

Agenda Item No.:	4
Work Plan:	Private Forests
Topic:	Forest Practices Act (FPA) Rule Enforcement Policy Review
Presentation Title:	<u>Economic Analysis Results Regarding the Riparian Rule Change as Required by ORS 527.714(7)</u>
Date of Presentation:	January 4, 2017
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**SUMMARY**

The purpose of this agenda item is to brief the Board of Forestry on the results from the economic analysis for the riparian rule change as required by ORS 527.714(7). This report is the combined effort of staff from the Oregon Department of Forestry, Oregon State University, and the University of Oregon.

**CONTEXT**

The Board of Forestry’s 2011 Forestry Program for Oregon supports an effective, science-based, and adaptive FPA as a cornerstone of forest protection on private lands in Oregon. The Board’s guiding principles and philosophies include a commitment to continuous learning, evaluation, and appropriate adjustment of forest management policies and programs based upon ongoing monitoring, assessment, and research (Value Statement 11). The Board values broad-based, informed public participation and consensus-based decision-making whenever possible (Value Statement 10).

ORS 527.714(7) requires that the Board prepare and make available to the public a comprehensive analysis of the economic impact of any proposed rule change to the Forest Practices Act. The economic analysis prepared by department staff includes both a macroeconomic analysis and microeconomic analysis to assesses the impact of the rule change on the forest sector and potentially affected landowners. The macroeconomic analysis estimates the effects on timber harvest, total forest products (e.g. plywood and dimension lumber), and total employment and wages. The microeconomic analysis discerns the direct impact on management choices by gauging landowner knowledge and attitudes about the rule revision’s potential effects.

## **ANALYSIS**

The complete economic analysis has been a two year endeavor in cooperation with ODF staff and faculty at both Oregon State University (OSU) and the University of Oregon (UO). The macroeconomic analysis used a Log Market Model (LMM) developed by Darius Adams, PhD and Greg Latta, PhD at OSU. Dr. Latta used criteria that we provided to ascertain the effects a rule change would have on timber harvested in the affected area. This required using data from the US Forest Service, Forest Inventory Analysis unit and data provided by the department on historic timber harvest levels (among other criteria). More about this model can be found in the appendices of the provided economic analysis. Results from the LMM were then used to calculate the effects on employment and compensation using an input-output model (i.e., IMPLAN).

Cassandra Moseley, PhD and Stacy Rosenberg, PhD at UO conducted a landowner survey on behalf of the Department during the spring and summer of 2016. The survey targeted approximately 1,200 private family forest landowners in western Oregon. Response rate of the survey was 46%, which provided input from over 500 family forests landowners into the results. Landowners were asked about previous management actions, dependence on their forestland for income, whether they were aware of current rules and the possible rule change, their opinions on three rule options, and whether they felt the three options would affect their management practices. In addition, landowners were given space to leave comments about the rule options, a sample of these personal comments have been included in the report. The final report from UO is included as an attachment.

## **RECOMMENDATION**

- 1) The department recommends that the Board of Forestry approve the report as satisfactory work regarding the requirements set forth in ORS 527.714(7).

## **NEXT STEPS**

- 1) With the Board's approval, the report should be disseminated to the public.

## **ATTACHMENTS**

- (1) Economic Analysis
- (2) UO Report "Landowner Perceptions of Potential Changes to Riparian Rules Under the Forest Practices Act in Oregon"