

Oregon Department of State Lands

Historical Overview



Managing State Lands—Funding Education

The Department of State Lands (DSL) is the administrative arm of the State Land Board, which has been composed of the Governor, Secretary of State, and State Treasurer since statehood in 1859. Under constitutional and statutory guidelines, the board is responsible for the management of state-owned lands, assets in the Common School Fund, offshore lands and coastal tidelands, submerged and submersible lands of the navigable water ways within the state, unclaimed property, estates with no will and known heirs, and any additional functions assigned by the Legislative Assembly.

The board sets policy for the Common School Fund and its distributions, and for the constitutional programs that support the fund.

Resources dedicated to the Common School Fund include: about 630,000 acres of range land and agricultural lands, beds and banks of all navigable rivers and lakes, tidal and submerged offshore land, more than 100,000 acres of forest land and 7,000 acres of industrial, commercial and residential land. DSL also administers the Removal-Fill Law under ORS 196.800 - 196.990, serves as the state's lead wetlands protection agency under ORS 196.600 - 196.692, and administers estates under ORS 111 - 116 and the Unclaimed Property Law under ORS 98. DSL further

provides administrative services to the South Slough National Estuarine Research Reserve near Coos Bay. DSL is headquartered in Salem with an eastern regional office in Bend.

The Common School Fund is a constitutional trust created to manage assets derived from common school trust land granted by the federal government to Oregon at statehood. The intent of the land grant to the state was to provide a source of revenue to fund public education (K-12). The State Treasurer and the Oregon Investment Council invest the fund. Interest from the Common School Fund is paid semi-annually to Oregon's 197 K-12 public school districts on the basis of county school-age population. Annual distributions fluctuate depending on board policies and financial market conditions. The board's goal is to provide predictable, sustainable distributions to schools over the long term. Recent annual distributions have been in the 50 to 60 million dollar range.



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History

The State Land Board is Oregon's oldest board. It was established by the 1859 Oregon Constitution (Article VIII, Section 5) as the "Board of Commissioners for the sale of school, and University lands, and for the investment of the funds arising therefrom." The board has retained the same membership (Governor, Secretary of State and State Treasurer) throughout its history.

In 1859, the Oregon Admission Act (Section 4) ceded to the state the 16th and 36th section of every township for public school use. Where the land had been previously deeded, the state was allowed to choose other public lands "in lieu" of these lands. Income generated from this property forms the basis of the Common School Fund. This trust fund was established by the constitution in order to support and maintain district schools.

Other original fund assets included money paid for exemptions from military service, money accrued to the state from escheats and forfeitures, grants, gifts, bequests, 500,000 acres allowed to Oregon by an 1841 act of Congress, and 5 percent of all proceeds from the sale of federal land. Amendments passed in 1968 and 1980 have added other revenue sources (Article VIII, Section 2).

The federal government granted Oregon ownership of the beds and banks of all navigable waterways in the state, including ocean tidelands. Proceeds from the management of these natural resources now go into the principal of the Common School Fund.

Oregon's Admission Act also stated that "72 sections of land shall be set apart and reserved for the use and support of a State university..." This formed the basis of the University of Oregon, founded in 1876.

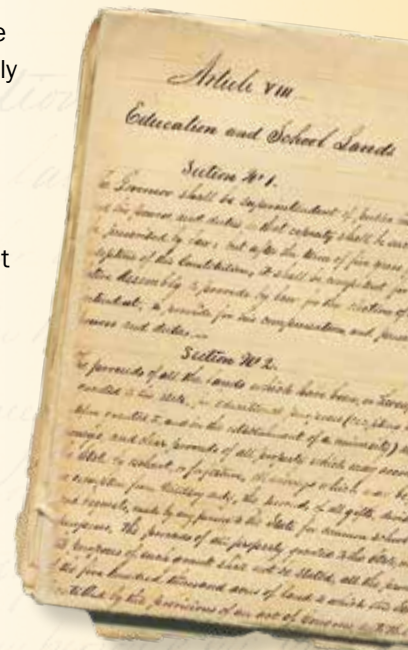
(The Morrill Act of 1862 established land-grant colleges to teach agriculture and the mechanic arts. This act formed the basis of the Agricultural College, now Oregon State University, founded in 1868.)

Early in Oregon's statehood, state policy was to sell the school lands as quickly as possible. State officials felt that development of those lands by private citizens would yield more for schools through property taxes and other economic benefits than if left in public ownership.

While many lands were sold to settlers and entrepreneurs, a large portion of the land was fraudulently attained. From the 1850s to the early 1900s, swindlers and land speculators discovered ways to defraud the state of its lands. For example, swamplands were sold at the bargain basement price of \$1 per acre-school trust lands sold around \$1.25 to \$2.50 per acre. Surveying, land records and security measures were incomplete, and corruption was extensive.

State investigations in 1872, 1878 and 1896 highlighted the corruption, but opposing political factions prevented major changes. The land fraud trials continued until 1913, resulting in 21 convictions of high-level state and federal officials.

DSL's Oregon Story, which was written for the state's Sesquicentennial in 2009, is featured in a book of 150 Oregon stories published by Ooligan Press at Portland State University.



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Land Board Early History

Much of the board's early history was spent defining its powers and procedures. In 1860, the Legislative Assembly authorized the Governor to select and locate the lands and salt springs granted to Oregon by the federal government (O.L. 1860, p. 72). It repealed this act two years later and replaced it with one designating the governor as Land Commissioner, with the same selection powers he held under the old law (O.L. 1862, p. 105).

No formal procedure existed for selling selected lands to settlers until 1864 (O.L. [Deady] 1843-1872, p. 631). Apparently there were few takers, as the first sale occurred in 1871 (O.L. 1872, p. 120). The Legislative Assembly amended the process later by dropping the five dollar filing fee, in hope of stimulating sales (O.L. 1874, p. 69). Sales of university and college land were treated differently (O.L. 1872, p. 133). The Legislative Assembly passed two laws concerning the sale of swamp, overflowed, and tide lands in 1872. One stated the procedures under which land could be sold (O.L. 1872, p. 129), while the other placed 10 percent of the money received into the Common School Fund (O.L. 1872, p. 128)

Owner property rights were further spelled out in 1874 (O.L. 1874, p. 77) and 1876 (O.L. 1876, p. 69).

Legislative refinement of the board's policies, powers and duties continued with a major bill passed in 1878. The new law amended selection and sales procedures, authorized the governor to appoint a land selection agent, set administrative procedures for records-keeping, make contracts, set meeting dates, control money collecting and distribution, and created the office of clerk to the board (O.L. 1878, p. 41). An act passed in 1880 fully detailed the clerk's purpose and function (O.L. 1880, p. 11). This office was the direct forerunner to DSL.

The 1878 law set procedures and policies of the board for the next two decades. An act declaring what should constitute the Common School Fund passed the Legislative Assembly in 1887 (O.L. 1887, p. 63) and was amended in 1891 (O.L. 1891, p. 144). Other laws concerned policy on deed title to lands sold, railway rights-of-way, tide lands (O.L. 1891, pp. 102,135,179,189) and the selection of indemnity (in-lieu) lands (O.L.. 1895, p. 7).



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Agency Renamed

In 1899, a major administrative reorganization renamed the agency the “State Land Board” and provided comprehensive guidelines for the selection and sale of school lands and for the management of the money gained (O.L. 1899, p. 156). (The constitution was not altered to reflect the name change, as no legal mechanism existed for amending it until 1911.) Laws also passed concerning the sale of university land and the creation of the office of “state land agent” (O.L. 1899, pp. 93, 95).

The Legislative Assembly issued a summation of the board’s functions and policies eight years later . Repealing the 1889 act and the 1903 and 1905 laws on indemnity land selection and university fund investment, the new law provided for the “acquisition, management, control, leasing, sale and disposition... of all lands... from any and all sources, and for the management and investment of the moneys arising there from... du nd n for the clerk and land agent, along with administrative procedures for conducting the board’s work (O.L. 1907, c. 117).

The board lost control of reclamation contracts and settlement on desert lands (O.L. 1901, p. 378) when the Desert Land Board was created (O.L. 1909, c. 226). However, the Legislative Assembly authorized the board in 1913 to enter into contracts for the drainage and reclamation of swamp, marsh, and lake land for later sale. Funds derived from the activity would be deposited into the Common School Fund (O.L. 1913, c. 11).

That year, the office of the State Land Agent was abolished and its duties transferred to the Clerk of the Land Board (O.L. 1913, c. 15).

Oregonians approved a constitutional amendment in 1916 that sanctioned the new name of the board without wiping of f the old one. Article XIa created the Rural Credits Loan Fund, which allowed the State Land Board to make loans to farmers through the issuance and sale of pledge bonds. The Legislative Assembly established the fund a year later (O.L. 1917, c. 398).

The board’s early leasing programs emphasized the most important factors in Oregon’s economy: mining, timber, and agriculture. In 1917, it expanded with the adoption of kelp and seaweed leases for offshore beds (O.L. 1917, c. 398). Three years later , the Legislative Assembly in special session authorized the leasing of the beds of navigable streams and waters for the removal and sale of the sand, gravel, and rock they contain (O.L. 1920 SS, c. 32). Its lucrateness was immediately grasped by the Legislative Assembly, which asserted the state’s title to lakes and meandered lakebeds and authorized the board to purchase, sell, and convey upland and riparian rights to them (O.L. 1921, c. 280).

In 1921, the Legislative Assembly passed a law making the boar d the custodian of all notes, bonds, and other securities covering loans made fr om the various trust funds it administers (O.L. 1921, c. 57). In 1925, two more funds were placed under its control. J. T. Apperson left money to the state to be used to assist deserving students at the Agricultural College (now Oregon State University) (O.L. 1925, c. 20). Loans made fr om the J. T. Apperson Agricultural College Education Fund are still issued today under the terms of the will by OSU’s Financial Aid Office. Administrative responsibility for the loan fund was transferred to OSU from DSL in 1995. The board also acquired the Samuel R. Thurston Monument Fund,

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Current Organization

The 2003 Legislature changed the name of the Division of State Lands to the Department of State Lands to be consistent with other agency naming standards.

In addition to the Director's Office and the South Slough Reserve, DSL divides its operating responsibilities into two divisions:

Operations Division - includes the Aquatic Resource Management and Real Property programs. The ARM implements the state's removal-fill and wetlands conservation laws, and manages about 1.3 million acres of state-owned waterways to preserve the public trust rights of navigation, fishing, recreation and commerce. Real property staff oversee about 770,000 acres of school trust lands (range and agricultural lands, commercial properties and forestlands) and another 767,000 acres of mineral and energy resources.

Administration Division - includes all central administrative services for the agency, including information technology, fiscal operations and agency clerical support, as well as the Trust Property Program, which includes Unclaimed Property and Escheat Estates. The division also provides administrative services for the Land Use Board of Appeals.

The Director's Office oversees administrative responsibilities for the State Land Board and directs the operation of DSL.

Administrative duties include making recommendations to the Land Board and Legislature, approving policies, and overseeing the agency strategic and other major plans, budget preparation, federal grants and contracts. In addition, the Director chairs the South Slough National Estuarine Research Reserve Management Commission, a policy-making board for the South Slough Reserve.

The Director's Office also includes the agency's legislative coordination, human resources and communications functions.

The agency headquarters are in Salem. The agency's Eastern Region operations are located in Bend. The South Slough Reserve is located in Charleston on the southern Oregon coast.

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