OREGON ENVIRONMENTAL RESTORATION COUNCIL
2026 OERF TRANSFER & DISTRIBUTION
STAFF REPORT I SEPTEMBER 16, 2026

REPORT PURPOSE
This report provides information to support Oregon Environmental Restoration Council (OERC) decisions on the 2026 transfer and distribution from the Oregon Environmental Restoration Fund (OERF) at the September 16, 2026 OERC meeting.

OVERVIEW
At the September 16, 2026 meeting, the OERC will hear information from Oregon State Treasury staff about fund performance, review staff recommendations for distribution and transfer amounts, and make decisions pertaining to the transfer and distribution from the Oregon Environmental Restoration Fund. This staff report provides information to inform OERC decisions.

ORS 541.865 directs the OERC to annually determine the amounts that shall be transferred from the Oregon Environmental Restoration Fund for administrative expenses and distributed from the OERF to the three statutorily established funds.

The sequence of decisions prescribed by statute to occur before December 1 of each year is as follows:

1. 2026 TRANSFER FOR PROGRAM ADMINISTRATIVE COSTS
BACKGROUND
First, the OERC must determine the amount to be transferred from the OERF to the Oregon Watershed Enhancement Board (OWEB) as fund administrator to cover the costs of the OERC and OWEB in the administration of the Oregon Environmental Restoration Program.

ORS 541.865(3) directs the OERC to determine an amount "reasonably necessary to cover the costs" of implementation of the funds and program, which is not to exceed 0.25% of the balance of the OERF on June 30 (fiscal year end) of the prior fiscal year, unless a greater amount is approved by the OERC.

OWEB did not request funds to cover program administrative costs in 2025 as sufficient funds remained for the 2025-2027 biennium from the initial allocation of $5 million made during the 2023-2025 biennium.

OWEB administrative costs include agency staff (7 full-time equivalent (FTE) position; 4 filled, 3 vacant), transfers to Oregon Department of Environmental Quality (DEQ) and Oregon Department of Fish & Wildlife (ODFW) for 1 FTE each, services & supplies, and professional and attorney general fees. While available funding is sufficient to cover anticipated 2025-2027 budgeted expenses, it is projected that additional funds would be needed within the first part of the 2027-2029 biennium before the 2027 distribution could be made.

Therefore, for the 2026 distribution, OWEB is requesting 0.25% of the fund balance on June 30, 2026.

CALCULATION

The OERF balance on June 30, 2026:	**$600,956,615**
0.25% of the OERF balance:	**$1,502,392**

STAFF RECOMMENDATION TO OERC

Staff recommend the OERC approve a transfer of **$1,502,392** from the OERF to OWEB for program administrative costs.

2. 2026 DISTRIBUTION FROM THE OERF

BACKGROUND

The second step in the decision process is that the OERC must determine a distribution amount from the OERF to the three statutorily established funds, in accordance with the OERF Long-Term Distribution Policy (ORS 541.865 (4)). The current OERF Long-Term Distribution Policy, adopted by the OERC on October 9, 2025, states that the annual distribution amount will be 5% of the OERF balance, with an inflation-adjusted ceiling of $30 million and floor of $15 million.

For the 2025 distribution, the OERC approved a distribution of $30 million. This distribution was allocated per statute to the respective funds.

Based on the report from the Oregon State Treasury included in the meeting materials package and presented during the September 16, 2026, meeting:

- OERF balance on June 30, 2026: **$600,956,615**
- 5% of the OERF balance on June 30, 2026: **$30,047,831**
- The inflation-adjusted values based on the OERF balance at June 30, 2026:
  - Distribution ceiling: $31,500,000
  - Distribution floor: $15,750,000

STAFF RECOMMENDATION TO OERC

Staff recommend the OERC approve a distribution from the OERF of 5% of the OERF balance at June 30, 2026, in the amount of **$30,047,831** for the 2026 annual distribution, to be allocated to the respective funds as follows:

- $15,023,915 to the State Agency Program Fund (50%)
- $7,511,958 to the Tribal Nation Natural Resources Program Fund (25%)
- $7,511,958 to the Disproportionately Impacted Communities Fund (25%)