



# Oregon

Kate Brown, Governor

**Department of State Lands**  
775 Summer Street NE, Suite 100  
Salem, OR 97301-1279  
(503) 986-5200  
FAX (503) 378-4844  
[www.oregon.gov/dsl](http://www.oregon.gov/dsl)

June 15, 2021

**State Land Board**

To: Representative Barbara Smith Warner, Chair, House Committee on Rules  
Representative Christine Drazan, Vice-Chair, House Committee on Rules  
Representative Paul Holvey, Vice-Chair, House Committee on Rules  
Members, House Committee on Rules

From: Vicki Walker, Director, Department of State Lands

Kate Brown  
Governor

Shemia Fagan  
Secretary of State

**Re: House Bill 3318 -5 and -6**

Tobias Read  
State Treasurer

The Department of State Lands has no position on House Bill 3318 -5 or the -6 amendments, but appreciate the opportunity to provide additional information on the Department's constitutional and fiduciary responsibility to the Common School Fund, which supports K-12 education throughout the state.

The Department oversees school lands on behalf of the State Land Board, working to generate revenue for the Common School Fund through leasing, development, sales and other property management activities. The Stevens Road tract referenced in the amendments to HB 3318 is school lands, acquired from the Bureau of Land Management in 1997 as In Lieu Lands for lands that should have been granted to benefit Oregon's schools at statehood.

The original 643-acre tract was broken into two parcels. A 382-acre parcel was brought into the city of Bend's urban growth boundary (UGB) in 2016, making those acres eligible for development. In December 2019, the State Land Board directed the Department to complete the sale of the parcel. The parcel sold for \$22 million in 2020 and is currently being prepared for development.

The Department retained ownership of the remaining 261 acres of the Stevens Road tract to position the Common School Fund to benefit from the likely increase in value when the remaining land was included in future expansion of Bend's UGB. The State Land Board, and the Department as its administrative agency, have a constitutional responsibility to obtain the greatest benefit for the people of Oregon as we manage Common School Fund assets.

In the case of HB 3318 -5 and the -6, multiple factors must be considered in determining potential benefit to the Common School Fund, including:

- Whether an earlier sale of the land, if it is brought into the UGB before the next formal expansion, would provide greater investment returns than the increase in the market value of the parcel over time.
- The loss of value to the Common School Fund and the students of Oregon for the acreage that is proposed to simply be *given* to the City of Bend.

- Impacts on the value of the parcel due to the bill's planning requirements, which may reduce interest in the development opportunity.

Our Department staff has only had tangential discussions with City of Bend staff and has made it quite clear we have serious concerns about giving away 20-plus acres that would decrease the value of an asset for all Oregon's school children, as well as circumventing the normal land use process.

Therefore, we have only been able to complete a high-level analysis of the variables outlined in the amendments to HB 3318 and the changing market conditions around the parcel. More work is needed to determine the comparative benefit of earlier UGB inclusion in comparison to the loss of 20-plus acres.

Ultimately, the Land Board would make any decision to sell the property, including the price and conditions of sale. If HB 3318 -5 or -6 moves forward, the Department will of course work with the City of Bend, and do the due diligence involved in all school land transactions to support the State Land Board in making decisions that provide the greatest benefit for the Common School Fund and schools across the state.

Thank you for the opportunity to provide this important information on the proposed amendments to HB 3318, and for your continued understanding of the importance of the Common School Fund to Oregon's school children.