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MEMORANDUM

TO: Clackamas County Board of County Commissioners (BCC)

FROM: Mike Bezner, Assistant Director of Transportation, DTD

RE: Secure Rural Schools payment election process

DATE: July 14, 2022

In 1908 Congress passed a law to transfer a portion of forest grazing fees and timber sales receipts to the states to support public roads and schools. This payment is currently 25% of the average gross receipts over the past 7 years' rolling average. However, due to a reduction of logging on federal lands, the value of these receipts became a fraction of what they had once been. As a result, in 2000 Congress passed the Secure Rural Schools and Community Self Determination Act (SRS). This act stabilized funding for rural counties by adding an option to take a different payment based on a new formula. Although funding from this formula has been reduced several times since 2000, it has still consistently resulted in a higher payment than the one based on actual receipts.

The SRS was reauthorized again as part of the 2021 federal infrastructure bill. Under the new bill, the SRS payment increases a little. But, the bill also requires the county to elect whether to take a payment based on actual receipts, or take the SRS payment. The United States Forest Service (USFS) has decided that this election must occur by August 1. The 7-year rolling average estimated payment using actual timber receipts has been less than \$400,000 per year, while the SRS formula payment amount is more than double that.

Therefore, Staff recommends that Clackamas County elect by August 1 to continue to receive SRS payments in lieu of actual timber receipts.

Please note that this is for USFS lands only. O&C lands have their own, separate election process through the BLM established by the 1937 O&C Lands Act. There are some potential lawsuits stemming from the 2020 Archie Creek Fires that might result in larger future settlement payments to O&C counties which may have some bearing on these elections. But, that is not expected to come to fruition before the September 30 decision. Clackamas County is the sixth largest O&C county by acreage.

There is another election due September 30 to decide how to allocate the SRS formula payment between different Titles. Staff from DTD, Finance, PGA and the Treasurer will continue working to understand the details of the September 30 election and will return later with a recommendation.