

**EMERGENCY
BUSINESS**

DATE: February 3, 2010

TO: Lane County Board of County Commissioners
Jeff Spartz, Lane County Administrator
Liane Richardson, Lane County Counsel

FROM: Alex Cuyler, Intergovernmental Relations Manager

RE: National Association of Counties Resolution

Background

The National Association of Counties advocates in the interest of counties under the American County Platform. Resolutions under the platform are adopted each year to expand or clarify NACo positions on specific legislative issues. Resolutions and platform changes must be sent to the steering committee staff person or NACo Legislative Director at NACo headquarters 30 days prior to one of the NACo conferences.

Resolutions must include a short issue statement, a proposed policy statement, a background statement, and a fiscal/urban/rural statement.

The NACo Legislative Director, in consultation with the steering committee staff person, shall make a preliminary decision as to which steering committee(s) to refer the proposed resolution, subject to review by the Policy Coordinating Committee at the conference.

The proposed resolution on federal forest carbon sequestration follows. It is recommended that this resolution be submitted to the steering committee on Public Lands, staffed by Ryan Yates. This resolution must be received by Mr. Yates prior to February 8 to meet the requirement of being submitted at least 30 days prior to their Legislative Conference, which convenes in Washington D.C. on March 8, 2010.

Issue

Revenues from the sale of carbon sequestration projects on federal lands are a potential source of revenue diversification, especially for hard hit timber counties.

Proposed Policy

Federal cap and trade legislation is on the horizon. The potential for carbon sequestration on federal forest lands and the proposed cap and trade legislation as a new source of revenue through revenue sharing to counties is a critical component for NACo advocacy.

The Resolution on Federal Forest Carbon Sequestration Revenues to be Shared with Counties from Cap and Trade Legislation directs NACo staff to advocate that cap and trade or other climate-related legislative initiatives must include provisions to recognize the role that federal forest lands may play with regards to carbon sequestration. It further directs NACo staff to seek legislative language that any revenue realized from the sale of

carbon sequestration projects on federal forest lands be shared with the counties that contain those projects in a manner similar to any timber harvest revenue sharing that previously existed in recognition of the unique economic role that federal forests play in those counties that include federal land as part of their land holdings.

Background

Federal forest lands in Oregon cover almost 50% of the state. Under federal statutes, counties in Oregon receive a share of timber harvest revenue to fund local schools, roads, and provide support to discretionary funds. With the dramatic decline in timber harvests in Oregon resulting from the downturn in the timber economy, there has been continued uncertainty with regards to replacing historic revenue levels that drove state and local tax policy, provided employment security, and provided a vast array of public services.

Since the late 1990's a variety of federal acts have attempted to replace timber revenues. With each passing Congress, the efforts to secure this funding become harder and harder, and the amounts authorized for counties becomes less and less. This has resulted in severe local budget cutbacks and threatens the ability for counties to remain solvent.

Concurrent to the downturn in federal harvest levels, there has been an increasing recognition for the role forests play in terms of moderating planetary climate change. Indeed, private forest landowners are increasingly engaged in the effort to sell the carbon sequestration ability that their lands embody. In advance of a regulated carbon market, private landowners have engaged in ensuring that forestry offsets are a formal part of proposed cap and trade efforts, whether on a regional or national basis. They have also been involved in efforts to establish strict protocols for forestry offsets, such that investors are secure in that they are receiving value for their dollars. Offset protocols serve to standardize and equalize the offset market. Currently, forestry offset protocols are almost completely silent as they pertain to federal lands. The expectation is that enabling legislation is required prior to agencies being provided authority to develop and sell forestry offsets.

Fiscal/Urban/Rural Impact

The fiscal impact of the sale and revenue sharing of carbon offset projects on federal lands has not been well studied. The carbon market in the United States is largely voluntary, and the impact of offsets expected to come into play due to establishment of a regulated marketplace that would include federal forestry offsets is largely unknown.

The importance of such revenue, however, may be in that serves to diversify the limited revenue sources available to counties.