

Agenda Item No.:	I
Work Plan Title & #:	Forest Vitality – Primary Issue 3
Objective # & Title:	Intermediate Issue 5 – Promote the development of forestry carbon-offset markets as an incentive for managing forests, utilizing wood products and maintaining the forestland base.
Presentation Title:	Adoption of Final Administrative Rules – Forest Resource Trust Programs
Date of Presentation:	January 7, 2009
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## SUMMARY

The purpose of this agenda item is for the Board to adopt final amendments to Oregon Administrative Rules (OAR) Chapter 629 Division 22 relating to the implementation of Forest Resource Trust programs (Attachments 1 and 2).

## CONTEXT

Intermediate Issue 5 of the Forest Vitality Work Plan broadly states that markets for carbon offsets should serve as an incentive for managing forests, utilizing wood products and maintaining the forestland base. The Forest Resource Trust was established by statute in 1993 to provide financial and technical assistance to non-industrial private forestland owners for stand establishment and improved management of forestlands for timber, wildlife, water quality, and other environmental purposes. The Forest Resource Trust's OAR 629-022-0700, adopted in 1995, recognizes that the forestation of non-forest lands suitable for timber production (e.g., converting agricultural, range and unmanaged lands back to forests through site preparation, tree planting and seedling maintenance) exemplifies a type of forestry activity that produces offsets for carbon dioxide emissions from energy production. The successful design and implementation of the Forest Resource Trust programs demonstrates the feasibility of producing carbon offsets from forestry activities.

## BACKGROUND & ANALYSIS

The Forest Resource Trust's Stand Establishment Program encourages family forest landowners to create forests on land that either once supported forests but currently supports agricultural and range use, or have been abandoned as forestlands and are currently in brush or some other non-forest cover. At their June 4, 2008 meeting, the Board directed the Department to proceed with formal rulemaking on the proposed amendments to Forest Resource Trust administrative rules (OAR Chapter 629, Division 22). The proposed rule amendments implement provisions of House Bill 2293 (2007), including rules necessary to implement the Forest Resource Trust's newly established cost-share program and the generalization the Stand Establishment loan structure to provide financial assistance for other actions that lead to the improved management of qualified forestlands. The proposed administrative rules also address other rule changes

identified by the Forest Resource Trust Advisory Committee as necessary to clarify the existing rules and improve the effectiveness of Forest Resource Trust programs.

The Department opened a period for written public comment on the proposed rules from July 11, 2008 through September 5, 2008. On August 15, 2008, the Department briefed the Committee for Family Forestlands on the proposed rule amendments. On August 26, 2008, the Department held a public hearing on the proposed rules. No one attended the public hearing ( Attachment 3) and the Department received one written public comment (Attachment 4).

In response to the comments received, the final rule amendments incorporate two revisions recommended by staff:

- (1) Amend OAR 629-022-0110(3)(b) to clarify that lands used for conservation as identified in county comprehensive plans are eligible for Forest Resource Trust programs, and
- (2) Change the wording in OAR 629-022-011(d) from “requirements” to “obligations” to make the distinction that while all forestlands are subject to Oregon Forest Practices Act (FPA) requirements, only unfulfilled obligations under the FPA preclude the land from being eligible for Forest Resource Trust programs.

The revisions do not substantively change the content of the proposed rules as originally presented to the Board.

## **RECOMMENDATION**

The Department recommends the Board adopt the final rule amendments to OAR Chapter 629 Division 22 relating to the implementation of Forest Resource Trust programs as shown in Attachments 1 and 2.

## **NEXT STEPS**

If adopted, the Department would file the Certificate and Order and accompanying Rules with the Secretary of State by January 15, 2009 with an effective date of February 1, 2009. As requested by the Board, the Private Forests Division’s Communication Plan for the Forest Resource Trust (Attachment 5) will guide the promotion of new opportunities provided by newly adopted rules.

## **ATTACHMENTS**

- 1) Forest Resource Trust Final Rule Amendments (Showing Mark-Up) (OAR Chapter 629, Division 22).
- 2) Forest Resource Trust Final Rule Amendments (Clean-Copy) (OAR Chapter 629, Division 22)
- 3) Presiding Officer’s Report to Agency on August 28, 2008 Rulemaking Hearing
- 4) Written Public Comment – Proposed Administrative Rules – Defenders of Wildlife
- 5) Private Forests Division - Draft Communications Plan – Forest Resource Trust