Are We Putting the Forest to Sleep? Part 4: Still No Certainty

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Chris Edwards: Welcome to Forestry Smart Policy, a podcast produced by the Oregon Forest Industries Council for Policy Makers and other thought leaders influencing decisions in Oregon. I'm Chris Edwards, your host and president of OFIC. Before we jump into today's conversation, I want to take just a couple of minutes to catch everyone up. We've devoted three previous episodes to Oregon's state forests because this issue has been unfolding over several years and it's become one of the most consequential public forest policy debates in the state.

We started by looking at the history of Oregon's state forests. Since the 1940s, they've been managed under an agreement with counties to produce the greatest permanent value. By definition, the greatest permanent value requires balancing three objectives: producing timber, providing recreation, and protecting environmental values. And under that agreement, revenue from timber harvest helps fund the Oregon Department of Forestry while also supporting schools, public safety, roads, and other county services. Now, these state forests only make up about 4% of Oregon's total forest land, but they're some of the most productive forests anywhere in the world and have the potential to sustainably produce nearly 10% of the harvested timber volume in our state. Currently, they're falling short of that potential and producing about 7% of the harvested volume. And this is deeply consequential in counties like Tillamook where over half of the land base is state forests.

In Washington County it's over a third and it's over a quarter in Clatsop County. Those counties cannot collect any property taxes on that land. So those timber harvest revenues and the jobs they support are critical. In our first two episodes, we traced how the state arrived at today's habitat conservation plan or HCP. We explained how management evolved from structure-based management in the late 1990s to the state's decision around 2018 to pursue a 70-year HCP covering roughly 640,000 acres and 17 different species. The concern we raised wasn't with having an HCP. It was whether the particular plan being developed had drifted too far away from the historic balance between conservation, recreation,

and sustainable timber production. Department modeling initially suggested harvest levels would remain close to the historical average of about 250 million board feet per year.
But when the more detailed district implementation plans were released, they painted a very different picture, showing harvest volumes potentially falling by around 30%. That raised serious questions about the long-term financial sustainability of the state forest division, the impact on rural counties and schools that depend on timber revenue, and the future wood supply for Oregon mills. We also discussed the Coho salmon lawsuit, which officials stated was one of the factors accelerating the state's push to finalize the HCP. After those original episodes aired, the state settled that lawsuit and agreed to begin implementing the aquatic or streamside portions of the HCP early. But importantly, that settlement didn't resolve the larger debate. The biggest projected harvest reductions weren't coming from the streamside protections. Rather, they were coming from the upland habitat set-asides intended for terrestrial species. So, the central policy questions remained unanswered.

Which brings us to today. In this conversation, I'll talk with Laura Wilkeson from Hampton Lumber and Seth Barnes with OFIC about what's happened over the past 3 years. And that conversation includes several topics, including the Board of Forestry's decision to advance the HCP to the federal services for approval, the accompanying forest management plan that was also moved forward by the Board of Forestry this last summer, legislation that's been introduced, and what it all means for the future of our state forests. One thing we don't discuss, but is worth mentioning is that between the time we recorded this conversation and the time we published it, the Oregon Department of Forestry announced NOAA Fisheries issued incidental take permits for the 10 fish species covered under the HCP, which means the HCP is sort of halfway approved.

We are still waiting on approval or denial from US Fish and Wildlife Service for the remaining seven terrestrial species covered under the plan, including northern spotted owl, marbled murrelet and red tree vole. But because the HCP needs approval from both federal services for it to fully go into effect, it's still up in the air and it doesn't change the discussion you're about to hear next. So without further delay, here's my conversation with Laura and Seth.

So today joining us on the podcast, we have two highly qualified individuals to talk about a number of topics. First, we have Laura Wilkeson, the Oregon director of government affairs for Hampton Lumber. And next we have Seth Barnes, the director of forest policy at the Oregon Forest Industries Council. So, first Laura, let's talk a little bit about the Habitat Conservation Plan or HCP. We're just going to call it the HCP from here forward, but as of the last podcast episode, we were talking about the merits and demerits of that plan. What happened?

Laura Wilkeson: Yeah. Well, thank you for having me on the podcast today. Excited to talk about this topic. So, yeah, a lot's happened since the last podcast and really going back to that 2023 time frame. Once the restrictions of the HCP was put into their harvest plans, it was a significant reduction in what they anticipated being able to harvest under an HCP. So, originally the department thought that they could harvest around those historic levels around 250 million board feet. And then in 2023 when they developed their harvest plans with those restrictions inside of them, they dropped down to almost as much as 35% somewhere between 165 and 182 million board feet. It's a pretty big drop and that really was a big concern especially for the rural communities that depend on this level of harvest from these forests whether they're, you know, loggers, work at the local tire shop, the mill workers I mean there are direct and indirect jobs that really have a ripple effect of any reduction in harvest levels. Really starting after those harvest levels were reduced a lot of people started to show up at the Board of Forestry meetings to try to get the board to change course. You know, the real request was, you know, you still have time to make changes to this HCP. It is not set in stone. The feds have not approved it yet. So, there are options that you could choose to actually increase that harvest level, get it closer up to those historic levels while still providing the conservation outcomes that the department wants and that the federal services would require.

Chris Edwards: And that's a key part of all of this. It's not conservation or harvest, right? Like we can do harvest and conservation.

Laura Wilkeson: Yes. Yeah. No one ever said don't do the conservation measures, don't protect the species. It was always you can do both. There are options within the parameters that say that you can up this harvest level to

ensure that those jobs are maintained and that the forests are still harvested sustainably.

Seth Barnes: I think as well it's important to note that an HCP it's not like a lot of tests you do at school where you have to fill it out these boxes exactly like this in order to achieve this outcome, right? It's very much a creative process where the landowner in this case ODF gets to really pick and choose as long as it hits a certain bar of, you know, conservation. And even that is an art. It's not a science. It's an art. It's a conversation with the feds. And so the whole time there was this thought that they have really overcommitted. Not that a lot of folks were against the HCP idea. They were against this HCP, right? This set of conservation measures. It was just too much. They offered up too much.

Chris Edwards: And I think and this is another topic for another podcast. But generally, one of my observations has been over the years that the state of Oregon whether it's the executive branch, the attorney general's office, particular department inside the executive branch is very very reticent to put themselves in a place where they might be sued if it aligns with their base. So, it's sort of like, oh, twist my arm to make the conservation values more quote protective. Well, if that was going the other way, they have no problem fighting a lawsuit brought by other parties. It's almost as if they're hoping that the conservation community would threaten a lawsuit so that they have the justification to increase—I reject the notion that they are increasing quote protections because as we have talked about ad nauseam you can do both with good forest management.

Seth Barnes: The other thing I would add is that and this maybe goes down a rabbit hole that we can check into later but the fact is while they were negotiating that HCP the counties wanted to be involved. They wanted to be at the table helping ODF to achieve an HCP that they could support and that allowed the level of harvest that would support all of their taxing districts. All of these myriad of—

Chris Edwards: How many taxing districts are there?

Laura Wilkeson: Over 200.

Chris Edwards: Over 200.

Laura Wilkeson: Over 200 special taxing districts. So we're talking schools, fire districts, hospitals, roads departments, I mean you name it. And over 15 counties that are impacted.

Chris Edwards: So in an era where budgets are getting tighter for all sorts of different reasons, you've got these taxing districts, local governments that are relying on that revenue who are now having to go above and beyond the cuts that everybody else is facing and they're having to deal with this, right? So, they wanted to be involved in that planning process with ODF, not to stop it, but to help ODF, to arm ODF, to go into those negotiations with those concerns in mind as well. Not just the conservation, but also the outcomes that would produce the things that the counties need to run the county and they were kept out of the conversation. ODF did not allow them to participate in the negotiation of the habitat conservation plan and that had a material impact on how that plan was negotiated. That's just a fact. It's the way it happened. It's really unfortunate that they did it that way, but that had an impact on the outcome and the ultimate HCP that was negotiated.

I think it's worth talking a little bit about the structure through which the counties sit at the table. You've said that they were kept out of that negotiation. The department would probably argue and/or the Board of Forestry may argue well this was all open to public comment. The public got to see everything. It was transparent. They got to have input. The counties are no different. What would your response be to that? And why do the counties have a special place in addition to this 200 taxing districts that we know are impacted, but talk a little bit about the structure through which the counties have historically given input.

Seth Barnes: And Laura probably has some thoughts on this as well, but I'll start. The counties themselves are not just a stakeholder like all of the other stakeholders involved. In fact, these lands were once owned by the counties, were ceded to the state of Oregon to be managed on their behalf. And at the time of when that happened, it was the state that offered up this plan, this ability to, hey, we'll manage these as a conglomerate together. It makes sense, right? That one entity would manage it for these other taxing districts and counties to get the best value for everyone. And it worked well for many years, right? But the

counties therefore have a different relationship as it pertains to these lands. They have a special relationship and for many years the counties had a seat on the Board of Forestry and then that changed over time and the laws have changed over time. In statute they were given a special place as it pertains to the board and they are now an advisory committee, the Forest Trust Land Advisory Committee, FTLAC, that advises the Board of Forestry on state forest management. It's not the same as a general stakeholder or a member of the public. It's a special relationship.

Chris Edwards: So the FTLAC is statutory.

Seth Barnes: Yeah, absolutely. And I would say also remember the FTLAC is made up of county commissioners. These are people that are voted in by their community to represent them on these issues and others, right? And so these are not just people that were randomly chosen to represent this group or some subset of community members. These are elected officials in their counties that represent their constituents and so it has been a relationship where they have come and given their counsel to the Board of Forestry and the Board of Forestry is supposed to listen to that counsel, right? I mean obviously the statute envisions or imagines a situation or a relationship in which these counties have this ability to influence the outcomes on state forests, otherwise the legislature would not have set up this special relationship, right, in statute. But over time it has largely been relegated to a special relationship for a group of stakeholders, right? It's not supposed to be that way, but that's what it has turned into. And it has been terribly frustrating for the counties. I've been watching this now for over a decade. And in that decade, I've seen a lot of very thoughtful, really well-put-together comments and counsel that commissioners have come from the FTLAC and delivered to the Board of Forestry. And I have seen very little Board of Forestry—in fact, I would say no decision of the Board of Forestry that I can recall or point to aligns well with the counsel of the forest trust land counties.

Chris Edwards: And for some counties that's much more impactful than for others. So—

Seth Barnes: Absolutely.

Chris Edwards: For those listening that happen to reside in Multnomah County, news flash, you guys aren't impacted. But for Clatsop County, Tillamook County, Washington County and others, Marion County, Lane County, but really, I mean, the big ones are in northwest Oregon. It's a huge percentage. So, we understand that the FTLAC has been seemingly ignored. But have they been at the meetings and just complaining, or like tell me a little bit about what they've been doing to offer alternatives?

Seth Barnes: Yeah, I would say complaining is—they have not been showing up complaining. They've been very constructive in their comments. Over the years they have come up with alternative proposals that they've put in front of the board. They've come up with nuances to existing proposals to try to, you know, change it in a certain way or amend a decision in a certain way. So they've been very thoughtful despite that. It honestly a lot of times feels like, or at least from the outside like the feeling that I get in observing this relationship between the Board of Forestry and these FTLAC counties, is that they do their best to provide input into the system. They're listened to, but not ever really considered in a meaningful way. They get praised when they show up and say good things about the decisions. They often get scolded when they show up and say things in opposition, especially when they're worded too strongly.

Chris Edwards: Yeah. It's inconvenient.

Seth Barnes: Yes. And so it's just—I can sense their frustration. I feel it and it's real, and that bleeds over to other—so a lot of dissatisfaction by the counties in this process and so they've come to others with thoughts or wanting to discuss how can we, you know, we're dissatisfied here, what can we do, and you know, I think that has led into some of the other lawsuits and proposed legislation and things like that to try to figure out a way through this process where their voice is actually heard to at least to some extent.

Chris Edwards: Laura, we were talking earlier about the percentage. I mean, just how—and maybe not the exact percentage, but just how impactful these things are to a few counties in the northwest part of the state. Could you shed a little bit of light on that?

Laura Wilkeson: Yeah, definitely. I mean, we talk about that state forests are about 4% of the total land base, but if you zero in on a particular county, especially in northwest Oregon, the number is a lot bigger than that. So, Tillamook County, 52% inside the county is ODF state forests.

Chris Edwards: Wow.

Laura Wilkeson: So over half of their land base is ODF state forests. They can't draw taxes from that land base. That's why they have the agreement with the state to receive revenue from those timber harvests. That's a big impact if that changes on 52% of your land base. You know, there's sawmills inside Tillamook County. There's contractors that reside there and work there. You know, those forest sector jobs are extremely important. So, it's not just that direct revenue that they get from ODF. The jobs that that timber harvest creates is hugely important for the counties. The average wage of forest sector workers inside Tillamook County is 139% of the county average. So, we're talking over what the county's average income is. So, those are good, high-paying family wage jobs. Washington County is similar where 34% of Washington County is ODF timberlands. In Clatsop County, 26% of the land base is ODF state forests. So, another really significant portion of that county is state forests. Again, those forest sector jobs that are created as a result of timber harvest are really important just to the region's economic vitality. It's not just about that direct revenue that the counties receive from ODF. It's really that ripple effect of how this is so interwoven into the fabric of their economies.

Seth Barnes: Well, I would also add when you have that large percentage of a land base in state forest, that means that those lands are no longer available for other taxing purposes, right? And so you really start to rely on the income that you can get from those properties as a county to run your services, right?

Chris Edwards: So this has been a good summary of where we're at and just how impactful—I mean, it is obvious why local governments and the counties care so much about this issue. Let's go back to the vote to move this habitat conservation plan forward to the federal services, whether approved by the federal services or not. What happened with that vote? Lots of people showed up.

Laura Wilkeson: Yeah.

Chris Edwards: And how'd it go down?

Laura Wilkeson: There was about a year's worth of Board of Forestry meetings and ODF even held their own listening sessions to receive public input from those that were concerned about the HCP and those impacts it would have. Folks traveled all over the state to where the Board of Forestry was holding their meetings in order to voice their concerns and tell their stories about how these harvest reductions would impact their lives. And so after about a year's worth of taking written and in-person testimony, and the folks that were showing up particularly from the forest sector, I mean they were leaving work in order to show up and have their voices be heard. I mean most of these folks work in the woods or in the mills. They run small businesses in these rural communities and they took time out of their day when they could otherwise be making money to get their story told and try to address what those impacts could be.

Chris Edwards: We can have conservation. We can have robust harvest with conservation and recreational opportunities. That's something that all Oregonians ought to be able to get behind. And back to the 250 million board feet number, I believe that calculates out to approximately, depending on your assumptions, but more or less 16,000 homes a year. 16,000 single residence homes in a year's time can be built out of 250 million board feet of harvest.

Seth Barnes: And this is another—that's another subject for another podcast, Chris, but you're absolutely right. In today's society where the governor has recognized the need for more housing, we have multiple members of generations of families living in one house because we don't have enough homes in this state and we're not the only state with that issue. These harvest reductions have an impact on all of that. And—

Chris Edwards: If you harvest less and you're still trying to build that housing supply, it's just going to cost more.

Seth Barnes: Absolutely.

Chris Edwards: And that's supply and demand in the market. And it's just—it is what it is. But—

Seth Barnes: And/or you're going to get it from somewhere else. You're pulling in—we are in a wood basket and when we don't harvest what we have here, we pull it from somewhere else.

Chris Edwards: That's right.

Seth Barnes: Or we make it out of something else, all of which has a much larger carbon impact.

Chris Edwards: That's right.

Laura Wilkeson: So, after taking all of this testimony for a year, and having hundreds of people show up in person, thousands of pieces of testimony submitted, the Board of Forestry held a vote in the March 2024 board meeting in Salem. There was a recommendation from ODF that the board stay the course and basically make no changes to the HCP even though we recognize that harvest levels are lower than what we expected. We've taken all of this testimony over a year where people have pleaded to make some adjustments. The recommendation from ODF was to stay the course and it was a very intense meeting. Hundreds of people there. Log trucks were parked in the parking lot and along the road. There was a debate at that board meeting as there have been at the board meeting leading up to it. There were multiple motions offered by different board members, but at the end of the day, the board voted on a 4 to 3 vote to stay the course, to not make a single adjustment to that HCP, basically ignoring these years worth of testimony and real like heartfelt solutions that could improve these harvest levels, not throw out the plan, but, you know, just trying to make these small adjustments. And the board decided to just keep it as is and directed staff to just keep working with the federal services towards finalizing it.

Chris Edwards: The vote was taken and there were some immediate repercussions. We were talking earlier about those 200 taxing districts that rely on revenue produced from the state forest. One of those taxing districts is this

Jewell School District that relies—it's my understanding that a majority of their revenue, more than half of their revenue comes from timber harvest revenue, and the Jewell School District couldn't have this be uncontested and promptly filed a lawsuit. That's ongoing litigation. We're not involved in that litigation. That's happening over in parallel to the HCP going to the federal services for approval. That's happening in parallel to the adoption of the new forest management plan that is a companion to the HCP. But it is happening and we're not going to comment on ongoing litigation here on this podcast, but just know that that's happening. But I do want to turn next to the forest management plan, the FMP. Lots of acronyms. Seth, can you tell us a little bit about what the FMP is, how it's different from the HCP, and the role that the FMP plays because there's a lot of people that aren't following state forest policy and management policy of the state forest and frankly aren't going to know what we're talking about with these acronyms.

Seth Barnes: So, a habitat conservation plan really outlines—and this habitat conservation plan I'll speak specifically to outlines protection measures within that land base. So, protection measures for upland species, you know, whether it be murrelet birds that are seabirds that come in and nest, lay their eggs in forests and then go back out and live their lives in the ocean, or spotted owls, which everyone knows, has heard a lot about the spotted owls, or aquatic species, species that are associated with the streams, so salamanders, fish, those sorts of things. And so the HCP addresses protection measures around those species, how we're going to manage the forest in and around those riparian or stream areas and in and around those birds or other small mammals or things that they're protected in the habitat conservation plan. The FMP, the forest management plan kind of overlays that and says, "Okay, outside of these protection measure areas, how are we going to manage the forest?" So, we're already setting aside these large conservation measures in the riparian areas or the uplands. And we've described how we're going to manage in those areas, very light touch or no touch. The forest management plan then says, okay, outside of those areas on the remaining acres, how are we going to manage? And it's a companion and that's how ODF has always talked about it. The forest management plan that they were developing is a companion management plan to the habitat conservation plan. So whereas in most—well in every other iteration of the state forest management plan, the management plan itself has

outlined the protection measures around streams or slopes or things like that. This management plan doesn't have that detail. That detail around protection is in the habitat conservation plan.

Chris Edwards: So when you say the FMP outlines or defines how we're going to manage outside of the protections in the HCP, what do you mean? Are you talking about annual harvest? Are you talking about which acres get harvested over which—tell me what that means.

Seth Barnes: It's supposed to—even the term forest management plan denotes like how you're going to manipulate the forest to manage for the outcomes that you're trying to achieve, whether those are habitat or monetary, right? You would imagine most forest management plans would have some sort of goals or targets around, you know, how much volume in a certain area or those sorts of things. And this management plan doesn't have that in it. It's a pretty—I would say fairly opaque management plan. There's a lot of words, but it doesn't describe—you can't really nail down anywhere exactly how things are going to happen other than in those habitat conservation areas. It just makes some—there's some large goals that are talked about, but they're not—interestingly absent in the forest management plan is anything that talks about harvest levels.

Chris Edwards: And Laura, as somebody that is tracking all of this and you work for a company that very much depends on predictable harvest volumes, I can't imagine that you guys feel a lot of warm fuzzies about broad-based opaque language that could be interpreted this way or that way.

Laura Wilkeson: Yeah, that's exactly right. And following the lead-up to that HCP vote back in March of '24, you know, that was something that we really expressed to the Department of Forestry was having the harvest level numbers change so much is really hard for businesses to plan around. So, we really rely on that stable, predictable number that we can base our management decisions around and—

Chris Edwards: And invest in the communities and the infrastructure.

Laura Wilkeson: Exactly.

Chris Edwards: And—

Laura Wilkeson: And so that was something we've been really trying to drive home with ODF and the board was we really need to know what these outcomes are going to be instead of just having the rug pulled out from under all of us as we felt happened leading up to that HCP vote. And so we were hopeful that the forest management plan, the FMP, would have a little bit more of that predictability and that stability around harvest outcomes, kind of trying to balance out—we know what those conservation outcomes are going to be in the HCP, maybe the FMP can actually provide us some predictability on the harvest side. But what ODF developed was largely just a plan that says do the HCP and harvest levels will be whatever they are, which is really hard for a business, it's hard for a community, it's hard for those counties to not be able to have a little bit more of a firm understanding of what harvest levels are going to be before these big decisions are made.

Chris Edwards: Yeah, it seems like there's predictability in how much land is just set aside for conservation. There's predictability in buffers in new wider buffers. There's predictability in the conservation areas and the set-asides, but there's not predictability in the harvest volumes. And you see the development of the FMP coming and it feels like a big trust us, but there's no reason to trust the values guiding the Board of Forestry and the values at the State Forest Division align with predictability because again there's been a history of saying it's going to be this and then oh whoops it came out a little bit lower or a lot lower. So what other recourse do we have but to say okay maybe the legislature ought to be getting involved in this because we have a board of seven non-elected officials making decisions that have profound impacts on not only an entire sector, a bedrock sector of the state, but it is also having profound impacts on local governments and all those taxing districts who are then turning around and saying, "State legislature, help us out here." And having profound impacts on the very department that depends on the revenue for funding the State Forest Division. Now that's going into the red and requires more General Fund. Well, the legislature didn't make that decision. No, that was a board of seven appointed individuals who, you know, I respect anybody that throws their hat in the ring for public service. So, we may have a difference of opinion and we may not agree on decisions, but I respect all those people for their willingness and commitment to

serving the state. Having said that, this is something that the legislature ought to be weighing in on. And that in fact has led to some legislation, has it not?

Laura Wilkeson: Yeah. After this HCP process, counties and the forest sector really needed more certainty over the future of these lands and having advocated in front of the board for I mean really years, but really intensely for a year straight and kind of getting nowhere, they had to turn to another place to try to look for that certainty and that predictability that they're looking for. And so there's been legislation introduced over the last few years in session that would provide, you know, those that rely on state forest harvest with more of that predictability and certainty.

Chris Edwards: Before we move any further, I think it's worth noting some of that back and forth and the nuance to the back and forth. I just talked about that we don't have a whole lot of grounds for trusting the direction of the department/board, but there's some dynamics between the department and the board. Seth, maybe you could comment just a little bit about that.

Seth Barnes: Yeah, I would just add that ODF in this process just in the last year, ODF did make an attempt, the staff made an attempt to embed some harvest levels within the forest management plan. In fact, they came up with a number of different scenarios that were voted on by the board to move forward these scenarios forward and do modeling, harvest modeling around these different scenarios. And they made an attempt to put those scenarios back in front of the board and have them vote on which one of those scenarios they wanted to see move forward. Those scenarios did have harvest levels in them. And so ultimately the Board of Forestry decided not to do that for different reasons, but ODF did make an attempt at that time to try to embed the forest management plan with some level of predictable harvest levels.

Chris Edwards: And I think that is important to point out. And unfortunately, it doesn't change the base condition that we all feel about. Can we really trust—can we really trust the direction seven appointed individuals want to go with forest management in the state of Oregon? It doesn't feel like we can. I mean, the fact that opportunities have been teed up for them and they said, "Nah, like we'd rather just—we'd rather leave it more open-ended because those interpretations

don't typically go in the direction of rural communities and the sector that is interdependent with those rural communities."

Laura Wilkeson: So, going back to that HCP vote, one more important piece of the story is that Governor Kotek at that time actually sent a letter saying that she would be willing to help address the revenue shortfalls that the counties were going to face as a result of the reduction in harvest from the HCP. That was supposed to provide some assurance to the board that don't worry, we're going to try and throw a safety net to these counties and try to fix the revenue holes that those decisions were going to make. And so in good faith, the governor's office did sit down with a group of those county commissioners. I think they met for maybe a year almost and tried to come up with different ideas of how to address those revenue shortfalls, mostly looking towards the legislature for general funds. And unfortunately, at the end of those conversations, there was no decision made and the governor's office, you know, didn't introduce legislation on the county's behalf like the counties were hoping for. And so, you know, if that was another reason why the counties were then looking for alternate legislation to try to provide that certainty that they didn't get through the governor's office, that they're not getting as a result of this HCP and really just trying to move forward and have a better way of managing their budgets and knowing what the impacts are going to be for their communities.

Chris Edwards: And so turning to the legislation—and we don't need to get into all the line-by-line detail of the different iterations of the bills over the last couple of sessions. We can just essentially say, look, this legislation was designed to direct the department to tell us what you're going to harvest, then harvest that level. And if you don't, you have a period of time to make it up on a rolling average. Like you don't have to just make it all up, right? The next 6 months like wait, you owe us this many board feet. But so that over time there will be some sort of predictability.

Laura Wilkeson: Yeah, that particular legislation was really around a sustainable harvest calculation and it was modeled after Washington State—the Department of Natural Resources in Washington State has it directed from the legislature to create a sustainable harvest calculation—and so that those beneficiaries up in Washington and the timber sector up in that state have that understanding of

what the DNR timberlands would produce over the next 10 years. And so really the legislation was modeled after that program in Oregon. And what's interesting is that, you know, like you said, the bill just really asks for some predictability and tell us what you're going to harvest and then we'll leave you to do it. And if you miss it, there's policy for you to make up for that harvest if for some reason it's missed. There's also offramps in the bill. Say there's a wildfire or windstorm or something like that that lowers the harvest level. Tried to think about all these different factors.

Chris Edwards: But the bill does not—did not, correct me if I'm wrong, say anything about maximizing or—it just said create a harvest level in conjunction with, right, the HCP and these other factors.

Laura Wilkeson: Yeah. Before any significant management change to those lands. So whether it's an HCP or an FMP. It says tell us what that harvest level is going to be as a result of this plan. And so that way we know what the cost truly will be going into it, but it did not say it has to be a certain level or force the board's hand on any certain management regime. It really leaves it up to ODF to determine what that is, the board to vote on it, a public process around it like we expect as stakeholders to have. And then, you know, ODF can go do their work.

Chris Edwards: It's really just a good governance bill more than anything.

Laura Wilkeson: Absolutely.

Chris Edwards: It is. It's a good governance bill. The legislation doesn't set a minimum amount of harvest level. It says tell us what the harvest level is going to be. It does not do anything to reduce the environmental protections in the habitat conservation plan. It's just saying, okay, let's take the assumptions that are on the table that you're already working with and tell us what the number is going to be so that we can plan—

Seth Barnes: And then live up to that number.

Chris Edwards: And planning is incredibly important. If you are running a modern advanced manufacturing business in the forest product sector, you have to

continually reinvest in your technology, reinvest in your mills, reinvest in your people, or you're not going to be competitive. And that's tens of millions, hundreds of millions of dollars. And companies don't want to write huge checks with a big public policy question mark hanging over their head. So then what do they do? What do they do? Do you choose to not—I mean as soon as you stop investing, you're just—you're starting down the road of eventually closing down. I mean because somebody else—it's a very competitive market. Somebody else in a different area of the state where the timber supply is more predictable is going to be making those investments—

Seth Barnes:: Or a different part of the country.

Chris Edwards: Or a different part of the country and they're going to be—they're going to be competitive at producing lumber at that market price and the people that are not reinvesting are going to get squeezed out and then the community suffers doubly. Not only do they have these lower—the lower revenue from the taxing districts, but now they're dealing with higher unemployment, lack of future opportunity. It starts withering on the vine. It's not just like boom overnight. But it starts withering on the vine and, you know, kids like coming out of high school saying, "Ah, do I really..." Their parents are—their parents saying, "You should—you should really, you know, go into the forest sector," like these are good solid jobs with a future, because they start wondering, "Well, is there a future? Maybe I don't want to pursue this line of work. Maybe I ought to move to the valley. Maybe I ought to move wherever," you know, and that starts a—it can really be a death spiral for a community.

Seth Barnes: Yeah, I mean Chris, you know this better than probably any of us in here. But the forest industry, especially on the milling manufacturing side, is a very capital-intensive industry. You have to put that—that equipment, that large equipment that's necessary to create lumber is expensive and in order to keep it up and keep it modern, it costs a lot of money. And so, putting that expense out there and carrying those costs for a long period of time requires some stability in the logs that you have available coming in. And so you need to know long-term before I get that loan and make that investment in that new equipment that's going to really do a good job at manufacturing this lumber, I need to know how predictable is my harvest level.

Chris Edwards: So we know what the legislation does. We'll be coming back with more legislation next legislative session. We know our approach to just trying to get some predictability from the legislation. You would have thought from the testimony from the environmental activists at those hearings that we were advocating a rollback of everything. And there were some really interesting assertions made.

Seth Barnes: I've got some here—

Laura Wilkeson: Yeah.

Seth Barnes: This bill would limit the state forester and Board of Forestry's ability to protect public resources. That's straight from a comment. That's ludicrous.

Laura Wilkeson: Actually gives them more.

Seth Barnes: Another one said after 10 years there will not be a tree left in the forest. What bill are you reading, right? I mean, it was pretty off the rails. Another one said this bill would prevent ODF from implementing the climate plan, and others, it will stop them from implementing the HCP. Another said that it will lead to increase in clear-cuts. None of these things are true.This bill did none of those things. And yet there was, you know, hundreds of pages of testimony that was given that were just—I don't know what bill they were reading. It wasn't this bill.

Chris Edwards: And one of the things—and this is a little bit of an aside, but that's where politics has gotten today. I mean, instead of really drilling down and having just some thoughtful discussion, they're trying to make it about either you're with them or you're against them. They're extreme. And by they, I mean the environmental activists. And I'm not shy about calling them out. I used to be a legislator in the Democratic caucuses, both in the House and the Senate. They advocated for my vote on many things. I voted with them on many things, but there's a way to be more thoughtful about these things. And they're just so strident, like you're either with us or you're against us. And good public policymaking is often more nuanced. But I think though that for the stridency of the opposition to the bill, there was actually a lot of thoughtfulness by the legislature and it had strong votes in committee.

Laura Wilkeson: It was actually a bipartisan bill in 2026. It had Democrats and Republicans as sponsors of the bill and in the 2025 session it passed out of the policy committee unanimously. So all Democrats and Republicans on the committee voted in favor of the bill. In 2026 it was a 10 to 1 vote. And so I think luckily the legislators on those committees did read the bill and understood that it was just a good governance modest proposal that would allow some predictability for those who desperately need it. So after it was passed out of the policy committee, it gets referred to the fiscal committees where unfortunately that's where the bill was at when session ended the last couple of years. So it didn't advance past the policy committee, but those who understood the policy supported the bill.

Chris Edwards: Okay. So we had this legislation. We sort of understand the status of that. But more recently the Board of Forestry adopted the FMP, forest management plan. Correct, Seth?

Seth Barnes: Yeah. Well, sort of, right? They adopted it contingent upon the approval of the habitat conservation plan. So, that HCP has been—it's been with the services for a long time now, a couple of years, and they have been doing tweaks and coming back to the department. We haven't seen any of those tweaks that have been done. We've heard about some of them, but they continue to have this sort of conversation between the Department of Forestry and these federal agencies. The Department of Forestry keeps telling us, "It's coming, it's coming, the approval is coming." Like I think earlier this year it was, "Oh, in the new year it should be here." "Oh, in June we expect it to be approved now." And then it was most recently it was September. Now we're hearing, "Oh, it's going to be the end of the year. Like December is when we expect." I think the reality is they don't know when they're going to or if the HCP is going to be approved ultimately. And so the vote on this forest management plan was a 5 to 2 vote. The board voted to adopt the forest management plan which again just basically points to the HCP and says we'll follow that HCP. The vote was to adopt that forest management plan contingent upon the HCP being approved. So that new FMP is not in place and won't be in place until that HCP is approved. If it gets approved. So that larger overarching management plan is not in place until the HCP is approved. But the conservation measures—

Chris Edwards: In the HCP—

Seth Barnes: Are being implemented. Correct.

Laura Wilkeson: Yes. Yeah. That was when those harvest levels dropped back in 2023. That was when they started implementing the full conservation measures of the HCP. ODF claimed that this was showing good faith to the services that they were committed to this HCP and so they were going to go ahead and start implementing the plan before it was approved by the federal services. It was something that we cautioned them against. It's not something that they're required to do—

Chris Edwards: While also continuing to do the structure-based management in their old management plan.

Laura Wilkeson: They are basically doubly, you know, stacking these two plans on top of each other and restricting that harvest even further down as a result of it. Yes.

Chris Edwards: Now the Board of Forestry members at the time and department leadership at the time cited the potential for lawsuits. We covered that in another episode, but I'm just reminding that there's the lawsuits in the background—

Seth Barnes: Right.

Chris Edwards: Litigation that was current at the time that has since been settled—

Seth Barnes: Is driving a lot of this.

Chris Edwards: Very much has impacted where we're at right now in terms of the harvest level.

Seth Barnes: Correct. And the fear of future lawsuits, the lawsuit ratchet seems to only turn one direction.

Seth Barnes: Mm-hmm.

Chris Edwards: The Department of Justice and the board and the department seem very willing to fight lawsuits that are filed on behalf of rural communities, but not willing to fight lawsuits that are filed on behalf of activists, and that's just been, as an observer of this process, that's been kind of frustrating.

Laura Wilkeson: Yeah. In fact, that settlement agreement says after June of 2028 if they don't have an HCP in place those lawsuits can come back from the environmental community. And so, you know, ODF is under a little bit of a time clock here to get those things done. Otherwise, you know, we could be back in that, you know, sue and settle type of position with the department and the environmental advocates.

Chris Edwards: So, let me summarize where we are. It sounds like these issues are far from settled and there's not any certainty moving forward for communities or manufacturers.

Seth Barnes: Yes.

Laura Wilkeson: Yep.

Seth Barnes: Yeah. I think we're in the middle of—we're still in the middle of the story, right? I was trying to think of an analogy. We're in The Empire Strikes Back, right? I mean, we're waiting for Return of the Jedi here.

Chris Edwards: That was the darkest episode.

Seth Barnes: I know.

Chris Edwards: It was good though.

Seth Barnes: But the story is not over. We're in the middle of the story. It's one of those—we're in one of those sessions where we're kind of updating you on where things are at, but very much with decisions have been made—I use air quotes—decisions have been made, but they're all contingent on other decisions

happening. And so nothing is settled at this point. We're still operating under an old forest management plan. We still don't have an HCP, but we've implemented parts of that HCP without any incidental take protections. And so the story is very much unsettled here. And the counties remain sort of in limbo as to what is expected under a new regime that we know is coming and under a current situation that is reduced to an untenable level.

Chris Edwards: There is a lot of uncertainty, but if there's one thing that I've seen over the years that can really make a difference, it's strong leadership. And we have a new state forester in Casey Kase. We've got a number of board positions that are turning over, including the chair of the Board of Forestry. And so, it kind of feels like a new day. And while there's a lot of what I would call baggage or difficulty that's been dragged forward to this point, we have an opportunity for that strong leadership to emerge that moves Oregon forward. Thank you both for being here. This has been a very interesting conversation. There are so many different angles that you can look at this from. We've just scratched the surface.

Seth Barnes: Yeah, thanks for having us, Chris. I'm sure we'll be back to talk about this again as things roll on in this strange saga.

Laura Wilkeson: Yep. Happy to have joined you guys today. And this is a really important topic for not just my company, but the communities where we operate.