

OREGON ENVIRONMENTAL RESTORATION COUNCIL

2026 OERF LONG-TERM DISTRIBUTION POLICY UPDATES

STAFF REPORT | SEPTEMBER 16, 2026



REPORT PURPOSE

This report provides information to support the Oregon Environmental Restoration Council (OERC) decision to approve updates to the Oregon Environmental Restoration Fund (OERF) Long-Term Distribution Policy to reflect updated statutory references and added information that will be presented at the September 16, 2026 OERC meeting.

PROPOSED TECHNICAL UPDATES TO THE OERF LONG-TERM DISTRIBUTION POLICY

OVERVIEW

Staff are recommending the OERC consider several non-substantive clarifying updates to language in the OERF Long-Term Distribution Policy, which was adopted at the OERC's inaugural meeting on October 9, 2025 (Attachment B). Staff reviewed the policy with Oregon State Treasury staff and are recommending amendments to the policy language to incorporate updated statutory references, improve alignment with the Oregon Revised Statutes, and provide greater clarity on annual Oregon Environmental Restoration Fund transfer and distribution calculations and order.

These proposed technical updates to the Long-Term Distribution Policy do not substantively change the implementation of the policy, nor will they affect how OERC determines the distribution amounts for 2026.

SUMMARY OF CHANGES

- Removed references to Senate Bill 1561 (2024); updated references to Oregon Revised Statute (ORS).
- Added language describing the specific allocations to statutorily established funds. The intent of inclusion of this language in the Background section of the OERF Long-Term Distribution Policy is for awareness and clarity.
- Added language describing the annual transfer for program administrative costs. The previous OERF Long-Term Distribution Policy did not include this statutory language, and it has been added for awareness and clarity.
- Edited to improve alignment with ORS including the transfer and distribution amounts are calculated on the OERF balance at end of prior fiscal year.

STAFF RECOMMENDATION TO THE OERC

Staff recommend the OERC approve the proposed revisions to the Long-Term Distribution Policy included as Attachment A to this report.

Oregon Environmental Restoration Council Policy Document

OREGON ENVIRONMENTAL RESTORATION FUND LONG-TERM DISTRIBUTION POLICY

Policy Title: Oregon Environmental Restoration Fund Long-Term Distribution Policy

Policy Contact: Oregon Environmental Restoration Fund Program Manager

Approved & Adopted By: Oregon Environmental Restoration Council (OERC)

Effective Date: *October 9, 2025*

Revision Date: *September 16, 2026*

Reason for Policy: This policy describes and implements the Oregon Environmental Restoration Fund (OERF) distribution rate as required by ORS 541.865 and consistent with the goal to determine a maximum rate to maintain a relatively stable real asset value over time (i.e. inflation adjusted) while providing for the transfers prescribed in subsections 3 and 4 of ORS 541.865 and to maintain intergenerational equity.

I. AUTHORITY:

Senate Bill 1561(2024), Section 4, codified in ORS 541.865, section 1

II. POLICY STATEMENT:

It is the policy of the OERC to set the annual OERF distribution rate at 5% of the OERF balance at the end of the prior fiscal year (ORS 541.865 (2)). This policy will be reviewed every 3-5 years by the OERC with in-depth portfolio studies conducted by the State Treasurer.

III. BACKGROUND:

ORS 541.865 directs the OERC to annually determine the amount that shall be transferred from the OERF as follows:

- 1) First, the board (OWEB) shall transfer from the OERF the amount reasonably necessary to cover the cost of the board and the OERC in the administration of ORS 541.857 to 541.882. The amount transferred may not exceed 0.25 percent of the OERF balance at the end of the prior fiscal year, unless a greater amount is approved by the OERC.
- 2) Second, the board (OWEB) shall transfer from the OERF the amount determined by this policy to be allocated as follows:
 - a. Fifty percent shall be transferred to the State Agency Program Fund established under ORS 541.867;
 - b. Twenty-five percent shall be transferred to the Disproportionately Impacted Community Funds established under ORS 541.871; and
 - c. Twenty-five percent shall be transferred to the Tribal Nation Natural Resource Program Fund established under ORS 541.876

IV. POLICY:

The OERC adopts this long-term OERF distribution policy, in accordance with ORS 541.865 as follows:

- 1) Annually, by December 1, the OERC shall determine the amount to transfer from the OERF to OWEB as the fiscal administrator to cover the costs of the OERC and OWEB in administration of the OERF (ORS 541.857 to 541.882). The amount shall not exceed 0.25 percent of the fund balance at the end of the prior fiscal year, unless a greater amount is approved by the OERC.
- 2) Annually, by December 1, the OERC shall determine the amount for the annual distribution from the OERF to the statutorily established funds. The annual distributions shall be based on a rate of 5% of the OERF balance at the end of the prior fiscal year, subject to an annual distribution ceiling of \$30 million, and an annual distribution floor of \$15 million adjusted for inflation*.

* Using a historical 3-year average CPI to determine the adjustments to the ceilings and floors.

Oregon Environmental Restoration Council Policy Document**OREGON ENVIRONMENTAL RESTORATION FUND DISTRIBUTION POLICY**

Policy Title: Oregon Environmental Restoration Fund Distribution Policy

Policy Contact: Oregon Environmental Restoration Program Manager

Approved By: Oregon Environmental Restoration Council

Effective Date: *October 9, 2025*

Reason for Policy: This policy describes and implements ORS 541.865, which directs the Oregon Environmental Restoration Council to approve a long-term distribution policy for the Oregon Environmental Restoration Fund (OERF or Fund) and the need to determine a maximum rate to maintain a relatively stable real asset value (i.e. inflation adjusted).

I. AUTHORITY: Senate Bill 1561 Section 4

II. POLICY STATEMENT:

It is the policy of the Oregon Environmental Restoration Council to set the Oregon Environmental Restoration Fund distribution rate at 5% of the Fund's average balance of the preceding three years.

III. POLICY:

At their October 9, 2025, meeting, the Oregon Environmental Restoration Council approved the Oregon Environmental Restoration Fund distribution policy. Under the policy, the distribution rate is set at 5% of the Fund's average balance of the preceding three years with \$30 million annual spend ceiling and \$15 million floor.

This is due to the passage of SB 1561 (2024), which directs the Oregon Environmental Restoration Council to biennially transfer money from the Oregon Environmental Restoration Fund to three subfunds while maintaining a relatively stable real asset value over time (i.e. inflation-adjusted) and to maintain intergenerational equity.