



LPRO: Legislative Policy and Research Office

FORESTRY

BACKGROUND BRIEF

OREGON'S FORESTS: AN OVERVIEW

Forests cover about 30.47 million acres in Oregon, almost half of the state's land base, and consist of federal (60 percent), private (35 percent), state (3 percent), tribal (1 percent) and other public (1 percent) ownerships.

Oregon's forests are rich and diverse, and include some of the most productive forestlands on Earth. Western Oregon is characterized by high rainfall and dense conifer forests along the Pacific coastline, the Coast Range and western slopes of the Cascade Range. Eastern Oregon largely consists of lower density, semi-arid forests and high desert. Statewide forest cover is dominated by conifers such as Douglas-fir, true firs, western hemlock and ponderosa pine. The most abundant hardwoods are big leaf maple, red alder, Oregon white oak and cottonwoods.

Forests are integral to the state's identity, economy and quality of life. They provide clean water, wildlife habitat, timber products, jobs, revenue for public services, recreational

and tourism opportunities, biomass for energy generation, carbon storage – and more.

Oregon's forest resource also includes urban forests – trees in neighborhoods and other developed landscapes – with benefits including property value enhancement, wildlife habitat and retention and filtering of stormwater runoff.

Oregon continues to lead the nation in lumber production. Although production and employment have dropped sharply since the Great Recession, the forest sector remains important, particularly in rural communities.

In 2013, Oregon's forest sector employed approximately 58,814 people, with an average annual wage of \$49,200, slightly above the state average.

Forests face significant challenges. On federal lands – some 60 percent of Oregon's forest landbase – these include poor forest health and

vulnerability to catastrophic wildfire that threatens natural resources, neighboring land and communities and lost economic opportunities.

Privately owned forests also experience challenges. While many states have seen

CONTENTS

OREGON'S FORESTS: AN
OVERVIEW

TIMBER HARVEST

WILDFIRE

OREGON'S FOREST PRACTICES
ACT

OREGON'S FOREST POLICY

CHALLENGES AND
OPPORTUNITIES

OREGON DEPARTMENT OF
FORESTRY OVERVIEW

OREGON BOARD OF FORESTRY

RECENT LEGISLATION

STAFF CONTACTS



substantial loss of forestland to development, agriculture and other uses, Oregon has maintained its forestland base. However, rising costs of forest management and protection, difficult markets for logs and increased value of forestland as real estate all exert pressure to sell or convert forestland.

TIMBER HARVEST

Approximately 80 percent of Oregon's forests are classified as "timberland" – forestland that can productively grow commercial grade timber. Forestlands with low growth rates and areas where logging is restricted, such as National Parks and wilderness areas, are classified as reserved areas. Nearly 80 percent of the state's total harvest comes from privately owned timberlands.

From the end of World War II until 1989, timber harvests in Oregon generally ranged from 7 to 9 billion board feet annually. Between 1989 and 1995, timber harvest on federal lands dropped about 90 percent. Harvests from private lands have remained relatively stable, although the recession (2007-09) and the collapse of the housing market brought a severe contraction in the U.S. demand for lumber. Consequently, Oregon's timber harvest reached a modern-era low in 2009, the smallest harvest since the Great Depression in 1934. By 2013, harvest levels had rebounded to 4.2 billion board feet, roughly pre-recession levels.

WILDFIRE

A primary concern in managing Oregon's forests is the growing cost associated with suppressing wildfire. The cost of fighting large fires on state-protected lands was \$122 million in 2013, \$76 million in 2014 and \$76.6 million in 2015, well above the ten-year average of \$22.3 million. In 2015, 2,524

wildfires occurred in Oregon, which burned a total of 633,048 acres, including the state's largest – the Canyon Creek Complex at 110,422 acres.

The Oregon Department of Forestry's (ODF) Fire Protection program protects 16 million acres of forest, consisting of privately owned forests as well as some public lands, including state-owned forests and U.S. Bureau of Land Management forests in western Oregon. The acreage protected includes 3.5 million acres of wildland-urban interface areas, which are forestlands with residences and other structures within the reach of wildfire. ODF's firefighting policy is straightforward: put out fires quickly at the smallest possible size. In 2015, 95 percent of the 1,025 ODF-managed fires were kept from growing beyond 10 acres in size. Most of the lands protected by the agency are working forests that produce timber revenue and support jobs.

Oregon's large-fire funding system involves a shared responsibility amongst landowners, the legislature, the state's General Fund, and a \$25 million insurance policy, the only policy of its kind nationally. The first \$20 million in costs are shared between forest landowners and the state (50 percent General Fund, 50 percent Oregon Forest Land Protection Fund). The next \$30 million is General Fund, up to a required deductible before insurance coverage becomes available. The next \$25 million comes from an insurance policy, which has been purchased annually since 1973. The private insurance policy helps cover firefighting expenses when all other funding sources have been expended.

OREGON'S FOREST PRACTICES ACT

The legislature passed the [Oregon Forest Practices Act](#) (OFPA) in 1971. The OFPA and



its accompanying rules apply to all state and private forestlands, and the state Board of Forestry (**Board**) is responsible for evaluating, implementing and changing rules as needed. The OFPA and its rules may change over time in response to new scientific information and evolving public needs and interests. For example, in November 2015 the Board ruled to increase streamside buffers on many small and medium fish-bearing streams west of the Cascades that support salmon, steelhead or bull trout. This decision was based on ODF monitoring results that showed the current rules failed to meet cold water temperature requirements set by the Department of Environmental Quality (**DEQ**).

Oregon Revised Statutes 527.610 to 527.785, 527.990(1), and 527.992 make up the OFPA. It provides for sustainable timber harvest consistent with environmentally sound management of water, soil, air quality, fish, wildlife and scenic resources. The OFPA requires leaving streamside buffers and reforestation after harvest.

OREGON'S FOREST POLICY

As expressed in the Board's *Forestry Program for Oregon* (**Forestry Program**), state policy is that keeping forests sustainable requires balancing economic, social and environmental values. These values have often been thought of as conflicting, but are in fact interdependent.

The Forestry Program also notes that protecting environmental values protects the forest's health and basic productivity. Economic benefits of forest ownership are necessary to retain forest use in the face of growing pressure to convert to other uses, and to pay to protect and enhance forest resources and productivity. Social values, such as recreation, outdoor education and timber revenues for public services, help to engage the

public and build support for sound forest management and investment.

CHALLENGES AND OPPORTUNITIES

Sound, active management of federal forestlands in Oregon can produce multiple forest benefits. However, concerns surrounding these lands have generated significant public debate. A policy of fire exclusion, combined with sharply reduced harvests and other management activity, has produced landscapes of dense stands that are vulnerable to insect and disease attack and to uncharacteristically hot, damaging fires. These conditions have grown acute in the drier forests of eastern and interior southwestern Oregon. More broadly across the state, declines in federal forest harvest revenues have contributed to severe economic distress in counties with high proportions of federal land.

In recent years, collaborative groups have formed in several national forests, bringing together local conservation, forest industry and other interests. Working with the U.S. Forest Service and others, these groups have advanced projects to restore forest health, reduce fuels and produce raw materials for mills. These projects, while increasing in size and number, remain well below landscape scale and face obstacles such as limited funding and contraction in the milling infrastructure needed to process material removed from the forest. In 2013, the legislature approved spending \$2.88 million (federal funding increased the total to just over \$9 million) for technical assistance and scientific support to increase the pace and scale of collaboratively developed management efforts and to pilot a new business model to increase the pace and scale



of implementing federal forest management projects. This funding was limited to forests in eastern and southwestern Oregon.

The legislature in 2015 approved an additional \$5 million; this funding will allow ODF to expand support for forest collaborative groups and forest restoration activities statewide.

Private forestlands, too, present challenges as well as opportunities. The overriding challenge is keeping working forests healthy, intact and productive, as pressure grows to convert them to other uses. For instance, as is happening nationally, large, industrial tracts increasingly are owned by Timber Management Organizations or Real Estate Investment Trusts. These owners, like others, have an array of interests, which may include selling those portions of their holdings that have greater value as real estate.

Family forestland owners also face challenges, including generational changes in ownership, the development pressure that comes with nearness to population centers, and a need for forestry expertise.

With forest tracts large and small, if managing for forest values doesn't remain economically viable, the use is likely to change. Economic considerations include demand for timber and other products, and costs of regulatory compliance and fire protection. Fire danger is increasing statewide in response to climate trends and other factors, and protection is particularly challenging for owners of lower-productivity forests.

When forestland is fragmented, fire protection becomes more costly and complex, vulnerability to invasive species increases, the likelihood of active management lessens and forest values can be degraded or lost.

Opportunities emerge from these challenges. They include maintaining a streamlined, "one-stop shop" regulatory approach, exploring ways to generate revenue from forest attributes such as wildlife habitat and clean water and enhancing capacity to put out wildfires while they are still small, thus avoiding major costs, public safety threats and resource damage.

In addition, there is an increasing need for forestry services relevant to urban and suburban residents. Issues include an orderly, sound transition where forestland has been zoned for development, and addressing concerns that may arise among neighbors or local entities when commercial forestry is practiced near homes and built-up areas.

OREGON DEPARTMENT OF FORESTRY OVERVIEW

Established in 1911, ODF's major activities include:

- Providing fire protection on approximately 16 million acres – primarily privately owned forestlands, but also state-owned and other public land, including west-side forests owned by the U.S. Bureau of Land Management;
- Administering the OFPA;
- Providing guidance and technical assistance to landowners;
- Managing about 850,000 acres of state-owned forestland for a mix of environmental, economic and social benefits (Oregon has six state-owned forests: the Tillamook, Clatsop, Santiam, Elliott, Sun Pass and Gilchrist, as well as other scattered holdings); and
- Helping cities, community groups and other entities to manage urban forests.



The Gilchrist State Forest is Oregon's newest state forest and was dedicated in June 2010. The acquisition of the Gilchrist State Forest, located about 45 miles south of Bend, was approved in 2009 by the legislature, and became Oregon's first new state forest in more than 70 years. The state bought 20,477 acres of the forest in 2015, adding to the 43,000 acres it purchased in 2010. The purchases were paid for with lottery-backed bonds, general bond funds and federal funds.

OREGON BOARD OF FORESTRY

The seven members of the Board are appointed by the Governor and confirmed by the Senate. The Board appoints the State Forester and oversees ODF and the general forest policy of the state. The *Forestry Program for Oregon*, the Board's overarching policy document, is based on internationally recognized indicators of sustainable forest management.

RECENT LEGISLATION

In 2013, House Bill 2050 – the Wildfire Protection Act – was enacted. The legislation increased capacity to extinguish fires rapidly, before they become large and costly; moved toward 50-50 public-private sharing of the costs of fighting large fires; and mitigated landowners' fire protection costs on fire-prone, less-productive eastside lands. The increased capacity to attack fires swiftly – largely with contracted helicopters and other equipment – is funded through the Oregon Forest Land Protection Fund, which consists of landowner dollars. The fund is also used to equalize firefighting costs across the state, and supports the purchase of insurance to protect Oregon against catastrophic fire costs, such as those experienced in 2013. Basic fire protection funding has been evenly shared by landowners and the General Fund;

landowners have paid a greater share of the costs of fighting the relatively few fires that grow large and extremely costly. HB 2050 moves toward 50/50 sharing of these costs over six years.

Also in 2013, Senate Bill 357 was enacted directing the Board to appoint an advisory committee to study and recommend funding mechanisms to increase the pace and scale of federal forest restoration projects. The committee reported back to the legislature in February 2014 on options to diversify and improve revenue sources to support this work.

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