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[Skamania County - Impact of Northern Spotted Owl] [Loose]

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SKAMANIA COUNTY BOARD OF COMMISSIONERS

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March 26, 1993

Skamania County, like other timber counties in the Pacific Northwest, is currently facing a major problem in strategically planning for its future and the future of its citizens. How do we continue to provide adequate public services and transition from a predominate timber-based economies during a period of great uncertainty?

With 79 percent of the County owned by the federal government and much of the remaining lands regulated by the Columbia River Gorge National Scenic Area Act, we have significant dependence on revenues from forest lands to support the operations of the county. Limited federal timber remains under contract for harvest and very little has been sold during the past 2 years.

Historically, about 45 percent of Skamania County's revenues have come from federal forest receipts. The establishment of a federal forest policy for the Pacific Northwest which will provide some certainty to timber supply and environmental issues could be a protracted process. During the interim period, counties must continue to operate and have the ability to plan for the future.

To give Skamania County, and other timber-based counties in the Pacific Northwest, the resources necessary to provide essential public services and ability to diversify their local economies, we propose the following legislative priorities:

1. Minimum Federal Forest Payment. Maintain federal forest payment to counties at current levels. This needs to continue during this period of uncertainty as a solution to the timber dilemma is developed and should be included in some form as part of a long-term solution.

2. Assistance for diversification and infrastructure development. Counties that have been historically dependent on timber need to diversify their economies and to provide alternative family wage jobs for its citizens. In order for timber counties to be self sustaining and economically viable, they need assistance in providing suitable industrial sites to diversify their economies. The necessary public investment in infrastructure, such as sewage systems, water treatment facilities, and roads, would provide the community with the ability to help achieve a long-term, balanced economy.

Additionally, the federal government has recognized that the presence of federal lands has an impact on county services. Payment in Lieu of Taxes (PILT) has provided some compensation to counties for the presence of such lands within their jurisdictions. However, the payment formulas for counties have not been adjusted since their inception in 1976 and the value of the payments has eroded to less than half. PILT legislation should be adjusted for inflation since 1976 and indexed to allow yearly inflation adjustments.

Attached is more information about minimum federal forest funds and PILT and their impacts on Skamania County.

If you need any additional information, please contact Marilyn Breckel, Administrative Coordinator, in our office.

Sincerely,

Dean Evans

Dean Evans
Chairman

SKAMANIA COUNTY
REQUEST FOR CONTINUATION
MINIMUM FEDERAL FOREST RECEIPTS
FOR PACIFIC NORTHWEST COUNTIES IMPACTED BY THE
NORTHERN SPOTTED OWL

Issue:

Pacific Northwest counties impacted by environmental decisions to protect the Northern Spotted Owl face significant declines in federal forest payments provided under 16 USC 500. Funding for schools also is declining since 50 percent of the funds are used for schools in the state of Washington.

Background:

Timber counties in the Pacific Northwest are being heavily impacted by the federal government's decision to include the Northern Spotted Owl and other species on the threatened species list. Community stability and the ability of county government to provide adequate services are at risk.

Many forest plans, developed for national forests in the Pacific Northwest by the Forest Service during the 1980's, reduced the timber harvest levels below historical highs in an effort to achieve sustainable yields and expand multiple use opportunities. These plans would have reduced timber harvest levels approximately 20% in the Pacific Northwest.

While significantly reducing revenues to counties and jobs in the Pacific Northwest, these plans allocated a stable supply of timber for harvest. Had they been fully implemented, local governments would have been able to predict with some degree of certainty the level of federal forest income they would receive to provide public services. Logging companies and mills would have been able to make reasonable decisions about investment and profitability. It was a workable solution for the Pacific Northwest.

The inclusion of the Northern Spotted Owl on the threatened species list in 1990 shattered this predictability. The forest plans are currently not being followed in forests affected by the Northern Spotted Owl. Federal Judge Dwyer has placed an injunction blocking nearly all sales within spotted owl habitat. Little timber has been sold in the Pacific Northwest during the past several years on national forests affected by the Northern Spotted Owl. Between 1988- 1990 the Gifford Pinchot National Forest in southwest Washington sold an average of more than 350 million board feet of timber annually. In FY 1992, the Gifford Pinchot sale target was 205 million board feet, but only 23 million board feet were sold.

The limited logging that is occurring on forest affected by the Northern Spotted Owl is mainly a result of contracts let prior to the listing of the Northern Spotted Owl as a threatened species. As of November 30, 1992, the Gifford Pinchot National Forest had less than 275 million board feet under contract. This is only one third (1/3) of its historical level of timber under contract and most is expected to be harvested by the end of FY 1993. With few new sales, mills in southwest Washington are forced to buy timber as far away as Utah. These distant sales return no income to local counties in federal forest receipts and make local mills less competitive.

Up to 8 million acres of public forest lands in Washington, Oregon and northern California are proposed as critical habitat for protection of the Northern Spotted Owl. The implementation of a protection plan of this magnitude is predicted to reduce timber harvests up to 50 percent below the current National Forest plan levels.

Two of the major consequences of the dramatic drop in timber harvesting in the Pacific Northwest forests are loss of jobs and the reduced ability for counties to provide public services. Estimates of job loss vary widely and there is disagreement over how much of the loss is attributable to protection of the Northern Spotted Owl, implementation of forest plans and changes in technology. Estimates from the U.S. Department of the Interior in 1992 predicted a job loss of 32,000 in Washington, Oregon, and northern California if the draft Recovery Plan was implemented. This job loss prediction is in addition to any job losses due to implementation of the reduced harvest levels in the Forest Plans. Skamania County typifies many other counties that depend on timber harvesting and manufacturing for jobs. High unemployment exists. Currently one in four workers is unemployed in Skamania County. Between 1988 and 1991, 33 percent of the county's lumber and wood products jobs were lost. At the beginning of 1992 the County's largest employer, Stevenson Co-Ply, closed permanently, adding 175 jobs to that loss.

The large federal ownership of Skamania County (78 percent) greatly limits the County's ability to collect property taxes. In the state of Washington, counties average about 30 percent of their revenues from property taxes. In Skamania County, only 10 percent of its revenues come from property taxes.

Skamania County receives approximately 45-50% of its total county government revenue from federal forest receipts generated on the Gifford Pinchot National Forest. The anticipated 50% plus reduction in the timber cut of this forest due to the Northern Spotted Owl could reduce Skamania County government's overall revenue by over 25%. This is equivalent to the County's total budget for law enforcement, jail services and all court services.

Solution:

For the past three years, Congress has provided a minimum federal forest payment to counties located in the Pacific Northwest national forests affected by the Northern Spotted Owl. During this period, it was hoped that a resolution of the timber situation in the Pacific Northwest would occur. Despite numerous pieces of legislation and strong attempts by some members of the Pacific Northwest congressional delegation to reach a solution, the situation remains unsolved.

The minimum federal forest payment guarantee provided payments in Washington that averaged 31% higher for Fiscal Year 1992 and 7% higher in Fiscal Year 1991 than would have been received if the payment was only based on actual receipts based on counties receiving 25 percent of the total receipts. (16 USC 500). The payments to Oregon counties averaged 33% higher in Fiscal Year 1992 than would have occurred if actual receipts were used. (See Attachment A).

Skamania County, and other Pacific Northwest counties, seek continued legislation to provide for a minimum federal forest payment to counties and schools affected by decisions relating to the Northern Spotted Owl.

We propose similar language to the legislation of FY 1993:

> "NOT WITHSTANDING ANY OTHER PROVISION OF LAW, PAYMENTS TO STATES PURSUANT TO 16 U.S.C. 500 FOR NATIONAL FOREST AFFECTED BY DECISIONS RELATING TO THE NORTHERN SPOTTED OWL RECEIPTS SHALL NOT BE LESS THAN 85 PER CENTUM OF THE AVERAGE ANNUAL PAYMENTS TO STATES, BASED ON RECEIPTS COLLECTED ON THOSE NATIONAL FORESTS DURING THE THREE-YEAR BASELINE PERIOD OF FISCAL YEARS 1986 THROUGH 1990."

Each of the three previous minimum payment legislative actions also included a proviso at the end that stated "Provided that in no event shall these payments exceed the total amount collected from the affected National Forests during fiscal year 1993." In light of the severe decline of timber under contract and the court injunction against virtually all sales in the Northern Spotted Owl habitat, this may pose severe limitations on the actual payment received by counties in FY 1994.

While it is hoped that the framework for a long-term solution will be the result of the Forest Conference scheduled April 2 in Portland, Oregon, the timing of the solution will probably leave counties in limbo for at least another year. A protection plan for the Northern Spotted Owl and possibly other species must be put into place and then sales meeting the protection plan criteria must be released for sale. All of this takes time. During this interim period, revenues to counties will continue to decline.

It is also our hope that any final solution to the Pacific Northwest timber situation will recognize the need for counties to be able to continue to provide services. We believe some stable level of revenues, such as a minimum payment, should be made to counties. The increased emphasis on recreation and other multiple uses in national forests increases the level of services counties must provide, but decreases revenues due to declines in timber harvest revenue. Federal ownership in counties has its costs and responsibilities. Counties cannot and should not bear the burden themselves.

The large presence of federal lands has a significant impact on the cost of providing services and the ability to pay for such services. With most of Skamania County in federal ownership, most of the rest in public and private timber lands and only 2 percent of the county taxed at full valuation for property taxes, our revenue options are limited. Additionally, the Columbia River Gorge National Scenic Area Act significantly limits our economic development potential. With a limited private land base and the lack of development authority, property taxes can never be a significant source of revenues.

Similar problems and limitations occur in many counties throughout the Pacific Northwest. Our solution recognizes these limitations imposed by the federal government and gives the tools for impacted counties to survive.

ATTACHMENT A

WA-PAY.XLS

State of Washington
FY 1992 Payment to States Adjusted for Owl Guarantee
Compared to what the payment would be based on Actual Forest Receipts

County	FY92 Payment if based on actual receipts	FY92 Payment based on owl guarantee	Difference	Percent Increase
Asotin	$198,915.95	$198,195.95	$0.00	0%
Chelan	$1,285,963.75	$2,061,905.09	$775,941.34	60%
Clallam	$1,243,233.97	$1,784,211.49	$540,977.52	44%
Clark	$7,749.86	$11,199.87	$3,450.01	45%
Columbia	$589,755.81	$589,755.81	$0.00	0%
Cowlitz	$214,172.00	$309,515.10	$95,343.10	45%
Douglas	$1.79	$2.86	$1.07	60%
Ferry	$863,581.50	$863,581.50	$0.00	0%
Garfield	$352,991.97	$352,991.97	$0.00	0%
Grays Harbor	$357,817.75	$513,517.62	$155,699.87	44%
Jefferson	$1,675,562.80	$2,404,662.75	$729,099.95	44%
King	$1,736,566.81	$1,736,566.81	$0.00	0%
Kittitas	$598,780.25	$790,851.86	$192,071.61	32%
Klickitat	$91,054.30	$131,589.00	$40,534.70	45%
Lewis	$2,813,176.70	$3,903,924.00	$1,090,747.30	39%
Mason	$394,373.62	$565,980.30	$171,606.68	44%
Okanogan	$1,131,526.76	$1,626,913.19	$495,386.43	44%
Pend Oreille	$485,901.40	$1,198,916.41	$713,015.01	147%
Pierce	$619,056.33	$619,056.33	$0.00	0%
Skagit	$779,427.52	$988,060.25	$208,632.73	27%
Skamania	$5,562,790.97	$8,039,182.57	$2,476,391.60	45%
Snohomish	$1,534,038.94	$1,720,247.30	$186,208.36	12%
Stevens	$379,464.14	$412,332.11	$32,867.97	9%
Thurston	$3,065.06	$3,075.47	$10.41	0%
Walla Walla	$8,996.08	$8,996.08	$0.00	0%
Whatcom	$1,256,798.74	$1,593,211.51	$336,412.77	27%
Yakima	$2,564,968.80	$2,674,761.01	$109,792.21	4%
Total	$26,749,733.57	$35,103,924.21	$8,354,190.64	31%

State of Oregon
FY 1992 Payment to States Adjusted for Owl Guarantee
Compared to what the payment would be based on Actual Forest Receipts

County	FY92 Payment if based on actual receipts	FY92 Payment based on owl guarantee	Difference	Percent Increase
Baker	$1,025,774.27	$1,025,774.27	$0.00	0%
Benton	$215,969.55	$377,386.85	$161,417.30	75%
Clackamas	$4,821,057.18	$5,360,475.16	$539,417.98	11%
Coos	$375,405.76	$608,953.54	$233,547.78	62%
Crook	$4,757,108.42	$4,757,108.42	$0.00	0%
Curry	$2,753,012.16	$4,251,367.01	$1,498,354.85	54%
Deschutes	$2,934,608.45	$3,637,925.77	$703,317.32	24%
Douglas	$10,879,188.48	$16,837,469.10	$5,958,280.62	55%
Grant	$12,371,204.51	$12,371,204.51	$0.00	0%
Harney	$5,236,186.68	$5,236,186.68	$0.00	0%
Hood River	$2,007,654.47	$2,230,371.06	$222,716.59	11%
Jackson	$3,387,310.43	$4,817,481.03	$1,430,170.60	42%
Jefferson	$528,599.19	$652,234.93	$123,635.74	23%
Josephine	$1,516,506.30	$2,322,380.94	$805,874.64	53%
Klamath	$8,167,720.91	$13,226,108.94	$5,058,388.03	62%
Lake	$6,404,291.76	$6,528,644.62	$124,352.86	2%
Lane	$15,875,524.45	$25,537,784.74	$9,662,260.29	61%
Lincoln	$2,272,923.93	$3,971,724.69	$1,698,800.76	75%
Linn	$5,376,815.32	$8,479,360.79	$3,102,545.47	58%
Malheur	$8,752.17	$8,752.17	$0.00	0%
Marion	$2,209,917.14	$3,182,578.80	$972,661.66	44%
Morrow	$529,874.34	$529,874.34	$0.00	0%
Multnomah	$721,562.93	$801,608.60	$80,045.67	11%
Polk	$4,210.81	$7,358.00	$3,147.19	75%
Tillamook	$1,207,933.19	$2,110,751.71	$902,818.52	75%
Umatilla	$1,414,634.27	$1,414,634.27	$0.00	0%
Union	$885,080.59	$885,080.59	$0.00	0%
Wallowa	$1,001,997.80	$1,001,997.80	$0.00	0%
Wasco	$1,995,502.99	$2,216,871.58	$221,368.59	11%
Wheeler	$1,561,113.73	$1,561,113.73	$0.00	0%
Yamhill	$337,659.33	$590,028.49	$252,369.16	75%
Total	$102,785,101.51	$136,540,593.13	$33,755,491.62	33%

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STATE OF WASHINGTON

FY 1991 Payments to States Adjusted for Owl Guarantee Compared to what the payment would have been based on Actual Forest Receipts

COUNTY	FY91 PAYMENT BASED ON ACTUAL RECEIPTS	FY91 PAYMENT ADJUSTED FOR OWL GUARANTEE	DIFFERENCE	PERCENT INCREASE
ASOTIN	$ 141,348.07	$ 141.348.07	$ 0.00	0.00%
CHELAN	1.849,927.32	2.155.756.14	305.828.82	16.53%
CLALLAM	1.589.373.77	2.031.520.17	442,146.40	27.82%
CLARK	13.798.27	13.798.27	0.00	0.00%
COLUMBIA	419.075.73	419.075.73	0.00	0.00%
COWLITZ	381,323.27	381.323.27	0.00	0.00%
DOUGLAS	2.57	2.99	0.42	16.34%
FERRY	943.445.79	943.445.79	0.00	0.00%
GARFIELD	250,833.24	250.833.24	0.00	0.00%
GRAYS HARBOR	457,440.99	584,696.06	127,255.07	27.82%
JEFFERSON	2.142.071.13	2.737,971.88	595.900.75	27.82%
KING	2.173.755.93	2.173.755.93	0.00	0.00%
KITTITAS	810.028.65	885.707.05	75.678.40	9.34%
KLICKITAT	161.965.92	161.965.92	0.00	0.00%
LEWIS	4.818.937.03	4.818.937.03	0.00	0.00%
MASON	504.174.68	644.430.56	140,255.88	27.82%
OKANOGAN	1.125.843.44	1.954.045.67	828,202.23	73.56%
PEND OREILLE	1.011.506.01	1.011.506.01	0.00	0.00%
PIERCE	777.344.91	777.344.91	0.00	0.00%
SKAGIT	1,147,298.58	1,147.298.58	0.00	0.00%
SKAMANIA	9,846,454.26	9,846,454.26	0.00	0.00%
SNOHOMISH	2,076,162.53	2,076,162.54	0.01	0.00%
STEVENS	436,612.40	436,612.40	0.00	0.00%
THURSTON	3,850.24	3,858.76	8.52	0.22%
WALLA WALLA	6.392.56	6.392.56	0.00	0.00%
WHATCOM	1,853,408.27	1,853,408.27	0.00	0.00%
YAKIMA	3.351.123.98	3.351.123.98	0.00	0.00%
TOTAL	$38.293,499.54	$40.808.776.04	$2.515.276.50	6.57%