

Revenues

Revenue forecast narrative

The Oregon Department of Forestry's (ODF) programs are funded through a network of public and private sources, such as timber sale revenues on state lands, harvest taxes paid by all timber harvesters in Oregon, and fire protection assessments paid by private forest landowners. Other revenue sources are seed cooperative assessments paid by cooperators, camping fees on state forest lands, a portion of all-terrain vehicle license fees, federal funds for fire protection services on federal lands, and General Fund support for parts of the Fire, Forest Resources, Agency Administration divisions and State Forests for land purchase. In addition, the department receives federal grants, primarily in the Fire and Forest Resources programs. A brief list of each division's primary revenue sources and matching rates is detailed below.

Fire Protection: Forest fire protection in Oregon is a shared responsibility between the private landowner and the public. The matching rate in statute (ORS 477.230) is 50 percent General Fund to 50 percent landowner assessments for private lands. Public landowners do not receive the General Fund match and pay the full cost of fire protection on their lands. Federal landowning agencies provide their own protection or contract with ODF. Each fire protection district in the state develops a fiscal-year budget which is approved by the Oregon Board of Forestry and assesses landowners the budgeted rate on a per-acre basis. Thus, landowners in different districts may pay different rates based upon the needed level of protection.

The Cooperative Fire sub-program receives funding from outside users of the department's people and equipment. This program is entirely self-supporting and receives payments from other state agencies (e.g., OEM, ODOT), federal agencies and the private sector for work performed. The Cooperative Fire sub-program is expected to receive an estimated \$9 million in the 2023-25 biennium.

The Public Share Fire Fund sub-program receives General Fund to annually "match" private landowner assessments, to recognize that public activity through human-caused fire starts does cause a financial burden on the fire protection system, and also to recognize that the public shares in the benefits of a wildland fire protection system (e.g. clean water, fish and wildlife habitat, scenic values, etc.). This fund does not apply to federal, state, county or other public lands.

Federal funds come from a variety of agencies and grant programs. Based on experience from the last three years, the department is estimated to receive \$60 million in revenues in this category in 2023-25.

The Smoke Management sub-program receives revenues from burning fees, the General Fund, other state agencies and the federal government.

Forest Resources: This program historically receives 60% of its Forest Practices Act administration funding from the General Fund and 40% from the Oregon Forest Products Harvest Tax. The harvest tax rate is set each biennium once the budget has been determined, based on the revenue need and projected harvest levels. State and federal grant funds are used to support rule effectiveness monitoring projects. Forest insect and disease activities and projects are primarily supported by the General Fund and Federal Funds (US Forest Service grants). Family forest landowner assistance is funded with General Fund and Federal Funds. The majority of the Federal Funds come from the Forest Service. The Urban and Community Forestry program is funded through Federal Funds (Forest Service grants), and through private donations. The Seed Orchard program is self-supporting and receives funding from member cooperators.

State Forests: The State Forests Division has two revenue components. For the 2023-25 biennium, Board of Forestry lands account for 94 percent of revenues, and Common School Lands account for 6%. Revenues from Board of Forestry lands are shared with county governments, rural schools, and taxing districts where state forests are located. Receipts from Common School Lands are transferred to the Common School Fund. The Department of State Lands acquires forest management services through a negotiated contract with ODF. The Common School Fund pays all operating and management expenses.

Timber sale receipts account for 97% of State Forests revenue. On the Board of Forestry lands, the department retains 36.25% of timber sale revenues for management expenses. The majority (63.75%) is disbursed to counties and local taxing districts. The state's share of expected revenue for 2023-25 for the Board of Forestry (36.25% of total) is estimated at \$94 million.

On Common School Lands, the revenue goes to the Common School Fund, and the department is reimbursed for management costs. In the 2023-25

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biennium, the department projects sales of timber to generate about \$8 million from the Common School lands.

Agency Administration: General administration is supported primarily by General Fund and Other Funds in a pro-rated system based on workload for the department's operating divisions in a manner prescribed by a Secretary of State audit and subsequent legislative approval in the early 1990s. The division also receives minor sales income through fees charged for services and map sales and the administrative support portion of the department's federal grants. Two new sub-programs have been added to the budget by the legislature in the 2023-25 biennium. The first is the Fire Protection Business Unit, which is funded 100% by a revenue transfer from the Fire Protection program. The second is Shared Stewardship Support, which is funded 100% by a revenue transfer from the Federal Forests Restoration program.

Federal Forests Restoration: The Federal Forest Restoration program is supported by three revenue components; State General Fund, Federal Funds, and Other Funds. The majority of the Federal Funds come from the Forest Service through the Good Neighbor Authority agreement. The Good Neighbor Authority (GNA) was authorized in the 2014 Farm Bill. It allows federal and state agencies to work in partnership to implement watershed and forest management activities on federal lands. The Oregon Legislature House Bill 4118 in 2018 established a state priority to pursue GNA projects that increase timber harvest volume, create jobs, reduce wildfire risks, improve wildlife habitat and watershed health, and stimulate local economies.

Equipment Pool: This is a proprietary fund and is self-supporting by revenues generated through assessments/rates and outside billings to partners and/or customers. Assessments/rates are developed and modified annually through the department's fire protection fiscal budgeting process and approved through the Headquarters Services Committee.

- Aviation: Pilot and aircraft rates
- Radio: Replacement rate; administrative and operation assessments (ODF; associations, partners); and external billings
- Motor Pool: Replacement, Administrative and O&R rates; and external billings

Facilities Maintenance and Management: The facilities fund is a Special Revenue Fund, the primary revenue sources for which are: 1) program revenues for utilities, maintenance and facility operational expenses, 2) proceeds from the sale of administrative property, and 3) interest income.

Debt Service: The funding for repayment of each debt series is comprised of a mix of General Fund, Lottery Fund and Other Funds. The current proportion of Capital Construction repayment is 84% General Fund, 13% Lottery Fund, and 3% Other Funds. The General Fund component is larger than in the past due to the intended purchase of the Elliott State Forest using 100% General Fund for debt payments.

Capital Improvement: Funding for Capital Improvement includes Other Funds from department operating programs.

Capital Construction: Funding for Capital Construction includes Other Funds from department operating programs.

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Detail of Fee, License, or Assessment Revenue

DETAIL OF FEE, LICENSE, OR ASSESSMENT REVENUE PROPOSED FOR INCREASE

Purpose or Type of Fee, License or Assessment	Who Pays	2021-23 Estimated Revenue	2023-25 Agency Request	2023-25 Governor's Budget	2023-25 Legislatively Adopted	Explanation
Forest Products Harvest Tax – Forest Practices	Timber Harvesters ²	\$11,947,364				Renewal of the FPHT (ORS 321.015) which sunsets each biennium.
Rate per MBF ¹ :		\$2.0702 ³	TBD	TBD	TBD ³	Forest Products Harvest Tax
Forest Products Harvest Tax – Protection from Fire Program (Oregon Forest Land Protection Fund – Emergency Fire Cost Committee)	Timber Harvesters ²	\$4,445,419				Renewal of the FPHT (ORS 321.015) which sunsets each biennium.
Rate per MBF ¹ :		\$0.6250	TBD	TBD	TBD	Forest Products Harvest Tax ORS 321.015 (2011)

¹ The Forest Products Harvest Tax (FPHT) generates revenue for two entities external to the agency. They are Oregon State University (2019-21 rate = \$0.1000) the Oregon Forest Resources Institute (2019-21 rate = \$0.9000). Internally, the two programs that receive revenue from the FPHT are the Forest Practices program (2019-21 rate = \$1.8637) and the OFLPF Emergency Fire (2019-21 rate = \$0.6250). The total 2019-21 FPHT, including Oregon Department of Forestry Programs and external entities, is \$3.0122.

² The FPHT is assessed every calendar year on each thousand board feet (MBF) of harvested timber occurring on both public and private lands. The first twenty-five MBF of harvest is exempt from taxation.

³ The Forest Products Harvest Tax is assessed on a calendar year basis. As a result of timing issues the department receives revenue in the first three months of each biennium which have been assessed at the prior biennial rate, while the remaining five months revenue are received at the new biennial rate. For the 2021-23 biennium the first three months rate is \$1.3872, and the remaining five month's rate is \$1.8637. The 2021-23 rate is normally approved at the beginning of the biennium, but this approval was delayed until the February 2022 Legislative Session.

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Detail of Revenue 107BF07

Source	Fund	ORBITS Rev Acct	2019-2021 Actual	2021-23 Legislatively Adopted	2021-23 Estimated	2023-25		
						Agency Request	Governor's	Legislatively Adopted
Forest Protection Taxes	3400	0170	\$53,299,080	\$56,426,888	\$56,426,888	\$136,593,757	\$136,593,757	
Business Licenses & Fees	3400	0205	\$2,640	\$1,609,250	\$1,609,250	\$1,648,779	\$1,648,779	
Non-business Licenses & Fees	3400	0210	\$911,727	\$0	\$0	\$0	\$0	
Park User Fees	3400	0255	\$157,405	\$0	\$0	\$0	\$0	
Charges for Services	3400	0410	\$128,936,290	\$61,098,540	\$61,098,540	\$61,393,366	\$61,393,366	
Admin & Service Charges	3400	0415	\$1,667,719	\$0	\$0	\$0	\$0	
Fines & Forfeitures	3400	0505	\$15,595	\$0	\$0	\$0	\$0	
Rents & Royalties	3400	0510	\$14,937,149	\$15,810,354	\$15,810,354	\$16,696,237	\$16,696,237	
GF Obligation Bonds	3010	0555	\$4,820,772	\$4,820,772	\$4,820,772	\$10,223,244	\$10,223,244	
GF Obligation Bonds	3020	0555	\$1,632,842	\$1,632,842	\$1,632,842	\$1,300,000	\$1,300,000	
Dedicated Fund Oblig Bonds	3010	0560	\$0	\$0	\$0	\$0	\$4,820,771	
Dedicated Fund Oblig Bonds	3020	0560	\$0	\$0	\$0	\$21,000,000	\$21,000,000	
Dedicated Fund Oblig Bonds	3400	0560	\$0	\$0	\$0	\$0	\$103,422	
Interest Income	4430	0605	\$18,839	\$0	\$0	\$0	\$0	
Interest Income	3400	0605	\$493,534	\$0	\$0	\$0	\$0	
Interest Income	3430	0605	\$16,792	\$0	\$0	\$0	\$0	
Sales Income	3400	0705	\$4,775,986	\$498,648	\$498,648	\$498,648	\$498,648	
State Forests Land Sales	3400	0730	\$246,604,630	\$262,589,125	\$262,589,125	\$259,237,647	\$259,237,647	
Common School Lands Sales	3400	0735	\$5,450,586	\$8,276,508	\$8,276,508	\$8,276,508	\$8,276,508	
Donations	3400	0905	\$98,726	\$320,298	\$320,298	\$320,298	\$320,298	
Grants (Non-Fed)	3400	0910	\$30,000	\$0	\$0	\$0	\$0	
Loan Repayments	3400	0925	\$81,873	\$1,673,741	\$1,673,741	\$1,758,119	\$1,758,119	
Other Revenues	3010	0975	\$8,804	\$0	\$0	\$0	\$0	
Other Revenues	3020	0975	\$0	\$2,500,000	\$2,500,000	\$0	\$0	
Other Revenues	3400	0975	\$1,839,981	\$12,040,496	\$12,040,496	\$37,331,514	\$38,285,974	
Federal Funds	6400	0995	\$41,393,645	\$41,477,696	\$41,477,696	\$48,941,119	\$48,941,119	
Transfers In – Intrafund	3010	1010	\$715,748	\$4,989,489	\$4,989,489	\$5,199,047	\$5,199,047	
Transfers In – Intrafund	3400	1010	\$53,038,620	\$29,170,281	\$29,170,281	\$34,464,089	\$34,464,089	
Transfers In – Intrafund	3430	1010	\$604,135	\$636,664	\$636,664	\$2,036,453	\$2,481,996	
Transfer In from General Fund	3400	1060	\$53,977,744	\$25,688,955	\$25,688,955	\$32,906,690	\$31,490,812	
Transfer from Admin Svcs (DAS)	4430	1107	\$2,514,973	\$2,560,320	\$2,560,320	\$2,557,080	\$2,557,080	
Transfer from Admin Svcs (DAS)	3400	1107	\$1,247,068	\$0	\$0	\$0	\$0	
Transfer from State Lands Dept	3400	1141	\$3,965,267	\$4,819,961	\$4,819,961	\$4,819,961	\$4,819,961	
Transfer From Revenue Dept	3400	1150	\$14,081,537	\$26,848,559	\$26,848,559	\$39,360,190	\$39,360,190	
Transfer From Military Dept	3400	1248	\$625,807	\$0	\$0	\$0	\$0	
Transfer from Parks & Rec	3400	1634	\$1,571,738	\$1,787,438	\$1,787,438	\$2,251,097	\$2,251,097	
Transfer from Fish & Wildlife	6400	1635	\$694,000	\$0	\$0	\$0	\$0	
Transfers Out – Intrafund	3400	2010	(\$54,358,503)	(\$34,796,434)	(\$34,796,434)	(\$41,699,589)	(\$42,145,132)	
Transfer to Counties	3400	2080	(\$167,799,855)	(\$149,168,401)	(\$149,168,401)	(\$155,956,991)	(\$155,956,991)	
Transfers to State Lands Dept.	3400	2141	(\$5,315,074)	(\$7,500,000)	(\$7,500,000)	(\$7,500,000)	(\$7,500,000)	
Transfer to State Police	6400	2257	(\$19,590,332)	\$0	\$0	\$0	\$0	
Transfer to Transportation Dept	6400	2730	(\$30,623)	\$0	\$0	\$0	\$0	