

Bill containing county payments sits in Senate

Jim Moore, Reporter of the Daily Courier

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Photo. Arther O'hare

A bill containing language that extends federal county payments funding to cash-strapped Oregon counties for another two years sailed through the U.S. House of Representatives Thursday.

The bill, which overhauls the much-criticized Medicare payment formula for doctors, is now in the Senate, where it will sit until Congress returns from a two-week spring break.

Supporters had hoped the Senate would vote on the bill today before the recess, but senators from both parties have been critical of parts of the measure. President Obama has said he will sign the bill once it clears the Senate.

If the bill becomes law, Josephine County will receive a total of \$4.6 million in the first year and about \$4.3 million in the second year.

Speculation that the county would get to keep an additional \$2.17 million in receipts from timber sales, rather than have it deducted from the subsidy as has been the practice with county payments, turned out to be incorrect. Because the payments are meant to make up for declines in timber sales on federal land, the amount generated by actual timber sales is considered part of the subsidy.

The county already had the timber receipts in hand, which means budget planning for the 2015-16 fiscal year that begins July 1 will be sidetracked until it's known if the extra \$2.5 million will be forthcoming.

For his part, county Finance Director Arthur O'Hare is not going to count on any extra funding until the money is actually deposited in the county's account. The timber receipts have already been earmarked for public safety, which includes the Sheriff's Office, District Attorney and Juvenile Justice.

"It's like coffee. Let it percolate," O'Hare said of the process.

If and when the extra \$2.5 million does come in, it will also be allocated to public safety.

O'Hare emphasized that even with a total of \$4.6 million, the county will still have less funding than the current budget, which includes \$4.8 million in county payments money.

"We're still going to have to make some cuts," he said.

In fact, the federal payments are steadily declining and may disappear as Congress debates bills that would replace subsidies by increasing timber harvests, which in turn would increase timber tax receipts.

County payments began in 1993, when Congress began sending money to western Oregon counties that contain federal O&C land to make up for dwindling timber sale revenue. Prior to that, timber receipts from public lands paid for all of Josephine County's law enforcement.

The subsidy system was formalized in 2000, with passage of the Secure Rural Schools and Community Self-Determination Act, crafted by U.S. Sen. Ron Wyden, D-Ore. From 2000 through 2010, payments to Josephine County averaged more than \$10 million a year, sometimes approaching \$15 million, most of which went to law enforcement.

The Secure Rural Schools Act was renewed in 2007 and then again in 2008. The second renewal established a four-year declining payment schedule, designed to phase out the program and wean counties from the federal subsidies. During the final year of the phase out, funding had declined to about \$5 million.

Funding officially expired in 2012, but an emergency extension cleared Congress in September of that year. Efforts to increase Josephine County's lowest-in-Oregon property tax rate as a

stable funding replacement for county payments, likened by some to welfare and defended by others as fair compensation for reduced timber harvests, have been repeatedly rejected by voters.

Supporters of the upcoming levy request on the May ballot argue that, even with county payments money, the county's public safety departments are underfunded.

Members of a group called Community United for Safety, or CUFS, collected enough signatures to place a measure on the May ballot for a five-year property tax of \$1.40 per \$1,000 of assessed value. That works out to \$210 annually for a property assessed at \$150,000. The money would pay for more sheriff's deputies, increased capacity at the jail, and the reopening of the Juvenile Justice Center.

Josephine County's current property tax rate of 58 cents per \$1,000 is the lowest in Oregon. The statewide median is about \$2.50 per \$1,000.