

## THE LARCH COMPANY

ANDY KERR, CZAR

OFFICES IN ASHLAND, OREGON AND WASHINGTON, DC,  
503.701.6298 CELL/TEXT

ANDYKERR@ANDYKERR.NET • [WWW.ANDYKERR.NET](http://WWW.ANDYKERR.NET)

TO: Interested Parties

FROM: Andy Kerr

RE: Federal Payments to the O&C Counties, 1960-2012

DATE: 25 October 2012

---

The expiration of the Secure Rural Schools Act, which provided direct federal payments to timber-addicted counties, necessitates answering the question:

*How much money do the O&C counties deserve from federal government?*

Congressmen Peter DeFazio, Greg Walden and Kurt Schrader are considering legislation that would carve out on the order of 1.5 million acres of Western Oregon federal public forests managed by the Bureau of Land Management and dedicate them to intensive timber production (generally clearcutting) for the benefit of the 18 "O&C" counties.<sup>1</sup> The higher the amount of money they are trying to give the counties, the more federal public forestland that must be effectively privatized to get out the cash (related to getting out the cut).

In 2011, the Association of O&C Counties seeks **\$110 million/year** to replace the O&C Fund.<sup>2</sup> This is up from their demand of **\$97 million/year** in 2010.<sup>3</sup>

On average between 1960 and 1993 (the last "normal" year of timber payments) the O&C counties averaged **\$56 million/year**.<sup>4</sup>

During the "Roaring [Chainsaw]" 80s, the O&C counties averaged **\$77 million/year**.<sup>5</sup> During this time, over two square miles per week of old-growth forest was being logged in Oregon.

During the "Owl Payments" years (special congressional appropriations to counties who saw a fall down in timber revenues due to the protection of the northern spotted owl; 1994-2000) the O&C counties averaged **\$70 million/year**.<sup>6</sup>

---

<sup>1</sup> Walden, Greg, Peter DeFazio and Kurt Schrader. February 16, 2012. The proposed "O&C TRust, Conservation and Jobs Act". House of Representatives Legislative Counsel Draft (F:\GMK\RES12\OCTCA\_002.XML)

<sup>2</sup> \_\_\_\_\_. 2011. O&C Lands Conservation and Management Trust: Outline of Key Elements. Association of O&C Counties. <http://www.andykerr.net/aocc-land-grab>.

<sup>3</sup> Association of O&C Counties. 2010. Frequently Asked Questions Regarding the Federal Forest Counties and Schools Stabilization Act of 2010.

<sup>4</sup> Derived from data provided by David Roché, O&C Forester, Oregon State Office, Bureau of Land Management, Portland, OR on December 15, 2011. Available upon request from The Larch Company.

<sup>5</sup> Ibid.

During the first Secure Rural Schools Act (2001-2006), the O&C counties averaged **\$112 million/year**.<sup>7</sup>

During the second Secure Rural Schools Act (2007-2012), the O&C counties averaged **\$68 million/year**.<sup>8</sup>

The last year (FY 2012) of SRS yielded **\$40 million**.<sup>9</sup> Congress extended this amount for one year (FY 2013).<sup>10</sup>

If the O&C formula of 75% was in effect between 2001-2010, the average receipts would have been **\$15.9 million/year**.<sup>11</sup>

If S.1692 (112<sup>th</sup> Congress), the County Payments Reauthorization Act had become law (2012-2016), the O&C counties *would* have averaged **\$34 million/year**.<sup>12</sup>

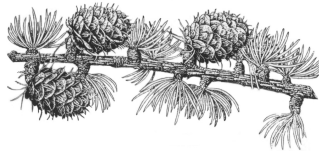
If the O&C lands were still—as they once were—in private ownership and the O&C counties assessed property taxes at the same rate as they do on private timberlands, the revenues from such taxes (at 2010 rates) would be **\$8 million/year**.<sup>13</sup>

In the absence of new legislation, the O&C counties will default to the permanent provision of law pertaining to federal revenue sharing, the O&C Lands Act of 1937. That statute provided that the O&C counties would receive 75% of gross timber revenues. From the 1950s until the early 1990s, the O&C counties waived one-third of their due back to BLM to be used for management. It is doubtful they would do so again. For reference, counties with lands in the National Forest System receive 25% of gross timber receipts (in the absence of a special congressional payment program).

Here's a closing question (and answer):

*How much would the O&C counties have to tax private timberlands to receive a comparable amount of what they get under the O&C Lands Act of 1937?*

Answer: A 75% tax on gross (not net) sales of timber.



*DEDICATED TO THE CONSERVATION AND RESTORATION OF NATURE, THE LARCH COMPANY IS A NON-MEMBERSHIP FOR-PROFIT ORGANIZATION THAT REPRESENTS SPECIES THAT CANNOT TALK AND HUMANS NOT YET BORN, A DECIDUOUS CONIFER, THE WESTERN LARCH HAS A CONTRARY NATURE.*

---

<sup>6</sup> Ibid.

<sup>7</sup> Ibid.

<sup>8</sup> Ibid.

<sup>9</sup> <http://www.blm.gov/or/news/files/official-2011-payments.pdf>

<sup>10</sup> USDA Forest Service. August 1, 2012. Secure Rural Schools and Community Self-Determination Act (<http://www.fs.usda.gov/pts/>)

<sup>11</sup> Derived from data provided by David Roché, O&C Forester, Oregon State Office, Bureau of Land Management, Portland, OR on December 15, 2011. Available upon request from The Larch Company.

<sup>12</sup> Ibid.

<sup>13</sup> Kerr, Andy. 24 Jan. 2012. County Revenues If Western Oregon BLM Lands Were Still in Private Ownership. Memorandum to Interested Parties. The Larch Company, Ashland OR and Washington, DC (available at [www.andykerr.net/downloads](http://www.andykerr.net/downloads)).