



534 SW Third Avenue, Suite 300, Portland, OR 97204 • 503-497-1000 • fax 503-223-0073 • www.friends.org

Southern Oregon Office • PO Box 2442 • Grants Pass, OR 97528 • 541-474-1155 • fax 541-474-9389

Willamette Valley Office • 189 Liberty Street NE, Suite 307A • Salem, OR 97301 • 503-371-7261 • fax 503-371-7596

Central Oregon Office • PO Box 242 • Bend, OR 97709 • 541-382-7557 • fax 541-317-9129

July 28, 2009

To: Land Conservation and Development Commission  
From: 1000 Friends of Oregon

EXHIBIT: 20 AGENDA ITEM: 8  
LAND CONSERVATION & DEVELOPMENT  
COMMISSION

DATE: 7-30-09

PAGES: 3

SUBMITTED BY: Greg Holmes  
1000 Friends of  
OR

Re: Agenda Item No. 8: Proposed 2009-2011 Policy and Rulemaking Agenda

1000 Friends of Oregon is a non-profit organization with approximately 4000 members statewide. Our mission is to enhance Oregonians' quality of life by building livable urban and rural communities, protecting family farms and forests, and conserving natural and scenic areas. A particular focus is reducing greenhouse gas emissions through integrated land use and transportation planning, including the provision of housing and transportation choice in compact communities.

We appreciate the time your staff made to us and other non-profit organizations to obtain our input on the Commission's 2009-2011 Policy and Rulemaking agenda. We concur in your staff's reminder about the limits of staff time and the consequent limitation that puts on the number of projects the Commission and Department take on. We believe it is better to do a few things well than to try to do too much and potentially end up with some unsatisfactory results. We largely support the recommendations your staff has made to you, and add the following comments.

A. Policy and Rule Projects Required by the Governor, Courts, or Legislature

- We believe that several items on this list of nine that are especially critical for the Department to devote sufficient staff time to. Two related projects, the Jobs & Transportation Act/Metro Greenhouse Gas Reduction (# 3) and the Metropolitan Planning Organizations (MPO) Greenhouse Gas Reduction Task Force (# 4), are required by law, but more importantly, a successful fulfillment of these projects will make Oregon a national leader in reducing greenhouse gas emissions through integrated land use and transportation planning. This will not only benefit the global environment, but will enhance Oregon's national and international reputation as a "green" location in which to do business. It will help to differentiate Oregon from the many places that claim to be "green" to attract business investment by really being so.

LCDC has an excellent opportunity to work with an enthusiastic partner, Metro, to explore how best to implement the requirements of HB 2001, and that will inform future actions taken pursuant to HB 2186.

- We also urge the Commission and the Department to dedicate sufficient resources to the completion of Measure 49 implementation, which is critical to maintain faith with

Oregonians who passed the Measure and to maintain the integrity of the land use planning program.

#### B. Optional Policy/Rulemaking Projects Recommended by the Department

- Climate Change (# 1): We strongly support this recommendation. Again, it provides Oregon the opportunity to be a national and international leader; it can be integrated, in part, with the HB 2001 and HB 2186 work; and there are communities willing to work with the Department on both climate mitigation and climate adaptation efforts.
- Urban Growth Management (# 3): We do not support this project, with the possible exception of clarifying the urban reserve rule. A great deal of time has been spent revising Goal 14 and the Goal 14 rule in the past few years. It is time to see how well those reforms work before making further changes.

The stated rationale for this – “... to make the urban growth management more transparent and to improve the efficiency of decision-making...” – is a false premise and promise. The reality is that some UGB decisions can be complex and controversial, and there are good reasons for that. These decisions impact large amounts of land, investments, urban growth and form, business interests, people’s communities and sense of place, and more. It is OK, and unavoidable, that they are a bit messy at times. However, we believe that some of the “messiness” that occurs now could be lessened through more consistent and clear staff guidance to local governments on what is and is not allowable under the law. This is not a rulemaking issue.

We believe a more productive use of staff rule and policy making time on urban issues would be on Goal 10, Housing Policy Review, currently recommended as a “Project to be Pursued Based on Resource Availability” (# C.1) This work has already started through the Affordable Housing Work Group that Commissioner Van Landingham chaired. Exploring and expanding the tools available in the land use system to better provide for affordable housing inside existing UGBs, where people already live and work, will go far towards creating more compact communities and reducing greenhouse gas emissions.

- Public Facility Planning & Finance: While we believe that the better coordination of land use and public facility planning is a critical and often overlooked element of the land use planning program, we are not sure this is ready to be taken on by the Department for several reasons. First, it seems this is not an issue that solely involves DLCD, but that it properly also involves OECDD, ODOT, and other agencies. Second, unless the issue of actual financing, including exemptions, is also on the table, we question the wisdom and efficacy of undertaking this now. Third, we believe there may be legislative changes that are necessary to adequately address this, and that therefore a better venue for this discussion may be an interim legislative committee. We recommend (1) further interagency discussions on just what this

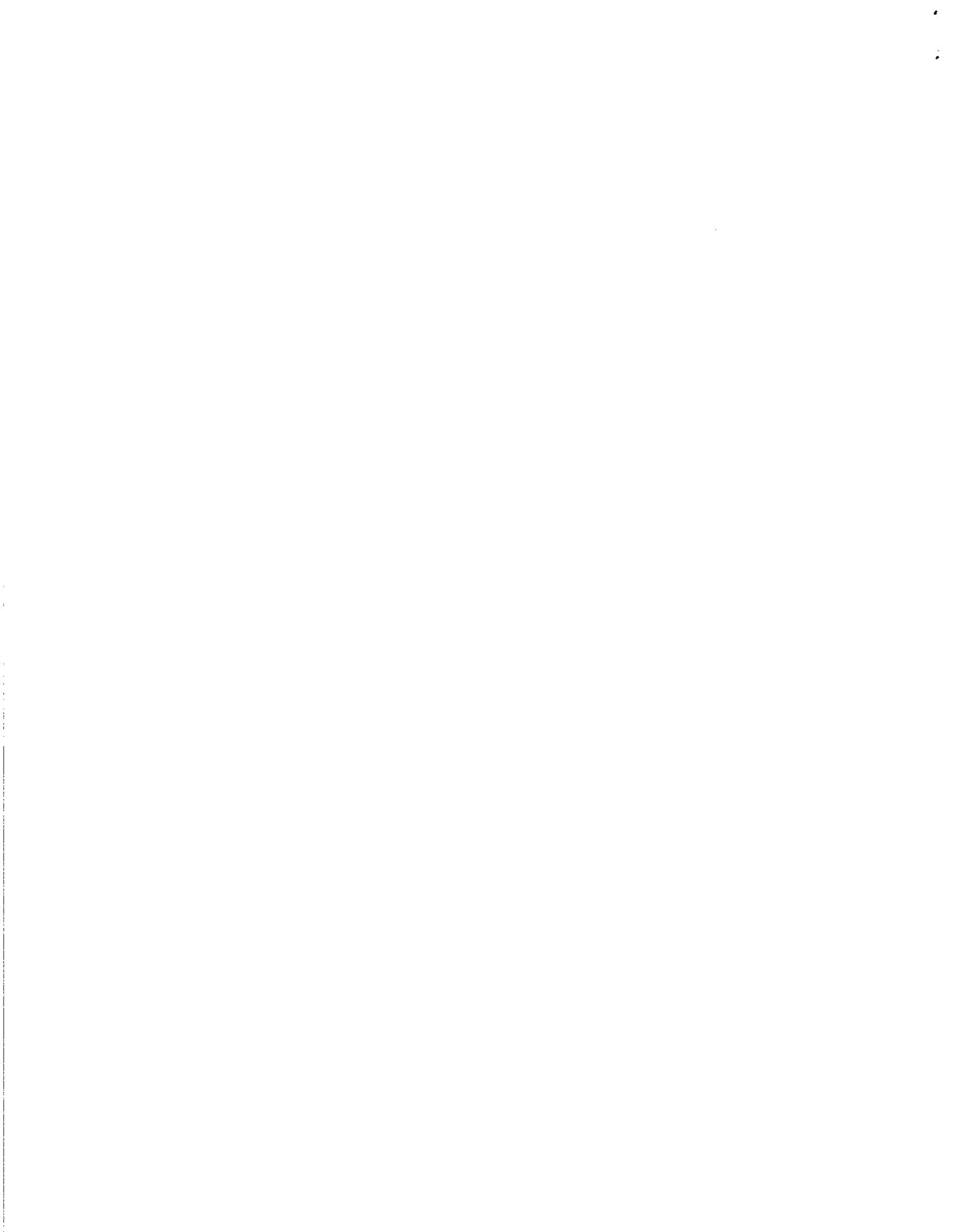
project might entail, and (2) focusing on how to achieve better land use efficiencies inside urban areas, which will aid in more efficient use of infrastructure - including through more rigorous implementation of existing Goal 14 and Goal 10 at the local level and through DLCD staff advice to local communities.

#### C. Projects to be Pursued Based on Resource Availability

- Goal 10, Housing Policy Review (# 1): We support undertaking this initiative in this biennium; see our comments above.
- Non-Resource Lands Policy (# 2): If and when this project is undertaken we recommend that the timing *not* be “triggered by a county application under” under HB 2229. The issue of appropriate uses and intensity of uses on non-resource lands exists, and has long existed, whether or not any county ever initiates the HB 2229 process. Rather, we recommend that the Department begin this discussion by turning to Oregon State University, University of Oregon, or some other scientific institution for an objective and science-based assessment of the characteristics of non-resource lands (which are extremely varied across the state); guidance in how to evaluate the carrying capacity of different types of non-resource lands; their wildlife and habitat values; the economic value those lands have for recreation, tourism, ecosystems services, and grazing; their relationship to water quantity and quality issues; etc.... This seems to us to be related to project D.2 as well (Update of Goal 5).
- Destination Resorts (# 6): We understand this to be a recommendation for a discussion and exploration of ideas regarding resorts and their impact on local economies, infrastructure, environment, etc... We support undertaking this at some point, though whether there is staff time for it in this biennium is unclear.
- Farm Stands Work Group (# 7): This is an issue of growing importance, especially in some parts of the state, and should be examined. However, it is again unclear to us if there is staff time in this biennium.

#### D. Projects Considered but not Recommended

We agree that while these are important issues, there is not enough staff time to address them. However, we urge the Department to consider whether some of these, or some parts of these, can be addressed in work that is undertaken in this biennium or can be begun through interagency discussions. Energy Facilities (#10) seems to particularly fall into this latter category.



# Science

## FINDINGS

### INSIDE

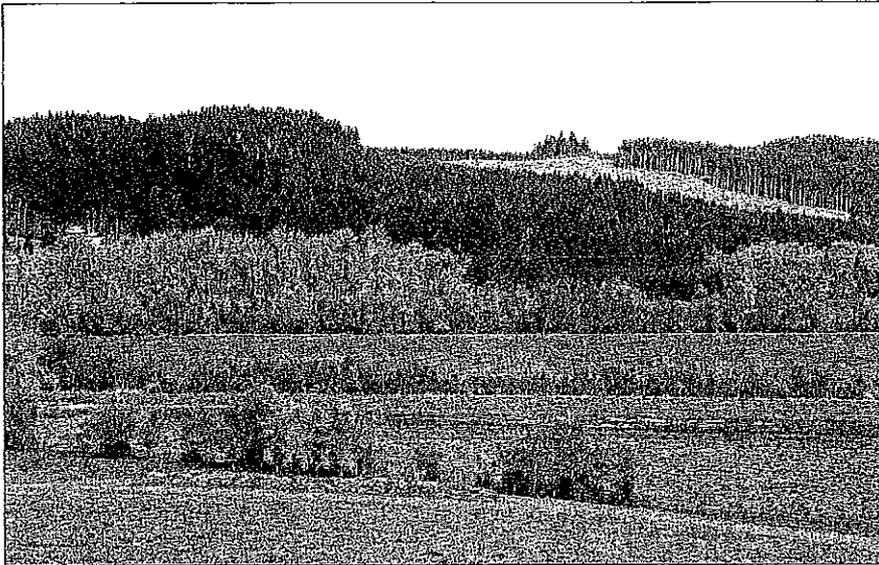
Unplanned Benefits .....3  
Conservative Estimates .....3  
Recognize What Works .....4  
Complementary Approaches .....5

issue one hundred thirteen / june 2009

*"Science affects the way we think together."*

Lewis Thomas

## LAND USE PLANNING: A TIME-TESTED APPROACH FOR ADDRESSING CLIMATE CHANGE



Jeff Kline

Land use planning in western Oregon has helped maintain the landscape's ability to store carbon.

*"What good is a house, if you haven't got a decent planet to put it on?"*

—Henry David Thoreau

Land use planning—it's not just about subdivisions and strip mall placement. It can be an integral part of broader environmental policy for addressing climate change. Since its inception in 1973, Oregon's land use planning program has concentrated development within urban growth boundaries. It has also encouraged efficient transportation corridors that include mass transit, bicycling, and other options for getting where we need to go. This pioneering approach to protecting agricultural and forest land has kept an estimated 1.2 million acres of these resource lands from further development. Along with

reducing suburban sprawl, keeping forests as forests and farmland in crops has another unexpected benefit—land use planning in western Oregon has helped maintain the landscape's ability to store carbon.

Jim Cathcart, forest resource trust manager with the Oregon Department of Forestry, and Jeff Kline, a research forester with Pacific Northwest (PNW) Research Station in Corvallis, Oregon, quantified these contributions in a study that was incorporated into Oregon's strategy for greenhouse gas reductions.

The increase in atmospheric carbon dioxide (CO<sub>2</sub>) is a leading contributor to global climate change. As policymakers grapple with mitigating climate change, two basic methods present themselves: reduce the amount of CO<sub>2</sub> (and other greenhouse

### IN SUMMARY

Oregon's land use planning program has protected an estimated 1.2 million acres of forest and agricultural land from development since its inception in 1973. As a result, these resource lands continue to provide forest products and food as well as another unexpected benefit: carbon storage. By keeping forests as forests, land use planning capitalizes on the natural landscape's ability to sequester atmospheric carbon, a key contributor to climate change. Nationwide, however, forest land is the land type most frequently converted to more developed uses. When this happens, carbon storage opportunities are lost, and the new use, such as a housing development, often becomes a net carbon producer.

Scientists from the Pacific Northwest Research Station and Oregon Department of Forestry quantified the carbon storage maintained by the land use planning program in western Oregon. They found these gains were equivalent to avoiding 1.7 million metric tons of carbon dioxide emissions annually—the amount of carbon that would have been emitted by 395,000 cars in a year. Had the 1.7 million metric tons of stored carbon been released through development, Oregon's annual increase in CO<sub>2</sub> emissions between 1990 and 2000 would have been three times what it actually was. As policymakers look for ways to mitigate climate change, land use planning is a proven tool with measurable results.

gasses) emitted in the first place, or find ways to pull some of the excess carbon back out of the air. The study by Cathcart, Kline, and their collaborators suggests that an effective land use planning program can contribute to both these methods.

“The ability of forests to store, or sequester, carbon means they have a key role to play as we try to mitigate the effects of climate change,” says Kline. Forests naturally sequester atmospheric CO<sub>2</sub> through photosynthesis and store it as carbon in trees, vegetation, roots, woody debris, and soil. When forests are cleared for more developed uses, much of the sequestered carbon is released back into the atmosphere, and the landscape’s ability to sequester more carbon is severely reduced. To further exacerbate the problem, the new land use, such as a housing development, usually becomes a net carbon contributor, especially if it is accompanied by longer commuting times.

Forest land has been the largest source of development nationwide. Between 1992 and 1997, 1 million acres of forest were lost annually in the United States, and by 2030, another 26 million acres could be lost, including 2 million acres in the Pacific Northwest, Kline explains.

Oregon’s climate strategy calls for reducing greenhouse gas emissions to 10 percent below 1990 levels by 2020. To find ways to meet this goal, the governor appointed an advisory group in 2004. Working under the Oregon

## KEY FINDINGS

- Oregon’s land use planning program yields significant gains in carbon storage through avoided forest land loss. Estimates indicate this storage has been equivalent to avoiding 1.7 million metric tons of carbon dioxide (CO<sub>2</sub>) per year. This is in addition to the primary benefits attributed to land use planning such as protection of forest and agricultural land, improved transportation, and more orderly growth.
- Had the 1.7 million metric tons of stored carbon been released through development, Oregon’s annual increase in CO<sub>2</sub> emissions between 1990 and 2000 would have been three times what it actually was.
- Oregon’s land use planning program will continue to yield carbon storage benefits based on its conservation of productive forest land. By 2024, avoided development on an additional 205,000 acres of forest and agricultural land will yield an additional 3.5 million metric tons of avoided carbon loss, equivalent to roughly a reduction of 12.8 million metric tons of CO<sub>2</sub> emissions.

Department of Energy technical team for this group, Cathcart was chair of the biological sequestration subcommittee. “We wanted to know what opportunities existed for storing terrestrial carbon. I knew that maintaining forests was important, but I wasn’t sure how to quantify it. Then I met Jeff,” recalls Cathcart.

The two scientists met by happenstance at a science fair sponsored by the PNW Research Station in 2004. Kline was presenting a poster describing a land use model developed

for a different study. The model could be used to project future land use for western Oregon with and without Oregon’s land use program in effect. After talking a bit, the two scientists realized that by using Kline’s model and Cathcart’s carbon numbers, “We’d be able to figure out how much carbon storage would have been lost without land use planning,” Cathcart says. It also enabled the scientists to consider how extensive a role land use planning could play in future carbon sequestration strategies.



Jeff Kline

Forest land stores more carbon than other land uses, but is the land type most likely to be developed nationwide.

*Purpose of PNW Science Findings*

To provide scientific information to people who make and influence decisions about managing land.

*PNW Science Findings* is published monthly by:

Pacific Northwest Research Station  
 USDA Forest Service  
 P.O. Box 3890  
 Portland, Oregon 97208

Send new subscriptions and change of address information to:

pnw\_pnwpubs@fs.fed.us

Rhonda Mazza, editor: rmazza@fs.fed.us  
 Keith Roulman, layout: kroulman@fs.fed.us

 United States Department of Agriculture  Forest Service

Science Findings is online at: <http://www.fs.fed.us/pnw/>

The site also includes Science Update – scientific knowledge for pressing decisions about controversial natural resource and environmental issues

## UNPLANNED BENEFITS

Much of the impetus for Oregon's land use planning program 36 years ago was to protect commercial forest and farm land from development. Transportation planning was integrated soon after, as policymakers realized the two components could work hand in hand—by clustering development, transportation routes could become more efficient and influence the location and type of future development. Most people weren't thinking about carbon storage and reducing emissions back then, but as Kline and Cathcart's study found, these benefits were quietly accumulating below the radar.

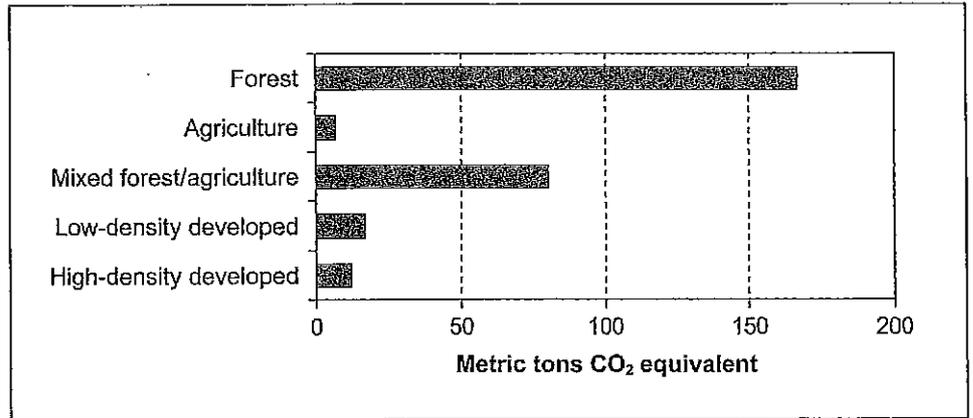
"We estimated carbon benefits for two scenarios: one assuming Oregon's land use planning program as enacted in 1973, and another assuming Oregon's land use planning program was not enacted in 1973," says Kline.

The scientists estimated that 1,221,000 acres of forest and agricultural land in western Oregon would have been converted to more developed uses without the land use planning program. By maintaining these lands, the gains in carbon storage are equivalent to avoiding 1.7 million metric tons of carbon dioxide emissions per year. That's the amount of carbon that would have been emitted by 395,000 cars in a year (assuming each car gets 25 mpg and is driven 12,000 miles annually), explains Kline.

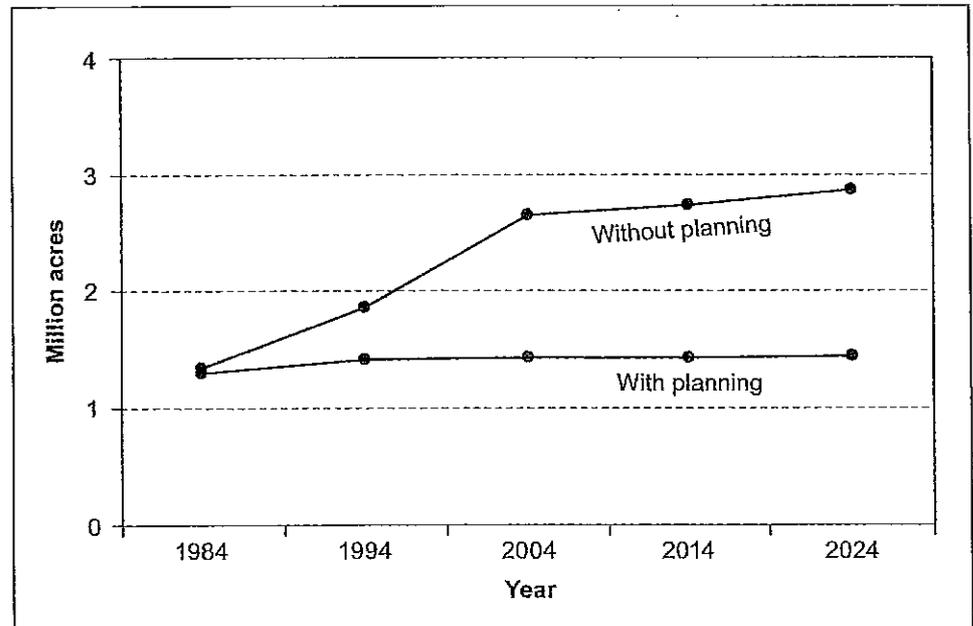
Had the additional 1.7 million metric tons of stored carbon been released through development, Oregon's annual increase in CO<sub>2</sub> emissions between 1990 and 2000 would have been three times what it actually was.

"Had we not had the land use policy, we would have had sizeable more emissions, and that's before we were even concerned about carbon storage," says Cathcart. "Now that it's something we're aware of, we can shore this up, but it has to be a conscious policy decision to keep a land use policy in place to do this."

Their projections suggest that if maintained, Oregon's land use planning program will continue to yield carbon storage benefits based on its conservation of productive forest land. By 2024, avoided development on an additional 205,000 acres of forest and agricultural land will yield an additional 3.5 million metric tons of avoided carbon losses, equivalent to roughly a 12.8 million metric ton reduction in CO<sub>2</sub> emissions, or 0.64 million metric tons CO<sub>2</sub> per year.



Estimated average amount of CO<sub>2</sub> stored per acre by different land uses in western Oregon.



The estimated cumulative loss of forest and agricultural land to low-density or greater development in western Oregon with and without the state's land use planning program.

## CONSERVATIVE ESTIMATES

"Our findings are pretty conservative because we didn't consider the carbon stored in soil and dead wood," says Kline. "The forest land-use class will have more of this than other land-use classes, so carbon savings are actually greater. We were just looking at avoided forest loss. If you factor in other benefits like more compact development, people driving less, using public transportation, then it would be even higher," he explains.

Cathcart agrees, adding, "In our land cover assumptions, we assumed that the forest being lost to development was 25-year-old Douglas-fir, when in actuality, the trees are probably older than that and so would have stored more carbon."

Because this analysis simply looked at aboveground carbon stocks, the model indicated that moderately developed land stores more carbon than agricultural lands. "We don't want this to be misinterpreted," says Cathcart. "The increase in carbon storage on moderately developed lands comes from landscaping, shade trees, and grass, for example. In this analysis we assumed that agricultural land was cultivated in annual crops, not something like orchards or Christmas trees, which store more. We only accounted for changes in carbon stock arising from development. We didn't account for the higher carbon footprint of average domestic use over agriculture."

## RECOGNIZE WHAT WORKS

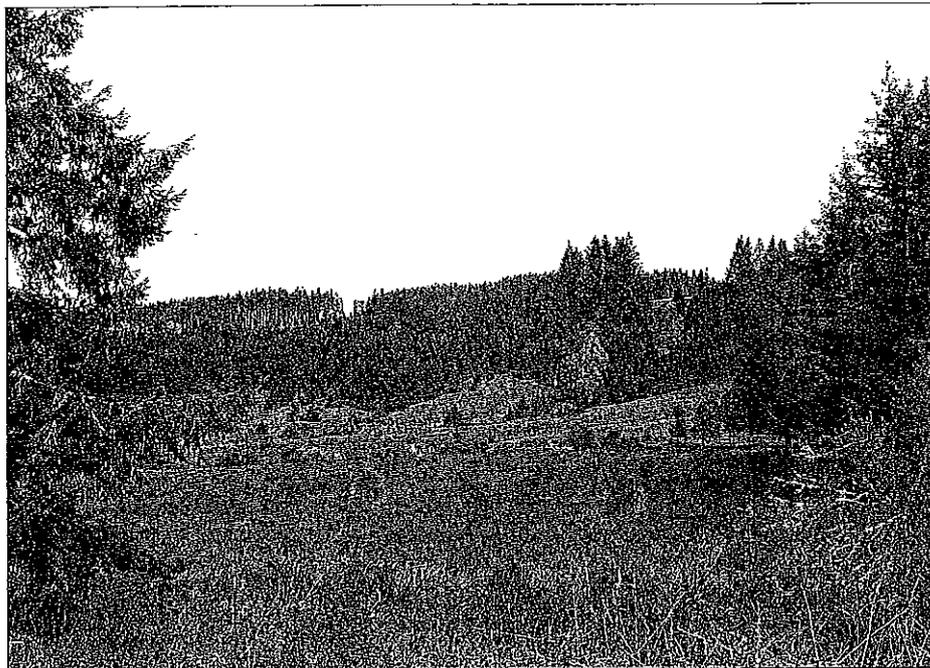
Long-lasting wood products, such as 2 by 4s, continue to store carbon even after the tree has been cut. Forest land that is actively managed for timber is replanted after each harvest, and thus over time, stores more carbon than land that is harvested once before development. "It may simply be the act of maintaining or increasing the amount of land area in forest cover that is the most important action to take," explains Cathcart.

"All you hear about is developing a cap and trade program or carbon market—a policy approach that has not been used that much," says Kline. A cap and trade program, as generally envisioned, would include carbon offset opportunities where an entity, such as an electrical power plant, could buy carbon credits from a landowner whose property provides an increased level of carbon storage. A key part, though, requires a cap, presumably set by the federal government, limiting the amount of carbon that can be emitted before the entity would be required to buy or trade carbon credits for the rights to emit more carbon. Some people think that a carbon cap and trade program can work in a similar fashion and with similar success as the sulfur dioxide (SO<sub>2</sub>) market established in the 1990s by the Environmental Protection Agency.

"There's potential for markets to work," says Kline, "but a carbon market will be more complex than the SO<sub>2</sub> market. With SO<sub>2</sub> there were a lot fewer producers involved—SO<sub>2</sub> pollution generally came from a known number of coal-fired electrical plants." Carbon dioxide, on the other hand is emitted by every breathing being on Earth. Sulfur dioxide emissions also led to an immediate and visible problem: acid rain. This created a greater sense of urgency in the general public than climate change has, a problem commonly perceived as occurring in the nebulous future.

When the SO<sub>2</sub> market was created, explains Kline, "People were reacting to the acid rain that had been damaging and killing trees in the Northeastern United States. People could see the effects of SO<sub>2</sub> pollution and they pressured politicians to change things. The immediate effects of CO<sub>2</sub> and climate change are not as visible or certain in the collective mind of the public, so the public may not be as motivated to act as quickly."

"While we wait for stronger climate change policies to be implemented, we don't want to forget about what we're already doing," says Kline. "Existing forest land conservation policies and programs can make significant



Jeff Kline

*By maintaining forest and farm land, Oregon avoided an estimated 1.7 million metric tons of carbon emissions annually between 1974 and 2004.*



Jeff Kline

*Oregon's land use planning program has encouraged high-density development within urban growth boundaries.*

contributions to addressing climate change until the issues involved with carbon trading and offset programs are resolved, or society becomes more amenable to taxing carbon emissions."

Land use planning has its own uncertainties, however. In the last 10 years, there have been several challenges to Oregon's land use planning program, and voters have approved some changes to it. Relative to other approaches

### WRITER'S PROFILE

*Rhonda Mazza is a science writer with the Pacific Northwest Research Station.*

to forest land conservation, land use regulations and zoning can be implemented and administered at relatively low cost to governments. There is, however, “a persistent tension between society’s desire to both conserve land and uphold certain private property rights,” explains Kline.

Ballot Measure 37, which weakened the land use planning program, passed in 2004 but then was overturned and modified in 2007 by Measure 49. “Given the passing of Measures 37 and 49, it creates some uncertainties about the future of land use planning in Oregon. Pointing out these broader environmental benefits becomes an important factor to add to the debate. It has to be a conscious policy decision to use land use planning as a way to mitigate climate change,” says Kline.

## COMPLEMENTARY APPROACHES

“Mitigating the effects of climate change will likely take a variety of approaches,” says Kline. Lifestyle choices play a big part in the amount of carbon that is emitted, but policies and programs can create the opportunity to make choices that leave a smaller carbon footprint. For example, a gas tax or road toll can raise the cost of commuting so that commuters want to drive less and live closer to where they work. A land use program that provides clustered development around alternative transit options makes driving less a more feasible option.

“At a minimum, you don’t want policies to work against each other, and ideally you want them to work together,” says Kline. “If people want to live closer in because commuting costs are going up, and land use planning is

helping them live closer to work, then that’s a good example of complementary policy.”

“We can have smart development to minimize loss of forest value,” says Cathcart. Conservation easements and private land trusts are some of the other ways to protect forest and agricultural land from further development. Another possibility is developing ecosystem service compensation programs. For example, landowners could receive a credit for avoided development. And if and when carbon trading and offset programs or markets more fully develop, they will offer another approach.

In the meantime, says Kline, “existing forest land conservation policies and programs can make significant contributions to addressing global climate change.”



Jeff Kline

Landscaping can help increase the carbon storage capacity of developed land.

**LAND MANAGEMENT IMPLICATIONS**

- Land use planning is typically implemented to facilitate more orderly and efficient use of land, conserve forest and farm lands, and facilitate transportation planning. These results suggest that land use planning also can be an important part of larger strategies focused on lowering greenhouse gas emissions and mitigating climate change.

---

- Traditional approaches such as land use planning and conservation easements and others that retain land in forest cover remain relevant methods for storing carbon and offsetting CO<sub>2</sub> emissions even as policymakers focus on newer and perhaps less tested policy alternatives.

---

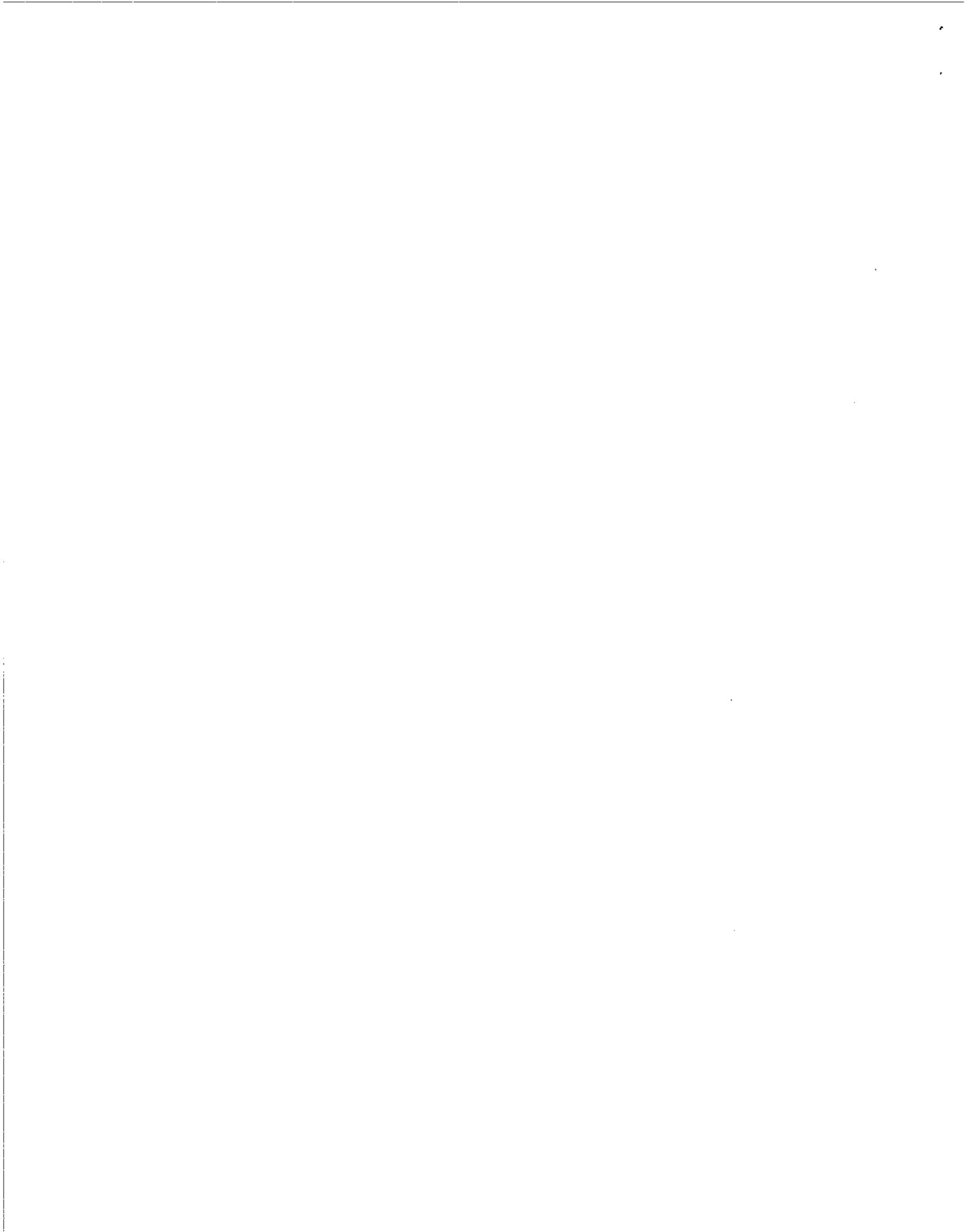
- Informing the public about the carbon sequestration benefits of land use planning is important, particularly in Oregon where voters are periodically asked to reassess the value and appropriate extent of land use planning.

*“No matter how complex global problems may seem, it is we ourselves who have given rise to them. They cannot be beyond our power to resolve.”*

—Daisaku Ikeda

## FURTHER READING

- Cathcart, J.F.; Kline, J.D.; Delaney, M.; Tilton, M. 2007. *Carbon sequestration and Oregon’s land use planning program*. Journal of Forestry. 105(4): 167–172.
- Governor’s Advisory Group on Global Warming. 2004. *Oregon strategy for greenhouse gas reductions*. State of Oregon, Salem, OR. 120 p. plus appendices. <http://www.oregon.gov/ENERGY/GBLWRM/docs/GWReport-FInal.pdf>.
- Kline, J.D. 2005. *Forest and farmland conservation effects of Oregon’s (USA) land use planning program*. Environmental Management. 35(4): 368–380.
- Kline, J.D. 2005. *Predicted forest and farm land development in western Oregon with and without land-use zoning in effect*. Res. Note PNW-RN-548. Portland, OR: U.S. Department of Agriculture, Forest Service, Pacific Northwest Research Station. 16 p.
- Kline, J.D. 2006. *Keeping land in forest*. In: Forests, carbon and climate change: a synthesis of science findings. Portland, OR: Oregon Forest Resources Institute: 93–116.



# Local Government Finance -Challenge/Crisis

Presented by Linda Ludwig,  
League of Oregon Cities  
July 30, 2009

## The Challenge...

- Cities/Counties provide services to their residents:
  - Governance
  - Police/Sheriff/911/Fire/Jails/Courts/DA/Juvenile
  - Infrastructure: streets, roads, water, sewer, street lighting
  - Public health, senior services
  - Libraries
  - Parks & recreation
  - Planning
  - Employment opportunities.....JOBS!

## The Challenge- "Cities"

- 63% of sworn officers belong to city police departments:

Departmental Type	No. of Officers - 2006
City Police	3,621
County Sheriff	1,456
State Police - OSP	607
OLCC	49
<b>Total</b>	<b>5,733</b>

## The Challenge – "Cities"

- Most all cities spend the majority of property tax (General Fund) revenues on public safety. 27% spend all their property tax plus more on public safety.

% of Property Taxes for Police	% of Cities - 2006
0-50%	10%
51-100%	63%
Over 100%	27%

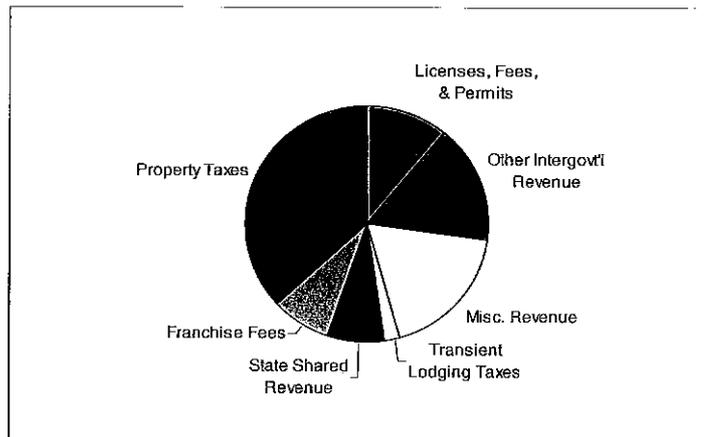
## The Challenge – “Cities”

### Examples of Prop. Tax Exp. for Police - 2007

City	Police Exp.	Prop. Tax Rev	% of Prop. Tax
Ashland Pop. 21,485	\$4,671,440	\$3,557,262	131%
Keizer Pop. 35,435	\$5,091,064	\$3,152,688	161.5%
Bandon Pop. 3,235	\$ 727,176	\$ 391,396	186%
Cannon Beach Pop. 1,680	\$1,058,685	\$ 588,341	180%
Tillamook Pop. 4,690	\$ 969,140	\$ 466,198	208%

### City General Fund Revenue Sources-

Property taxes that local governments receive are the single largest revenue source, after which the list drops off substantially....



## Primary Revenue Sources are Declining:

- Property taxes
- Franchise fees
- Shared revenues- gas tax, cigarette tax
- County timber payments

## State's Social Infrastructure is Located Within Cities - 2007

- 81% of all jobs are located in city limits – 81%!
  - Increases of public employee costs are far exceeding the growth of property tax revenues
- 99% of all hospitals are located in city limits
  - Increases in costs of street and construction materials versus state highway fund revenues have soared respectively
- 85% of schools districts are located in cities
  - All universities & community colleges

## Cities - Today

- There is a substantial projected increase of population growth in Oregon, and cities will continue to grow faster than unincorporated areas:
  - Current ratio: 70% incorporated; 30% unincorporated
  - 2020 ratio: 76% incorporated; 24% unincorporated
- Infrastructure needs (replacement & new) are increasing substantially, statewide. Existing resources don't keep up with the need for replacement infrastructure, with no consideration to areas that are rapidly urbanizing.

## Many Revenue Sources are Restricted

- Property taxes
  - Measure 5 caps local government's shared property taxes at \$10/\$1,000, on a property-by-property basis
  - Measure 50 caps property values by no more than 3% annual growth for existing property, not exception value
  - Measure 50 caps new property value brought on to the tax roles by requiring a county-wide average assessment ratio for residential construction. The statewide average has declined since the implementation of M54 to appx. 53% today, statewide.
  - Measure 50 allows local option levies outside the M5 cap, but are prohibited for longer than 5 years (operating levies), or 10 years for capital construction.

## Many Revenue Sources are Restricted

- Transient lodging taxes
  - ▣ Current law requires local governments to dedicate 70% of receipts from “hotel/motel” taxes enacted or increased after July 1, 2003 to fund tourism promotion or tourism-related facilities.
  - ▣ Appx. 82 cities have local hotel/motel taxes, ranging from 3-9%.
  - ▣ Many local governments have substantial service expenditures necessitated by out-of-area residents or tourists. Especially concerning are the provision of emergency services, including police and fire.
  - ▣ Helpful to: modify the restriction to allow transient lodging taxes to additionally be used to offset expenditures for tourism-related services.

## Many Revenue Sources are Restricted

- Systems development charges
  - ▣ Current law authorizes systems development charges for water, sewer, storm water, transportation and parks.
  - ▣ These fees have been historically controversial, especially in the “who pays for growth” debate.

## Other Revenue Sources are Preempted

- Beer/wine/liquor taxes
  - 20% of state's liquor receipts are allocated as revenues to cities on a per capita basis.
  - 14% of state liquor receipts are allocated to cities on a formula basis (state revenue sharing).
  - These allocations were agreed to in exchange for a "city" or local preemption of liquor taxes.
  
- Cigarette/ tobacco taxes
  - State cigarette taxes were approved in 1967, at which time cities proportionate share was 33%- today it is 1.7%.

## Other Revenue Sources are Preempted

- Construction excise tax
  - The 2007 Legislature preempted cities and counties from enacting new excise taxes, authorizing school districts authority for facility construction, maintenance and refurbishing.
  - There were approximately 12 cities that had CETs prior to the preemption – used primarily for affordable housing, planning/community development.
  - Approximately 12 schools have enacted CETs since the passage of the legislation.

## Other Revenue Sources are Preempted

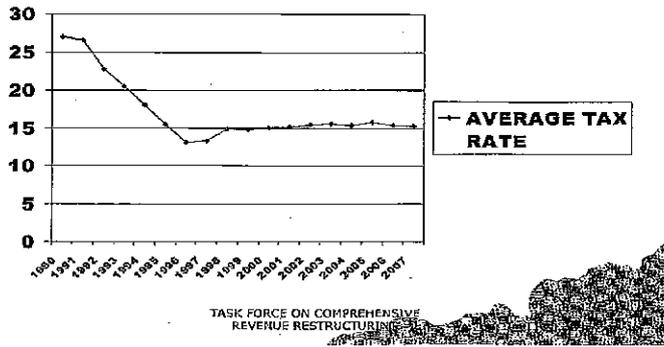
- Real estate transfer tax
    - Current law prohibits local jurisdictions from adopting a local real estate transfer tax (with the exception of a grandfather provision continuing a prior tax in Washington County).
    - Removal of this local preemption would potentially generate substantial revenue, without requiring a constitutional amendment (unlike M5 or M50).
- 

## More Challenges:

- A significant number of cities have reached M5 compression limits.
  - In many areas, changed property ratio (M50) has resulted in significantly reduced property tax collections for cities and counties.
-

# Task Force on Revenue Restructuring:

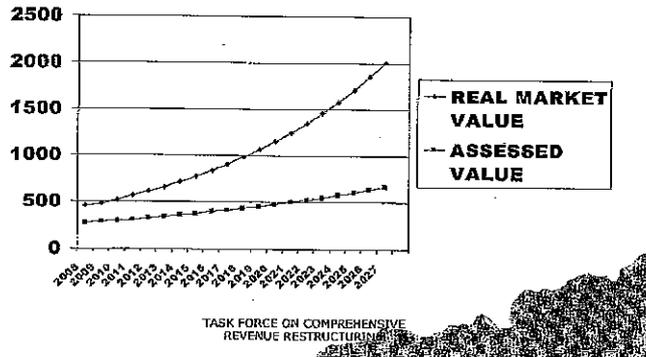
**MEASURE 5 REDUCED PROPERTY TAX RATES**  
 (AVERAGE TAX RATE PER \$1,000 OF ASSESSED VALUE)



TASK FORCE ON COMPREHENSIVE REVENUE RESTRUCTURING

# Task Force on Revenue Restructuring:

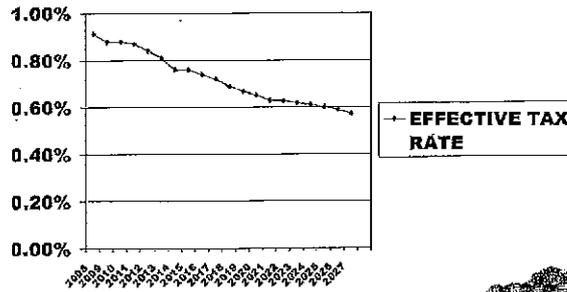
**LONG-TERM PROJECTION: GROWING DISPARITY BETWEEN ASSESSED VALUE AND MARKET VALUE**  
 (STATEWIDE PROPERTY VALUES IN BILLIONS OF \$)



TASK FORCE ON COMPREHENSIVE REVENUE RESTRUCTURING

# Task Force on Revenue Restructuring:

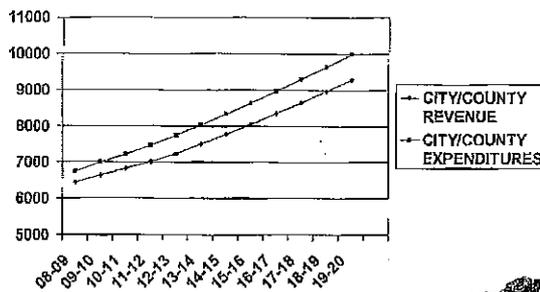
LONG-TERM PROJECTION:  
FALLING EFFECTIVE TAX RATES  
(ESTIMATED TAX BILL/MARKET VALUE)



TASK FORCE ON COMPREHENSIVE  
REVENUE RESTRUCTURING

# Task Force on Revenue Restructuring:

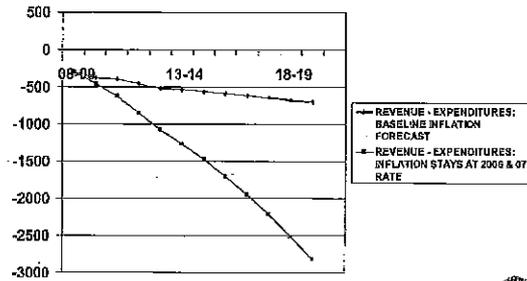
LONG-TERM PROJECTION:  
CITY/COUNTY BUDGETS  
(IN MILLIONS OF \$ BY FISCAL YEAR)



TASK FORCE ON COMPREHENSIVE  
REVENUE RESTRUCTURING

# Task Force on Revenue Restructuring:

PROJECTED GAP BETWEEN CITY/COUNTY  
REVENUE AND EXPENDITURES  
(IN MILLIONS OF \$ BY FISCAL YEAR)



TASK FORCE ON COMPREHENSIVE  
REVENUE RESTRUCTURING



# Task Force on Revenue Restructuring:

## SUMMARY OF FINDINGS: LOCAL LEVEL

- ◆ LOCAL REVENUE STILL CLOSELY TIED TO PROPERTY TAX WHICH IS STRICTLY LIMITED BY MEASURE 50
- ◆ RISING INFLATION PUTS LOCAL FISCAL SYSTEM UNDER SIGNIFICANT STRESS
- ◆ PERMANENT PROPERTY TAX RATES WERE LOCKED INTO CONSTITUTION IN 1997 BY MEASURE 50 AND DO NOT REFLECT CHANGES SINCE THEN
- ◆ MEASURE 50 CREATES INEQUITIES AMONG TAXPAYERS BY SEPARATING MARKET VALUE FROM ASSESSED VALUE
- ◆ LINKAGE IN SERVICE PROVISION BETWEEN STATE AND COUNTIES MEANS THAT FISCAL STRESS AT ONE LEVEL AFFECTS THE OTHER

TASK FORCE ON COMPREHENSIVE  
REVENUE RESTRUCTURING



## The Crisis:

- With the growing disparity between assessed value and market value that Measure 50 has promoted since its passage in 1997, cities and counties are now facing a time when the costs of providing services are growing at a faster rate than revenue growth.
- Long term projections- even under the most conservative projection -illustrate that the gap between local revenues and expenditures will continue to grow, if we don't do something different.

## The Crisis:

- The gap is compounded by the fact that cities and counties have had to make extensive reductions in their budgets which equate to cuts in services and spending down reserve funds- if the jurisdiction was "lucky" enough to have.
- The gap will turn into a chasm that could be extremely difficult to cross when the Secure Rural Schools Act reauthorization that counties receive, ends in four years. Even with the reauthorization this year, Oregon's counties will receive \$133 million payment (down from \$200+million), and which will decline substantially in each of the next three years.

## The Crisis:

- ❑ Local options for raising revenues are under threat every legislative session or by agency rulemaking- new preemptions/ expenditure mandates/ restrictions.
- ❑ Population growth will continue to demand urban service and infrastructure expansion- local government will need to accommodate forecasted growth with additional capital construction.

## Recession and Later

- ❑ RRTF recognized that the current tax structure placed local governments in a declining position PRIOR to the current recession.
- ❑ City/county revenues will not recover when state revenues rebound in the economic recovery, since most local revenues are not tied to economic activity.
- ❑ Employment growth in Oregon contributes directly to the state's General Fund, not to local government.

## Recession and Later

- At some point, employment levels will increase and the state's resources (primarily income taxes) will increase. Local governments won't experience the same upswing.
- While recession makes local government's position worse, there is no true recovery for local government under the current tax system.
- Don't make the current situation worse. Any new expenditure mandates, or new requirements of existing revenues will only further exacerbate local government's declining revenue base and inability to provide necessary services.

**BASE WORKLOAD**

Item	Work unit	Proposed Action	Timeline
25-30 UGB/Urban Res. Amendments	Comm. Services and Planning Services	Review as they come forward (Metro, Bend and Bear Creek will take substantial time & effort between now and through 2010)	Entire biennium
10 Periodic Review Proposals	Comm. Services and Planning Services	Review as they come forward	Entire biennium
Plan Amendments PAPAs	Comm. Services and Planning Services	Review as they come forward	Entire biennium
M49 Claims	M49 Div	Process Claims	Conclude June 30, 2010

**REQUIRED BY GOVERNOR, COURT OR LEGISLATURE**

Religious Land Use and Institutionalized Persons Act (RLUIPA)	Morrissey, Daniels	Complex Rulemaking. Can also include commercial gatherings on agricultural land.	Fall/winter 2009
Territorial Sea Plan Revisions	Klarin	Text and map amendments	Fall 2009 July 2010
HB 2100, Metro Climate Change	Cortright, Rindy	Prepare for rule adoption in 2011 through 2013	Products due 2011-2014, incl. rule adoption June 2011
HB 2186, MPO Greenhouse Gas Reduction	Cortright, Rindy	Staff Task Force (with ODOT)	Report due Jan 1, 2010
Metolius Mgt Plan HB 3298	Morrissey	Housekeeping rulemaking	Summer/Fall 2009
M49 Adjustments	Bender, Miller, Morrissey	Temp Rules, Study Claims	Temp rules Summer 2009, Study due Jan. 2010, Claims due Dec. 31, 2010
HB 3099, Uses on EFU Zoned Land	Morrissey, Daniels	Housekeeping Rule	Fall 2009/2010
Transfer of Development Rights Pilot Program	Morrissey, Daniels	Adopt procedural rules. Simple rulemaking for selection process	Early 2010
Federal Consistency (Division 35 Rules)	Blanton, Charland	Simple rulemaking	2010

**RECOMMENDED HIGH PRIORITY POLICY AND RULEMAKING PROJECTS**

Climate Change Strategy-- Adaption and Mitigation	Adaption--Lead staff not determined. Mitigation—Lead staff Cortright. Policy lead, Rindy. Other staff as designated	Adaption Plan to include SAC, outreach, pilots, stakeholder coordination. Mitigation focused on HB 2100 & HB 2800. More detailed mitigation will follow later. Rindy policy group.	Throughout biennium. Adaption Plan to LCDC later in biennium
Public Facility Planning and Finance	Hogue, Gardiner, Rindy	Establish workgroup in Spring 2010	Through biennium, possibly into next
Urban Growth Management Policy Review	Rindy, Gardiner, other staff as identified	Major policy review, including areas such as priority of lands for UGB amendments, urban reserves rules. Possible recommendations for statutory, goal or rule amendments.	Begin late 2009. Could straddle biennia.
Transportation Planning Rules Review	Cortright LCDC subcommittee	Work with ODOT re: alternative mobility standards, STIP Criteria, and with regard to implementation of HB 3379 (extensions of time for local governments to meet related to TPR.)	Oregon Transportation Commission begins policy and rulemaking agenda discussion October 2009
Goal 4 and OAR Division 6 cleanup	Daniels, Morrissey	Establish workgroup to evaluate issues and recommend possible goal or rule revision.	Late 2010

**PROJECTS TO BE PURSUED BASED ON RESOURCE AVAILABILITY**

Goal 10 Housing Policy Review, Affordable Housing	Rindy, Gardiner	Appoint Affordable Housing Workgroup to follow up on ideas generated by the 2008 workgroup	Begin early 2010
Non-Resource Lands Policy	Morrissey, Daniels	Rulemaking, especially to detail carrying capacity to clarify supplement requirements in HB 2229	Consider implementation when triggered by a county request/application
Population Forecasts	Rindy, Gardiner, Hogue	Policy-neutral audit of existing requirements for population forecasts. Explore rule changes or legislative concepts.	Spring 2010
SAC Program Update	Rindy, Blanton	Study and analysis first. Then possible rulemaking.	2010
Criteria for Zoning of Farmland	Morrissey, Daniels	Simple rulemaking	Unspecified
Destination Resort	Morrissey, Daniels	Workgroup and possible independent study	Unspecified
Wine Sales Farm Stands	Morrissey, Daniels	Reconvene farmstand workgroup. Rulemaking could be a recommendation.	2 <sup>nd</sup> half of biennium

PROJECTS CONSIDERED BUT NOT RECOMMENDED FOR THIS BIENNIUM

School Siting	Pressure for siting of schools outside UGB's. Size of site. Standards. Transportation related.
Update of Goal 5 Natural Resources, Rules, Riparian Areas	Some Division 23 Rules are out of date. Counties application of Goal 5 is uneven, partially due to triggering of Goal 5 by periodic review. Lack of natural resource inventories by some counties.
Local Plans and Land Use Requirements Triggered by Periodic Review	Certain LCDC rules (divisions 8, 12, 13 and 23, and some statutory provisions are only "triggered" by periodic review.
Land Use Appeal Fees	Concern for costs of land use appeals fees in some counties.
Regional Problem Solving	RPS rulemaking is authorized under HB 2229, but department does not feel it is warranted at this time.
Urban Area Expansion in Columbia Gorge	The cities of Hood River and The Dalles are considering UGB expansions. The Columbia River Gorge Commission is considering rules related to "minor" expansions in urban areas.
Goal 9 Economic Development Rulemaking Phase II	Previous LCDC policy agendas have considered this item to clarify the relationship among Metro and Metro jurisdictions. In addition, further study of methods to encourage regional Economic Opportunity Analyses for large industrial sites, prevention of the conversion of industrial land to other uses and other issues, and other items are part of this item.
Areas of Critical State Concern	Various parties have suggested that the commission establish criteria and a more defined process for consideration of ACSC proposals in the future.
Audit of Statutes, Goals and Rules	This is authorized by HB 2229 and considered in a previous LCDC policy agenda. A multi-stage approach process could be considered.
Energy Facilities, Alternative Energy Facilities and Utility Facilities in Rural and/or Resource Zoned Areas	The siting of power lines, pipelines and transmission corridors is increasingly a subject of concern.
Dune Grading (Goal 18)	Dune grading is generally not allowed, except in relation to environmental protection. More clarity is needed as to how this could take place.
Bridges and Goal 15 (Willamette River Greenway)	Goal 15 is unclear as to whether bridges, bridge support structures or onramps are allowed in the Willamette Greenway without a Goal 15 exception.
Goal 11 Exception Process for Longer Term Health Hazards	Some issues in Deschutes and Jackson Counties. The department is in discussion with DEQ.
Goal 6 (Water Quality)	Earlier policy reports have suggested rulemaking to supplement DEQ provisions for compliance with the Clean Water Act.
Segmented Adoption of UGB Amendments	Cities increasingly are adopting preliminary elements of UGB amendments through the post-acknowledgement (PAPA) process rather than all at once, as in the past.
Conversion of Forest Land to Other Uses	More analysis is needed, coordinated with the Department of Forestry to analyze the specifics of forest lands conversion.

**Statewide Land Use  
Planning Goal One:**

To insure the opportunity for citizens to be involved in all phases of the planning process.

Website:

[http://www.oregon.gov/  
LCD/citizeninvolvement.  
shtml](http://www.oregon.gov/LCD/citizeninvolvement.shtml)

CIAC Members:

Roberta Donovan  
Nyssa

Mollie Eder  
Powell Butte

Ann Glaze (Chair)  
Dallas

Don Greene  
Ashland

Ian Maitland  
Harbor

Gregory McClarren  
Redmond

Christine White  
Portland

Pat Zimmerman  
Scappoose

# Oregon

## Citizen Involvement Advisory Committee



Cliff Voliva, DLCD  
Communications Officer  
635 Capitol Street, Suite 150  
Salem, OR 97301-2540  
(503) 373-0050 ext. 268

July 24, 2009

To: LCDC

From: Pat Zimmerman and Ann Glaze for the CIAC

Re: LCDC's 2009-11 Policy and Rulemaking Agenda

The Citizen Involvement Advisory Committee of LCDC has reviewed the Commission's 2009-11 Policy and Rulemaking Agenda presented at the June 4, 2009 LCDC meeting. Several items are of particular concern for citizen involvement.

The proposed Agenda has not been updated since the end of the legislative session, so it is unclear which items in Section b, Potential Legislative Priorities, must be addressed. Many of them will require workgroups of various sorts. We believe that it is important that every workgroup formed to address these issues must have at least one citizen representative, as outlined in "*Citizen Involvement Guidelines for Policy Development*" (Attachment B to the staff report):

In evaluating the particular interests to be represented on particular advisory committees or workgroups, the commission should consider appointment of a workgroup member not affiliated with any of the groups affected by or otherwise interested in the matter at hand. This member would be charged with determining and representing the very broad interests of citizens in general, rather than the interests of any particular person or group that may otherwise advocate for or against a policy proposal. (Section III.C.7)

The Commission and Department have appointed CIAC members to a number of workgroups in the past, for which we thank you. We urge you to continue this practice.

Three items in Sections c and d could improve citizen involvement. We hope you choose to tackle these in the coming biennium.

1. **Land Use Appeal Fees** (bottom of page 8). A knotty problem, as the staff comments imply. This issue has been raised many times with the CIAC and with the Department and Commission. Regardless of whether legislative action is required to fix it, a study with staff support could collect and document appeal fees around the state, which could well support legislative action in the future. We feel this is the highest priority for (eventual) citizen involvement improvement.

2. **Local Plans and Land Use Requirements only Triggered under Periodic Review (August 2007 and March 2008 LCDC Policy Agenda)** (Top of page 9). This relates to the PAPA issue (see below) and is certainly a serious CI issue. The requirements for CI during Periodic Review are extensive, documented and reasonably understandable. But no counties and most cities no longer do it. Instead, they do PAPAs, where opportunities for CI are extremely limited. The out-of-date Comprehensive Plans make a mockery of local citizen's efforts to understand and participate in the land use process. The staff comments note: *The commission could determine whether there are non-regulatory methods to achieve the purposes of these requirements.* We strongly support all efforts to fix the lack of Periodic Review.
3. **Develop and Update Guidebooks** (Next to last on page 10). These guidebooks are aimed at local planning departments, but also can be an excellent resource for citizens. They would be useful if updated and posted on the web.

Other items which we support and urge the Commission to tackle:

1. **Urban Reserves and the Hierarchy of Lands Added to UGBs.** (Top of page 7). However this work proceeds, a high priority should be placed on early citizen involvement because lives will be profoundly affected by these decisions. The Metro urban/rural reserves process can be a model, with its strong CI process that includes a check-in point with CIAC.
2. **Segmented Adoption of UGB Issue, affecting Goals 2, 9, 10 and 14.** (Next to last on page 9). Although only addressing one aspect of the PAPA process, this might be an opening to improve citizen participation in what has become a way to change city UGBs without significant CI. Clearly a complicated issue.
3. **Goal 3 and Goal 4 Lands Conversion of Use or Zone to Less Restrictive Use or Zone** (Middle of page 10). See staff explanation page 16. Suggests that the PAPA reporting should be computerized to more accurately track conversion of forest land. Again, not specifically a CI issue, but relates to the lack of CI in the PAPA process.

Finally, the one thing which would make citizen involvement in Oregon's land use program effective:

**Goal One rulemaking.** The CIAC and, we believe, LCDC and DLCD recognize that the lack of rules implementing Goal One is the primary underlying problem with citizen involvement. Until that problem is fixed, all other measures are stopgaps.

We appreciate your attention to including citizens in every aspect of the land use process. Thank you.



July 27, 2009

Land Conservation and Development Commission  
John Van Landingham, Chair  
Via email: [lisa.howard@state.or.us](mailto:lisa.howard@state.or.us)

Re: Agenda Item 8, July 30, 2009: Proposed 2009-2011 Policy and Rulemaking Agenda

The League of Women Voters is a grassroots nonpartisan, political organization that encourages informed and active participation in government. The League has long been an advocate for Oregon's statewide land use planning program with local implementation. We are also advocates for addressing the issues of affordable housing and climate change. The League's positions are clear: Assure the statewide system is protected; be sure citizens are involved in all aspects of the system; provide affordable housing so that all communities have a mix of housing to assure successful communities and lessen the need for costly transportation that also affects global warming; address all aspects of climate change to protect the earth.

With these positions in mind, we offer the following comments related to your proposed Policy and Rulemaking Agenda:

- 1) We support the list of 9 items "required by the Governor, Court or Legislature".
- 2) We believe that B.1. related to the effects of global warming is critical to the health, wellbeing and economy of Oregon.
- 3) We gave our word to the Chair that we would support C.1. The work of the 2008 Affordable Housing Work Group is ready to be considered for rulemaking. Much consensus has been reached. The Chair has expertise that should not be wasted. This issue is timely and should be moved up in your agenda.
- 4) We believe that implementation of Measure 49 is a priority of the Legislature and of the League since we need to keep faith with Oregon voters. Therefore, other issues should be set aside for now so that implementation can occur as quickly as possible while following the letter of the legislation.
- 5) The Legislature provided monies to allow the Water Resources Commission (WRC) to work on a statewide water resources strategy. We note that staff mentions the issue of assuring Goal 6 is implemented and water quality is addressed. The issues of water quantity and quality are a priority of the League. We ask that this issue be moved up in your list of priority issues and that a commissioner volunteer to follow the work of WRC as it moves forward on this issue. Oregonians raised this issue during the Big Look Task Force and at other LCDC meetings.
- 6) We believe that Periodic Review will help local communities address both good land use planning and climate change issues. Therefore, staff time should be allocated to this

important issue. Citizen involvement is critical to this effort and is important to the League.

Other issues, although important, should be set aside until the issues listed above are addressed. Department staff cannot do all it is asked to do. Issues such as addressing public facility financing, critical to good land use planning, belong, as a leadership issue, to a different group. LCDC has spent much time on Goal 14. It is time to let the new Goal and Rules be used by jurisdictions before continuing to work on that issue.

We appreciate the time that commissioners and staff spent on behalf of Oregon during the last legislative session and expect the legislation passed will provide more than enough work for the department and commission. We stand ready to help as we can to implement a Policy and Rulemaking Agenda that addresses the needs of Oregonians.

Thank you for the opportunity to provide testimony on this important work.



Marge Easley  
President



Peggy Lynch  
Natural Resources Coordinator