

THE FOREST FOR THE TREES

Counties and federal government should each pay their fair share

July 15, 2012

In a guest opinion published in today's Mail Tribune, conservative writer Randal O'Toole takes the residents of southwestern Oregon's timber counties to task for living on the federal dole and failing to carry their own weight in paying for county services. He suggests parenthetically that he has standing to make such claims because he lives among us.

He is only partially correct on either count.

Mr. O'Toole is a senior fellow with the Washington, D.C.-based Cato Institute. He is a one-time resident of Portland and his most recent addresses include Bandon and Camp Sherman in Deschutes County, both of which are closer to resort towns than timber towns.

That does not disqualify him from having an opinion on the state of Oregon's so-called O&C counties, which for more than a half-century benefited handsomely from timber harvest taxes on federal lands. They have, by and large, fallen on hard times as first federal timber harvests dwindled to almost nothing and then a replacement federal payment was reduced to a fraction of its original value.

The sad state of some of those counties has drawn headlines across the nation. Unable to adequately staff their jails, Josephine and Lane counties have turned prisoners loose. Curry County has openly discussed abandoning county government and turning the keys over to the state.

Not all of the counties are in the same straits. Jackson County wisely began stockpiling a rainy-day fund in the mid-'90s, a reserve that now exceeds \$80 million. It has done so in part by shrinking its staff and reducing services, but it has managed to preserve basic services and make some entrepreneurial moves that county officials say will help shore up county revenues in the future.

O'Toole's basic premise is that many of the counties became too dependent on the timber payments and now find themselves in trouble because they are not willing to pay their own way. There's certainly some truth in that: Josephine County's tax rate is 58 cents per \$1,000 of assessed value. Curry residents pay 60 cents per thousand. The state average is about \$2.80 per thousand. (Jackson County's tax rate is just over \$2 per thousand.)

The disparity in property taxes is not just between urban and rural counties. Grants Pass Police Chief Joe Henner noted that in recommending against any merger of city and county law

enforcement. Residents of Grants Pass pay \$6.91 per thousand in nonschool property taxes, while their rural neighbors pay less than 10 percent of that.

But O'Toole glosses over history when he suggests that it's unfair for federal taxpayers to subsidize Oregon's O&C counties. The timber payments are not a subsidy, they are the payment due on a 75-year-old contract, an obligation that Congress made for those federal taxpayers long ago

The short story is that in the 1860s, the federal government gave the Oregon and California Railroad more than 2 million acres of land in Western Oregon to facilitate construction of a rail line and to encourage development in the region. When the railroad failed to live up to its promises to sell land to settlers, the feds took back the millions of acres.

That means the planned development did not occur; the settlers did not settle on the land and the opportunity for local property taxes evaporated. As federal lands, they also have been virtually shut down to logging by environmental laws and lawsuits.

Would the taxes on those lands match the timber payments that eventually ensued? Hard to know, but that land — developed or left as private forestland — certainly would pay more than the niggling amount now flowing into county coffers. They also could be producing jobs that never had a chance to exist.

We agree that county residents should pay a fair share of the burden. It's to their own benefit: Those that don't and see law enforcement and other critical services curtailed will pay a heavy price as business and families look for more stable environments.

But paying that fair share that is no simple thing in areas in which four-legged animals outnumber the two-legged ones and the federal government owns the land in every direction.

The government that represents the nation's taxpayers played a big part in removing property from the tax rolls, limiting economic development and stunting the primary industries in natural-resource dependent areas.

Yes, counties should pay their fair share. But there is a debt owed them as well and the federal government also should live up to its end of the deal.