliminating a layer of paperwork and interaction between the counties and federal governments.
Further, in the impending and continuous fights over the forest management plans and harvest levels the counties could be allowed to cease to be litigants for either side and be able to adopt the role as arbiter rather than interested party. Without the specter of reduced federal forest payments due to lower harvest levels, expensive and lengthy litigation or significant opposition from community groups the counties could aid in the resolution of conflicts rather than act become active litigants with a substantial pecuniary interest. The counties’ sole interest would be an equitable solution for all parties rather than securing adequate funding for themselves.

A final advantage is one that would have to be very carefully addressed or studiously avoided when approaching the general population. The plan would encourage localities to appropriately tax themselves rather than rely strictly on the largesse of the federal or state governments. Currently, the most affected counties are also the ones that have a tax rate substantially below the state average (as of this writing the state average for county permanent tax rates is $2.81, see Table 1 for a full listing) and have relied upon the federal forest payments for the lion’s share of their discretionary revenue. Ironically, these areas are also a hotbed of anti-government sentiment and a very libertarian view of the world (Mortenson, 2012). Under the Whole Forest Value Plan equal responsibility would fall to the citizenry to determine their federal compensation level. Increases to the permanent tax rate would not only affect the local landowners but the federal holdings as well, perhaps making it more palatable to adopt a more prudent and reasonable taxation philosophy.

**Challenges**

One of the substantial drawbacks to the proposed plan is that it will not result in funding levels equal to previous plans, especially when forest harvests were at their peak. The funding
would remain constant through the years until action was taken by Congress to reduce the acreage or the local citizenry to action to increase the permanent tax rate. Either party may see the promise of a change in funding levels as a threat or as a way of bullying them into action they would rather not take. The coercive aspect of the plan must be avoided, or carefully messaged to avoid the more virulent strain of anti-government sentiment in the affected counties and to avoid running afoul of the more fiscally conservative lawmakers.

Primarily, however, this proposed plan would entail a significant change in the culture of both the political establishment and the general Oregon population. Such a significant shift in the compensation philosophy would be rightly perceived as a sea change from the century plus view of forests as primarily an industrial resource. In the past such shifts have been reacted to in supremely negative and in some instances, violent manners, as exemplified by some of the protests and tree spikings carried out during the “Spotted Owl Wars” of the 1990’s. It must be carefully acknowledged that while the shift in philosophy is significant, it was not done to advance any agenda aside from the welfare of the local populations that have been so adversely affected by the reductions in federal revenue.

A final challenge is presented by the federal legislators and agencies. Similar to the general population, many of the legislators came of age arguing for the continuation, extension, and in some cases expansion of the federal forest payments. Substantially changing philosophies would be a cause of concern for the legislators as they have spent significant amounts of time and political capital to advance the cause of higher harvest levels or greater environmental protections. To then abandon that philosophy may be uncomfortable and threatening to the politicians who are critical to the passage of reform. Identifying the necessary budgetary
tradeoffs to secure the support of the conservative elements of not only the Oregon delegation but in Congress as a whole would prove challenging within the liberal caucus.

The federal agencies would also likely resist changes to the compensation scheme as a threat both to their expertise and their tradition, though their opposition may be less than that of the politicians as they are less likely to lose “face” as they are not the most visible of the policy setters. However, this action may be viewed as a way of undercutting their budgetary authority and needs. Therefore, agency personnel would need to be reassured that the shift is unlikely to have a negative impact on their operations and would likely free them from burdensome regulation and oversight.
Chapter 4

Enactment: The Death Road

Like the Andean road of the same name, the enactment effort is fraught with peril and contains more opportunities than can be listed to go off the path to disastrous result. However, as with the Andes Mountains, there is a way through, but it will require a significant amount of patience and careful planning to achieve the desired results safely. In this chapter I will discuss the major obstacles to change and mitigating strategies to overcome these obstacles. I will organize the chapter into the following subsections: Speed Bumps, Into the Breach, Coalition Building by Interest Group, and Prognosis: Doubtful.

Speed Bumps

What has made solving the federal forest payment situation so incredibly complex is in part the number of players involved, the political realities, the local traditions, and simple personality conflicts. The vast spectrum of political, economic, and social viewpoints that are characteristic of each of the counties contributes to the complexity of the equation. The southern and eastern portions of Oregon have a strong tendency towards the conservative or libertarian end of the political spectrum, while the northwestern and Willamette Valley counties tend to be more moderate to liberal in their outlook, as show in the 2012 Presidential election map in Figure 10. The southern and

Figure 10 – 2012 Presidential election map by county
source: www.politico.com
eastern portions of the state also tend to be significantly poorer on average than the northwestern counties (Beiliciks, 2012). Oregon’s population is also heavily centered on the northern portion of the Willamette Valley; even though Medford in Josephine County is the fourth largest metro area, the Willamette Valley is home to the first through third largest metro areas in the state in Portland, Salem and Eugene, respectively. As the author can attest as a native of Deschutes and Douglas counties there is a tremendous resentment between the residents of southern and eastern Oregon towards the Willamette Valley, and in particular, the Portland populations. In no small part this is due to the fact that in all major elections the determining factor are the votes tallied in the Portland metro area. Therefore, it would be important for the solution to be seen to originate from the most affected counties, those in the southwest of Oregon, rather than the Willamette Valley metro areas.

The existing acts themselves also present a significant obstacle to the modification of any federal forest payment methodology; the Oregon & California Counties Act (O&C) would need to be repealed in its entirety while the 25% Act may or may not, as will be discussed in a later section. Resistance to repealing the O&C would largely come from the southern Oregon county commissioners due to its longevity and focus on the industrial uses of the federal forests. The southern Oregon counties had been, prior to the 1990’s, almost exclusively dependent upon the timber trades (logging, milling, selling, and exporting) for more than a century. While the culture of most of the counties has been evolving over the past 20 years that is still a miniscule amount of time to entirely shift a populations’ fundamental outlook and values. The county commissioners and area legislators still advocate for significant increases in harvest levels and decreasing the exportation of whole logs by private parties, as well as expanding the ban on
exporting raw timber harvested on public lands\(^{3}\). Additionally, the O&C association, comprised of the counties that have O&C lands with the exception of Benton County, would undoubtedly oppose any solution that includes the repeal of the O&C Act. However, given the political power struggles within the organization and the lingering resentment between many of the county commissioners and the small executive committee (Association of Oregon and California Counties, 2013) that dominates the O&C Association it is highly unlikely that the counties not represented on the executive committee would mount more than token opposition if approached correctly and reminded of past power struggles (K. Daniels, personal communication, 1997).

Timber companies and their trade organizations are likely to oppose repealing the Act as well as it is significantly more friendly and beneficial to timber harvests than any of the more modern legislation that Congress has promulgated in the past 30 years. The timber companies and associations have also cultivated significant and important relationships amongst the federal agencies that oversee the harvest operations.

Ironically, there is also an outside chance that environmental concerns may also oppose the repeal of the acts. These groups have been able to score significant victories in the courts and have a substantial body of knowledge relating to the subject acts that would be wiped away if the acts were repealed; such opposition, as stated before, is unlikely but must be considered when developing an enactment strategy.

\(^{3}\) "No part of any appropriation under this Act shall be available to the Secretaries of the Interior and Agriculture for use for any sale hereafter made of unprocessed timber from Federal lands west of the 100\(^{\circ}\) Meridian in the contiguous 48 States which will be exported from the United States, or which will be used as a substitute for timber from private lands which is exported by the purchaser: Provided, that this limitation shall not apply to specific quantities of grades and species of timber which said Secretaries determine are surplus to domestic lumber and plywood manufacture needs." P.L. 93-120, October 4, 1973, Department of the Interior and Related Agencies Appropriation Act of 1974. This provision has been renewed, without controversy, on every annual Interior and Related Agencies appropriations bill to date. Footnote 14 (Kerr, 2012)
Into the Breach

Given the substantial hurdles faced by changing the culture of the counties and the attendant political players, how then would one go about enacting such a substantial change in the federal forest compensation?

Slowly and carefully, as Aesop’s tortoise would say. The necessary change cannot be initiated at the federal level for several reasons. First is the well documented dysfunction that is hamstringing most every piece of legislation in Congress at present. Developing the necessary partnerships across ideologies appears to be, at the moment impossible within Congress. Second is a simple lack of knowledge; the modern national politician has little time to read or develop their own legislation or position documents. Additionally they are loathe to embark on a radical departure from traditional viewpoints or methods lest they alienate their established constituent base. Finally, the county commissioners are uniquely positioned to approach the industry and social groups necessary to develop consensus and backing for a change in philosophy. As both the legislative and executive arm of local government they have tremendous freedom to act and support legislation that directly affects their locality; further, the dysfunction that plagues a federal official is significantly lessened the further one moves from Washington D.C. or the state capitol.

As with the way all major changes are begun, a coalition would need to be developed from the ground up. County commissioners would need to be strategically selected for both their connections to federal agencies and officials as well as for their influence with their peers of all political persuasions. Many commissioners sit on multiple state and federal commissions while

Figure 11 Turtle
Photo Credit: A. Paige Kruger
others have enduring ties with industry groups and federal agencies. For Instance, the author is well acquainted with Benton County Commissioner Annabelle Jaramillo who has worked at multiple levels of government and has significant ties to the forestry scientific community as well. She also sits on the Resource Advisory Committee for the Siuslaw National Forest and is an acknowledged authority in the environmental community where forest legislation is involved. Jaramillo has the added benefit of having been employed as a scientist with the USFS, served Governor Kitzhaber directly during his first term, and has maintained close contact with staff at many different levels in both the USFS and the BLM. The weakness with Commissioner Jaramillo is that she is so well known in the environmental community, the more conservative commissioners and certain timber industry representatives are not as likely to grant her support.

A second Benton County Commissioner could then fill in some of those weaknesses due to his ties to the law enforcement and business communities. Commissioner Jay Dixon has served on numerous state and federal law enforcement commissions and has significant credibility with the more conservative county commissioners due to his greater fiscal conservatism than his fellow Benton County Commissioners. Additionally, his personal history includes retirement as a Lieutenant with the Seattle Police Department and as Vice President of several large banks. As a small business owner after his relocation to Oregon he is intimately familiar with the struggles faced by local business. Dixon also has developed close working relationships with the large private forest owners and industry associations in Benton County.

Both of these commissioners have been extremely active in the Association of Oregon Counties (AOC), whose support would be critical to launching and securing a support drive for the altered legislation. The AOC is one of the prime lobbying bodies for counties within the state and has significant sway in with the federal legislators from Oregon’s districts. It also has a
robust communication arm and does not have the credibility problems that may plague more partisan avenues of support as the AOC is charged with representing the interests of each of its constituent counties whether the county’s dues are current or not. Similar to the AOC, the National Association of Counties (NACo) would be able to contribute significant lobbying resources as well as connections to non-Oregon legislators via other county commissions.

A final, and critical player, are the federal agencies themselves. The agencies, primarily the USFS and BLM, are likely to have some sway with Congress due to their familiarity with the Congressional staff members and the legislative process. Ideally they would be brought on board as partners, or at worst convinced to remain neutral in the discussions.

Above all, the coalition-building effort must be recognized for what it is: a tremendous shift in both federal and local culture and culture does not shift easily or quickly.

**Coalition Building by Interest Group:**

*Liberal County Commissioners*

To secure the support of county commissioners with a more liberal leaning ideology one would need to point to the social merits and impacts of the plan as well as the potential environmental benefits of looking away from harvest levels. In reality the support of the more liberal commissioners is likely to be the easiest portion of the coalition, but there are several points that would need to be addressed to ensure support, which should not be taken for granted.

First, the consistent funding would allow for greater freedom and consistency in planning for social services that were previously funded by the forest funding. Safety net services are critical to the community and are central to the liberal public service ethos, providing greater funding for these services would be a powerful argument for this interest community.
Second, the aspect of the plan that recognizes the values of the forests as an entity themselves as an environmental and tourism good should figure prominently in communications and avenues of approach.

A third point would be the removal of “old time” interests from an influence over county finances, such as the “timber barons” and the multi-national corporations that profit solely from harvest levels. This appeal to the baser political motives would need to be couched, or left unsaid to be most effective, though it should not be overlooked as a potential motivating factor.

**Conservative County Commissioners**

Commissioners with a significantly more conservative governing philosophy would be the more difficult group to secure support from. Typically the conservatives are more rooted in tradition and old economy values and are reluctant to expand any government funded financial subsidy, even to other governments.

In approaching the conservative commissioners the emphasis should be placed upon the freedom of action and freedom from federal control that the proposed plan grants to the counties. Allowing the counties to use the funds as they see fit rather than with the significant number of strings that plague the past plans will be a telling piece of the lobbying strategy. Removing the restrictions placed on the SRS funds would be a positive action in any new plan.

A second point would be the reduction in the interaction and influence of the courts upon the county’s finances. Lawsuits over the various forest plans have forced an up and down swing in county finances and caused no small amount of heartburn on behalf of local officials, removing the “activist” or “meddling” federal judiciary should prove to be a very tempting proposition.
Third, reinforcing that the Whole Forest Value Plan in *no way* affects the harvest levels or management plans should prove positive, or at worst neutral, in a request for support in shifting the compensation methodology. The timbered interests would not have a new layer of bureaucracy to fight and the suits would potentially include fewer parties and much less interference from the northern counties whose economies are more varied and whose interests are more philosophical than directly pecuniary. Additionally, the Whole Forest Value Plan would not preclude the federal government from selling or trading lands to private interests, which is a significant point of interest for parties such as the O&C commissioners.

Fourth, a point that cannot be too greatly underscored in the modern political arena is the potential or perception of increased local control over the federal lands, or at least the funding derived from them which should appeal to those who view Washington, D.C. and Salem as overreaching, meddlesome, and ignorant of the needs of the southern and eastern counties.

Finally, an element not to be underestimated is the law and order aspect of the use of the potential funding. Several counties, notably Lane and the south coast counties of Coos and Curry, have made significant numbers of headlines with the diminished level of safety funding due to the lost timber revenue. Arguing to the conservative commissioners that supporting the Whole Forest Value Plan would aid in their efforts to preserve safety and security funding should play a significant role in securing support. Efforts under way in the state legislature to push more state level inmates back to county jails could prove a decisive influence in arguing that the greater funding provided by this plan would offset negative actions under consideration in the legislature.
The Association of Oregon Counties

The AOC, once a sufficient number of county commissioners are on board (the specific number is undeterminable in the planning stage), would likely prove to be the easiest member of the coalition to recruit though a very important one. Commissioners who are members of the public lands committees, the economic development committees, the legislative affairs committee and the executive committee should be recruited to move each of their committees to lend its support and subject matter expertise. Each of these committees have substantial ties to legislators, legislative committees and state level agencies who while they have no direct control over the federal funding can nonetheless bring the weight of opinion and expertise to bear on Congress.

Additionally, the AOC sponsors an annual trip for county commissioners to Washington, D.C. to speak to and lobby the Oregon Congressional delegation. While the meetings, according to several commissioners, are rarely productive due to the varied interests and compressed timeframes, having each of the attending commissioners on a single point and with a unified opinion would lend immense support to the efforts to pass new legislation.

Finally, the AOC has particular influence because it is one of the few statewide agencies that is not seen as thoroughly Portland-centric. The AOC’s credibility across the state would prove useful in the recruitment of support; additionally, their ties to the other commissioners would provide vital information to aid in further outreach efforts.

The National Association of Counties

Securing the assistance of NACo may be a bit more problematic simply due to the volume of requests for lobbying and technical assistance that they likely receive each year. However, working with the regional arm of NACo to demonstrate the portability of the
recommended plan should go far in securing the support of other state associations and counties. Other counties across the nation are also suffering from reduced federal funding, especially since the sequestration took effect. (Governing News Staff, 2013) However, given the significantly higher amount of funding and lobbying access and expertise available to NACo, their assistance could prove to be a significant factor in securing passage of the appropriate legislation.

Further, a concerted national effort to pressure federal legislators to action would have a much greater chance at success than a northwestern or Oregon centric effort. Legislation that can be presented as broad-based and universally beneficial has a greater chance at passage.

**Timber Industry Interests**

The timber industry interests are likely to play a more marginal, but again, fairly important role in securing new legislation. In approaching the industrial timber associations the points regarding the reduction in parties to litigation, the elimination of harvest levels as a condition of county payments, the potential for improved infrastructure, and the public relations value of their support should be emphasized.

While the impact on the timber companies themselves is likely to be extremely minimal, the avoidance of increased taxes on harvests by the state and keeping the door open to acquisition of federal lands should prove persuasive. Significant recognition should also be provided to the industrial timber companies that provide ecological and recreational opportunities on their lands, such as Starker Forests, Inc.’s permitting hiker and recreational access to their forests not undergoing active harvests (Starker Forests, Inc., 2013).

The support of industry groups would help to secure the support of the conservative commissioners from the timber counties, and possibly vice versa depending on the timing of each approach, which as stated above is a vital ingredient for the lobbying effort. Additionally,
the lobbying arm of the industrial forest interests should not be underestimated; while the industry has experienced severe reductions in revenue the wealth of the industry cannot be ignored, particularly Roseburg Forest Products which grew from a homegrown family operation into an international exporter of wood products (Roseburg Forest Products, 2013).

**Oregon & California Counties Association**

The O&C Association is, based on its past positions, unlikely to budge from the position of simply increasing harvests by privatization of federal lands. Given that the executive committee, which alone has the authority to set policy for the organization, is made up of very few county commissioners and has not changed in a number of years lobbying for support would be of minimal importance. Provided that the support of the industry representatives can be secured the support of the association is desirable but unnecessary. It is also highly unlikely considering that one of the goals of the Whole Forest Value Plan is to repeal the O&C Act; it is simply against most of human nature to support an action that ends something that defines a person’s roll and professional existence; providing some avenue of employment and the inclusion of an advisory committee into the plan should quell the substantive resistance to the adoption of the Whole Forest Value Plan.

**The Governor**

The Governor of Oregon as he, like the other Oregon players, has no direct authority to influence federal forest payments is best suited to play the role of convener of the various interests and in directing the state bureaucracy to provide technical assistance in support of the plan. The state agencies under the Governor’s authority contain many experts of similar credentials and specialties to the federal agencies with the added benefit of being viewed as
being local residents familiar with Oregon’s peculiarities. Such cachet lends itself to supporting the drive to secure the support of the industry and more conservative commissioners in Oregon.

The Governor himself could also play a role in bringing other states into a partnership with Oregon and bring the power of numbers to influence other Congressional Delegations. By showing the Governors of the other western states the utility and portability of the Whole Forest Plan the Oregon Governor could substantially increase the lobbying power and breadth of influence brought to bear on Congress.

**Oregon Citizenry**

The primary resistance to the plan will come, as previously noted, from the more rural areas of the state that are affected. Rural timber counties in Oregon are still very heavily rooted in past practices and cherish a way of life that, in reality, has long since passed. Even though employment in the wood products sector has plummeted and continues to decline as shown in Figure 12, the general population clings to that aspect of their past.

![Wood Products Employment by County](http://oregoneconomicanalysis.wordpress.com/2012/01/23/historical-look-at-oregons-wood-product-industry/)
In the 1990’s the federal, state and local governments undertook significant retraining efforts to provide former loggers and mill workers with more modern, in demand job skills (Wallace, 2013). Such efforts should continue under the Whole Forest Value Plan, especially considering the ongoing effects of a recession that shows few signs of ending, with the addition conditioning some of the federal employment on lands within the county borders. Hiring preferences are nothing new to federal or state service. Veterans and their dependents, displaced persons, members of ethnic minorities, and in some instances, women at times and under specific circumstances receive additional “points” in hiring decisions (Title 29, Chapter XIV, Part 1607). Similar consideration should be extended to the residents of the areas with substantial federal forest land. Providing local citizens with the skills and opportunity to serve in the local federal forests in a number of different capacities will help to move the local culture in a direction that is more in line with the modern uses of federal forests, such as tour guides and rangers.

Utilizing the local tax rate also demonstrates a desire on the part of the federal government to be a partner rather than a ruler. It is likely that the idea of the local tax rate being applied to the federal government will strike a positive chord with many citizens, allowing the local population to dictate some terms to their government provides a sense of empowerment in place of the current feeling of helplessness (Mortenson, 2012).

The residents of the more urban, northern counties will be far less of a concern. The Portland metro area counties are relatively unaffected by federal forest policies, aside from visiting for recreation, and the economy is sufficiently diversified to mitigate the effects of any further harvest reductions. In the Willamette Valley government agencies are some of the largest employers which provide residents with greater insight into the effects of federal forest funding; such insight should render this population more receptive to a change in policy.
Fundamentally, almost any solution that involves compensation provided to the counties will be viewed in a positive light to some degree; as with the commissioners the message and benefits must be tailored to the particular culture of the county.

**Prognosis: Doubtful**

No one can rationally dispute that the situation of Oregon’s timber counties is dire; that the headlines describing inmate releases, foreclosures of homes, and slashed service levels have become routine speaks to the severity of the crisis. However, relying on Congress to take action at present is largely a fool’s gamble given that Congress seems content to allow the entire country to operate on a continuing resolution and suffer the effects of sequestration; any discussion of new revenue for localities is likely doomed to be stillborn.

However, in the EMPA Cohort 2011 visit to Washington, D.C. only one official from Congressman Peter Defazio’s office believed that the Federal Transportation Bill could be passed, all others interviewed in the capitol believed that bill to be dead on arrival. Instead, Congress passed the transportation bill in June of 2012 by substantial margins, which demonstrates that when an item is shown to be crucial to the national health productive engagement is possible.

To secure the support of the conservative members of the House, as previously noted in this study, the appropriate financial details would need to be carefully considered and constructed. One important item to note would be the substantially reduced federal outlay over even the final years of the SRS Act payments as shown in Figure 13:
<table>
<thead>
<tr>
<th>2010-11 federal revenue(^4)</th>
<th>2012 SRS Payment to Oregon(^5)</th>
<th>Whole Forest Value Plan(^6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$104,300,000</td>
<td>$102,706,464</td>
<td>$31,875,940</td>
</tr>
</tbody>
</table>

Figure 13 Compensation comparison as cost to federal government

However, it is unlikely this factor alone would prove to be decisive in securing support. The modified plan, however, is so simple and straightforward that it could be applied to any state that has both property taxes and substantial federal lands. Each congressional representative and senator is likely to be quick to see the advantage that would convey to their constituents, particularly those like Nevada which is roughly 90% untaxable federal property (Harris, Riggs, & Zimmerman, 2001).

**Conclusion**

One of the key tenets of the Whole Forest Value Plan is the recognition that the funding dilemma is not about ensuring the robustness of each individual Oregon county’s budget, nor is it about “creating jobs” or preserving an industry, it is simply focused on providing reasonable compensation for the presence of federal forestland.

Why the counties? What makes counties so unique in Oregon and the country that they could be successful and should lead this effort? Counties operate near the center of the interests in this challenge; county officials routinely balance the needs of their citizens, businesses, and state and federal demands. Additionally, because the counties in Oregon provided the majority of the safety net services on behalf of the state and federal government they are acutely aware of the challenges faced by citizens and organizations on a daily basis, something Congress as a whole clearly is not. Finally, a significant portion of this challenge will be navigating the

---

\(^4\) Brief Background on Timber Revenue, State of Oregon Legislative Committee Services, September 2012  
\(^5\) See Table 1
urban/rural divide that drives much of Oregon’s politics, a divide that county officials bridge on an almost daily basis. Only a few counties in Oregon do not operate with this divide; Malheur County with no urban area to speak of and Multnomah County with no rural area are at the two extremes.

To that end, as noted in the descriptions of the various constituent groups, this change in legislation must be understood and approached as a radical shift in local and state culture rather than as a simple legislative and fiscal exercise. Neglecting to recognize the value that the citizenry, industry and politicians place on the timber industry’s past will doom this effort to failure; however, if the effort is carried out correctly with the necessary cultural sensitivity the residents can be brought around not only to simply not oppose, but to support the Whole forest Value plan. Moving something as significant and culturally important as the basis for federal forest payments away from harvests and into simple existence is a substantial symbol that the timber industry no longer holds primacy in Oregon. Such a transition must be carefully managed when addressing each of the interest groups; county commissioners perform this act week in and week out which specially enables them to lead the effort on this topic.

Equally important to the professional abilities are the personal relationships that many of the county commissioners have with legislators, business interests, agency staff and citizens. Congressional representatives today lack the relationships outside of Washington D.C. to truly understand the impacts and needs of their constituents; much of their work is conducted through lobbyists and trade organizations. County commissioners have both; they have the local relationships needed to address the problem at the local level but also the relationships with the federal legislators to provide the vital information and pressure to secure positive changes at the federal level. All of these relationships as well as being the primary organization to feel the
pinch of the reduced funding have uniquely positioned counties to lead the effort for federal forest payment reform.

In the final analysis it is unlikely that Congress alone will act to rescue the counties that are so heavily impacted by the federal forestlands within their borders. The dysfunction at the federal level can be overcome by action through local governments which retain a significant edge in legitimacy over the federal government. (Maciag, 2013) Therefore the counties are in a unique position to exert influence and provide a conduit between the parties that will enable such revolutionary coalitions to come into being and the legislation to advance.
Afterword

In developing the previously discussed strategy and recommended plan several lessons from the coursework in the Executive Masters in Public Administration program immediately became apparent and were applied to this issue.

One of the lessons continually reinforced throughout the program was the need to recognize the true nature of the challenge an administrator is facing. In the immediate instance, at first blush, it appears that the difficulties surrounding the federal forest payments are the simple problems of fiscal stability and the more complex but also common problems of federalism. While both of those elements are present the federal forest payment debate on reflection seems more about culture than about mobilizing interests to instigate legislative action. As noted in the study, each of the players has a particular world view that must be recognized, acknowledged and addressed before a solution can go forward. Many efforts on behalf of the localities and the state fail because the operators do not understand that there is more involved than legislative activity.

Second, a leader must understand what a follower needs from them and act appropriately. This lesson is intimately tied to the previous comment about culture and the necessity for addressing cultural and emotional needs. When discussing federal forest payments each party needs to feel that their desires and needs are being heard and thoughtfully considered, which is why most of the interest groups attempting to present solutions fail; they address only their own needs while expecting the opposition to acquiesce without respect to their own needs. A proper solution must address or at least acknowledge the importance of the needs of all those involved in the discussion, not just the formal leadership or the moneyed interests.
Third, an example that the country as a whole could learn from in this time of competition and strife was thrown into sharp relief in comparing the cohort trip to Washington, D.C. with the visit to Vietnam. The United States has become a nation of extreme individualism where if an idea or action does not meet a person’s immediate demands and conform exactly to their ideology, then the solution shall not be acted on, no matter the benefit to the country as a whole. The Vietnamese over the previous decades have adopted the polar opposite position to the point of stifling imitative and shocking inefficiency. However, the Vietnamese are in the midst of a transformation, questioning past systems and identifying ways to succeed without sacrificing the national character. The leadership at all levels in the United States needs to conduct a similar inventory of the national psyche and again move more towards the communal viewpoint. Given our particular form of federalism it stands to reason that those officials closest to the citizenry are best placed to begin such an inventory, a plan such as the one proposed in this study moves the country in that direction out of necessity. When all players are brought to the table and relationships are built based upon mutual needs and mutual strengths the country will regain the sense of community so thoroughly lacking in modern American society.

Finally, the concept that the author has most thoroughly taken to heart is the concept of leading from where one sits, not simply based on one’s officially granted powers. In this study it has become apparent that that applies to organizations as well as individuals. Oregon’s counties do not have the formal authority to affect any piece of the federal forest payment issue they can only suffer the consequences; authority resides solely with Congress. However, counties are in the unique position of being familiar with and are the peers of a significant number of influencers and county commissioners possess the ability and credibility to build the necessary coalitions to move Congress to action. If the proper coalition is built across the political spectrum, which
many county officials routinely achieve, Congress can be pushed to action from both ends of the spectrum.

Fundamentally, identifying the nature of a challenge, assessing the amount of formal and informal power available, assessing who the followers are and what they need must first be completed then and *only* then can a leader begin to develop a plan of action to solve the challenge. Failing in any of those aspects may prevent success not only in the immediate endeavor but future actions by the leader due to compromised credibility and lack confidence in their abilities.
Bibliography


Benton County. (2012, May 5). *Benton County Forestland Classification Committee*. Retrieved from Benton County: http://www.co.benton.or.us/boc/fcc/


Mortenson, E. (2012, June 1). Josephine County lives with its decision to vote down law enforcement tax levy. *The Oregonian*.


<table>
<thead>
<tr>
<th>County</th>
<th>Perm. Tax Rate</th>
<th>Total Area</th>
<th>Federal Forest Acreage</th>
<th>Fed. Forest as % of total area</th>
<th>Value ass. (high, FA)</th>
<th>Value ass. (mid, FD)</th>
<th>Value ass. (low, FG)</th>
<th>2012 SRS+USFS sharing payment***</th>
<th>Whole Forest Value Plan Perm. Tax Rate x Federal Acreage</th>
<th>If perm. tax at state average</th>
<th>2011 25% Reciepts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Baker†</td>
<td>$3.73</td>
<td>1,976,960</td>
<td>529,000</td>
<td>27%</td>
<td>$500,434,000</td>
<td>$283,544,000</td>
<td>$57,661,000</td>
<td>$1,115,081</td>
<td>$1,973,170</td>
<td>$1,488,988</td>
<td>$226,035.39</td>
</tr>
<tr>
<td>Benton‡</td>
<td>$2.21</td>
<td>434,560</td>
<td>84,000</td>
<td>19%</td>
<td>$79,464,000</td>
<td>$45,024,000</td>
<td>$9,156,000</td>
<td>$946,208</td>
<td>$185,640</td>
<td>$236,437</td>
<td>$52,973</td>
</tr>
<tr>
<td>Clackamas†</td>
<td>$2.98</td>
<td>1,202,560</td>
<td>489,000</td>
<td>41%</td>
<td>$462,594,000</td>
<td>$262,104,000</td>
<td>$53,301,000</td>
<td>$2,586,341</td>
<td>$1,457,220</td>
<td>$1,376,399</td>
<td>$1,178,491</td>
</tr>
<tr>
<td>Clatsop‡</td>
<td>$1.53</td>
<td>539,520</td>
<td>0</td>
<td>0%</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Columbia†</td>
<td>$1.40</td>
<td>439,680</td>
<td>12,000</td>
<td>3%</td>
<td>$111,352,000</td>
<td>$6,432,000</td>
<td>$1,308,000</td>
<td>$767,194</td>
<td>$16,800</td>
<td>$33,777</td>
<td>$0</td>
</tr>
<tr>
<td>Coos†</td>
<td>$1.08</td>
<td>1,042,560</td>
<td>223,000</td>
<td>21%</td>
<td>$210,958,000</td>
<td>$119,528,000</td>
<td>$24,307,000</td>
<td>$2,576,759</td>
<td>$240,840</td>
<td>$627,683</td>
<td>$67,239</td>
</tr>
<tr>
<td>Crook†</td>
<td>$3.87</td>
<td>1,914,240</td>
<td>367,000</td>
<td>19%</td>
<td>$347,182,000</td>
<td>$196,712,000</td>
<td>$40,003,000</td>
<td>$1,739,933</td>
<td>$1,420,290</td>
<td>$1,033,003</td>
<td>$210,817</td>
</tr>
<tr>
<td>Curry†</td>
<td>$0.60</td>
<td>1,054,720</td>
<td>471,000</td>
<td>45%</td>
<td>$445,566,000</td>
<td>$252,456,000</td>
<td>$51,339,000</td>
<td>$3,648,021</td>
<td>$282,600</td>
<td>$1,325,734</td>
<td>$378,593</td>
</tr>
<tr>
<td>Dechutes‡</td>
<td>$1.28</td>
<td>1,955,200</td>
<td>762,000</td>
<td>39%</td>
<td>$720,852,000</td>
<td>$408,432,000</td>
<td>$83,058,000</td>
<td>$1,825,744</td>
<td>$975,360</td>
<td>$2,144,818</td>
<td>$1,694,283</td>
</tr>
<tr>
<td>Douglas‡</td>
<td>$1.11</td>
<td>3,245,440</td>
<td>1,497,000</td>
<td>46%</td>
<td>$1,416,162,000</td>
<td>$802,392,000</td>
<td>$163,173,000</td>
<td>$19,365,327</td>
<td>$1,661,670</td>
<td>$4,213,639</td>
<td>$2,604,924</td>
</tr>
<tr>
<td>Gilliam‡</td>
<td>$3.85</td>
<td>782,720</td>
<td>0</td>
<td>0%</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$550,104</td>
</tr>
<tr>
<td>Grant†</td>
<td>$2.88</td>
<td>2,897,920</td>
<td>1,311,000</td>
<td>45%</td>
<td>$1,240,206,000</td>
<td>$702,696,000</td>
<td>$142,899,000</td>
<td>$4,861,716</td>
<td>$3,775,680</td>
<td>$3,690,101</td>
<td>$209,128</td>
</tr>
<tr>
<td>Harney‡</td>
<td>$4.50</td>
<td>6,545,920</td>
<td>453,000</td>
<td>7%</td>
<td>$428,538,000</td>
<td>$242,808,000</td>
<td>$49,377,000</td>
<td>$2,091,193</td>
<td>$2,038,500</td>
<td>$1,275,069</td>
<td>$30,982</td>
</tr>
<tr>
<td>Hood River</td>
<td>$1.42</td>
<td>341,120</td>
<td>121,000</td>
<td>35%</td>
<td>$114,466,000</td>
<td>$64,856,000</td>
<td>$13,189,000</td>
<td>$933,932</td>
<td>$171,820</td>
<td>$340,581</td>
<td>$480,976</td>
</tr>
<tr>
<td>Jackson‡</td>
<td>$2.01</td>
<td>1,792,640</td>
<td>716,000</td>
<td>40%</td>
<td>$677,336,000</td>
<td>$383,776,000</td>
<td>$78,044,000</td>
<td>$7,724,304</td>
<td>$1,439,160</td>
<td>$2,015,341</td>
<td>$1,129,841</td>
</tr>
<tr>
<td>Jefferson‡</td>
<td>$3.57</td>
<td>1,146,240</td>
<td>140,000</td>
<td>12%</td>
<td>$132,440,000</td>
<td>$75,040,000</td>
<td>$15,260,000</td>
<td>$499,921</td>
<td>$394,061</td>
<td>$292,016</td>
<td>$38,266</td>
</tr>
<tr>
<td>Josephine‡</td>
<td>$0.59</td>
<td>1,050,240</td>
<td>600,000</td>
<td>57%</td>
<td>$567,600,000</td>
<td>$321,600,000</td>
<td>$65,400,000</td>
<td>$7,311,195</td>
<td>$354,000</td>
<td>$1,688,833</td>
<td>$234,308</td>
</tr>
<tr>
<td>Klamath‡</td>
<td>$1.73</td>
<td>3,926,400</td>
<td>1,449,000</td>
<td>37%</td>
<td>$1,370,754,000</td>
<td>$776,664,000</td>
<td>$157,941,000</td>
<td>$8,668,464</td>
<td>$2,506,770</td>
<td>$4,078,333</td>
<td>$2,425,171</td>
</tr>
<tr>
<td>Lake‡</td>
<td>$3.76</td>
<td>3,549,760</td>
<td>904,000</td>
<td>17%</td>
<td>$855,184,000</td>
<td>$484,544,000</td>
<td>$98,536,000</td>
<td>$2,646,238</td>
<td>$3,399,040</td>
<td>$2,544,509</td>
<td>$869,519</td>
</tr>
<tr>
<td>Lane‡</td>
<td>$1.28</td>
<td>2,956,800</td>
<td>1,362,000</td>
<td>46%</td>
<td>$1,288,452,000</td>
<td>$730,032,000</td>
<td>$148,458,000</td>
<td>$16,294,774</td>
<td>$1,743,360</td>
<td>$3,833,652</td>
<td>$4,626,112</td>
</tr>
<tr>
<td>Lincoln‡</td>
<td>$2.82</td>
<td>634,880</td>
<td>186,000</td>
<td>29%</td>
<td>$175,956,000</td>
<td>$99,696,000</td>
<td>$20,744,000</td>
<td>$1,648,202</td>
<td>$525,420</td>
<td>$523,538</td>
<td>$621,020</td>
</tr>
<tr>
<td>Linn‡</td>
<td>$1.27</td>
<td>1,477,760</td>
<td>450,000</td>
<td>30%</td>
<td>$425,700,000</td>
<td>$241,200,000</td>
<td>$49,050,000</td>
<td>$5,955,993</td>
<td>$571,500</td>
<td>$1,266,625</td>
<td>$1,675,916</td>
</tr>
</tbody>
</table>

**Federal Forest Acreage**

*Total Area*
<table>
<thead>
<tr>
<th>County</th>
<th>Perm. Tax Rate</th>
<th>Total Area*</th>
<th>Federal Forest Acreage**</th>
<th>Fed. Forest as % of total area</th>
<th>Value ass. (high, FA) $/acre</th>
<th>Value ass. (mid, FD) $/acre</th>
<th>Value ass. (low, FG) $/acre</th>
<th>2012 SRS+USFS sharing payment***</th>
<th>Whole Forest Value Plan Perm. Tax Rate x Federal acreage</th>
<th>If perm. tax at state average</th>
<th>2011 25% Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Malheur</td>
<td>$2.58</td>
<td>6,352,640</td>
<td>4,000</td>
<td>0%</td>
<td>$3,784,000</td>
<td>$2,144,000</td>
<td>$436,000</td>
<td>$359</td>
<td>$10,320</td>
<td>$11,259</td>
<td>$1,311</td>
</tr>
<tr>
<td>Marion†</td>
<td>$3.03</td>
<td>764,160</td>
<td>168,000</td>
<td>22%</td>
<td>$158,928,000</td>
<td>$90,048,000</td>
<td>$18,312,000</td>
<td>$1,967,374</td>
<td>$509,040</td>
<td>$509,040</td>
<td>$652,017</td>
</tr>
<tr>
<td>Morrow‡</td>
<td>$4.13</td>
<td>1,311,360</td>
<td>123,000</td>
<td>9%</td>
<td>$116,358,000</td>
<td>$65,928,000</td>
<td>$13,407,000</td>
<td>$127,606</td>
<td>$507,990</td>
<td>$346,211</td>
<td>$52,233</td>
</tr>
<tr>
<td>Multnomah†</td>
<td>$4.34</td>
<td>297,600</td>
<td>54,000</td>
<td>18%</td>
<td>$51,084,000</td>
<td>$28,944,000</td>
<td>$5,886,000</td>
<td>$518,622</td>
<td>$234,360</td>
<td>$151,995</td>
<td>$179,189</td>
</tr>
<tr>
<td>Polk†</td>
<td>$1.72</td>
<td>476,800</td>
<td>41,000</td>
<td>9%</td>
<td>$38,786,000</td>
<td>$21,976,000</td>
<td>$4,469,000</td>
<td>$1,026,464</td>
<td>$70,520</td>
<td>$115,404</td>
<td>$1,034</td>
</tr>
<tr>
<td>Sherman‡</td>
<td>$8.71</td>
<td>531,840</td>
<td>0</td>
<td>0%</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$297,486</td>
</tr>
<tr>
<td>Tillamook†</td>
<td>$1.50</td>
<td>720,000</td>
<td>127,000</td>
<td>18%</td>
<td>$120,142,000</td>
<td>$68,072,000</td>
<td>$13,843,000</td>
<td>$1,116,715</td>
<td>$190,500</td>
<td>$357,470</td>
<td>$146,084</td>
</tr>
<tr>
<td>Umatilla‡</td>
<td>$2.85</td>
<td>2,067,840</td>
<td>347,000</td>
<td>17%</td>
<td>$328,262,000</td>
<td>$185,992,000</td>
<td>$37,823,000</td>
<td>$87,313</td>
<td>$988,950</td>
<td>$976,709</td>
<td>$214,932</td>
</tr>
<tr>
<td>Union†</td>
<td>$2.85</td>
<td>1,304,320</td>
<td>444,000</td>
<td>34%</td>
<td>$420,024,000</td>
<td>$237,984,000</td>
<td>$48,396,000</td>
<td>$910,743</td>
<td>$1,265,400</td>
<td>$1,249,737</td>
<td>$236,429</td>
</tr>
<tr>
<td>Wallowa†</td>
<td>$2.54</td>
<td>2,017,920</td>
<td>277,000</td>
<td>14%</td>
<td>$262,042,000</td>
<td>$148,472,000</td>
<td>$30,193,000</td>
<td>$1,242,765</td>
<td>$703,580</td>
<td>$779,678</td>
<td>$236,090</td>
</tr>
<tr>
<td>Wasco†</td>
<td>$4.25</td>
<td>1,533,440</td>
<td>155,000</td>
<td>10%</td>
<td>$146,630,000</td>
<td>$83,080,000</td>
<td>$16,895,000</td>
<td>$978,142</td>
<td>$658,750</td>
<td>$436,282</td>
<td>$509,306</td>
</tr>
<tr>
<td>Washington†</td>
<td>$2.25</td>
<td>465,280</td>
<td>12,000</td>
<td>3%</td>
<td>$11,352,000</td>
<td>$6,432,000</td>
<td>$1,308,000</td>
<td>$172,507</td>
<td>$27,000</td>
<td>$33,777</td>
<td>$77,333</td>
</tr>
<tr>
<td>Wheeler‡</td>
<td>$8.53</td>
<td>1,096,320</td>
<td>155,000</td>
<td>14%</td>
<td>$146,630,000</td>
<td>$83,080,000</td>
<td>$16,895,000</td>
<td>$668,692</td>
<td>$1,322,150</td>
<td>$436,282</td>
<td>$77,333</td>
</tr>
<tr>
<td>Yamhill†</td>
<td>$2.58</td>
<td>459,520</td>
<td>58,000</td>
<td>13%</td>
<td>$54,868,000</td>
<td>$31,088,000</td>
<td>$6,322,000</td>
<td>$567,622</td>
<td>$149,640</td>
<td>$163,254</td>
<td>$82,703</td>
</tr>
<tr>
<td><strong>Oregon Totals:</strong></td>
<td><strong>$2.81</strong></td>
<td><strong>62,106,880</strong></td>
<td><strong>14,091,000</strong></td>
<td><strong>23%</strong></td>
<td><strong>$13,330,086,000.00</strong></td>
<td><strong>$7,552,776,000.00</strong></td>
<td><strong>$1,535,919,000.00</strong></td>
<td><strong>$102,706,464.00</strong></td>
<td><strong>$31,875,940.00</strong></td>
<td><strong>$39,662,250.83</strong></td>
<td><strong>$21,976,420.77</strong></td>
</tr>
<tr>
<td>Tax Income if Privately Held at State avg</td>
<td>$37,520,489.29</td>
<td>$21,258,966.45</td>
<td>$4,323,185.34</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

†Taken from Timber resource Statistics for Western Oregon, 1997; David Azuma, Larry F. Bednar, Bruce Hiserote, and Charles Veneklase
‡Taken from Timber resource Statistics for Eastern Oregon, 1999; David Azuma, Paul Dunham, Bruce Hiserote, and Charles Veneklase
*taken from the Association of Oregon Counties: Guide to Oregon Counties 2011-12
**Includes O&C Lands
***Does not include PILT payments