

**HOUSE COMMITTEE ON**  
**AGRICULTURE AND NATURAL RESOURCES**

**January 26, 2005 Hearing Room C**

**9:00 AM Tapes 7 - 9**

**MEMBERS PRESENT: Rep. Patti Smith, Chair**

**Rep. Brian Boquist, Vice-Chair**

**Rep. Arnie Roblan, Vice-Chair**

**Rep. Terry Beyer**

**Rep. Chuck Burley**

**Rep. Mark Hass**

**Rep. Mac Sumner**

**STAFF PRESENT: Patrick Brennan, Committee Administrator**

**Jania Zeeb, Committee Assistant**

**MEASURES/ISSUES HEARD AND WITNESSES:**

**HB 2327—Public Hearing and Work Session**

**Rep. Susan Morgan**

**Sen. Roger Beyer**

**Charlie Stone, Department of Forestry**

**Ray Wilkeson, Oregon Forest Industrial Council**

**Mike Gaudern, Oregon Small Woodlands Association**

**Barte Starker, Starker Forests**

**Greg Addington, Oregon Farm Bureau**

**Bill Kluting, Western Council of Industrial Workers**

**HB 2122—Public Hearing and Work Session**

**Clark Seely, Oregon Department of Forestry**

**Hal Salwasser, University of Oregon**

**These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.**

<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 7, A</b>		
003	Chair Smith	Calls the meeting to order at 9:00 a.m. and opens a public hearing on HB 2327.

**HB 2327-PUBLIC HEARING**

015	Patrick Brennan	Committee Administrator. Summarizes HB 2327.
020	Rep. Susan Morgan	House District 2. Explains her interest in HB 2327 and discusses the need for the bill.
055	Rep. Morgan	Lists the members of the Budget Note Three Work Group, and explains what the group did.
079	Rep. Morgan	Submits and presents written testimony on the principals that the work group came up with ( <b>EXHIBIT A</b> ).
104	Rep. Morgan	Explains self-insurance programs. Gives the reason the state can not currently afford to participate in a self-insurance program, but expresses that it is important for the state to begin moving in that direction.
114	Rep. Morgan	

		States that the biggest drain on the General Fund in terms of fire protection is catastrophic fires. Emphasizes the importance of preventing fires from starting or keep them from getting large.
134	Rep. Morgan	Explains the concept behind severity funding and describes the efficiency of using severity funding.
162	Rep. Morgan	States that the General Fund is the payer of last resort and severity funding is important to lower the risk to the general fund.
174	Rep. Morgan	References the fire season in 2002 as evidence that large fires overwhelm the system.
191	Rep. Morgan	Notes the issue of balancing funding between landowners and the state.
204	Rep. Morgan	States that 60 percent of the costs for fire protection are borne by the landowners and about 40 percent of the costs are provided from the state's General Fund.
227	Rep. Morgan	Remarks that the consensus of the work group was to try to move closer to a 50-50 responsibility between landowners and the General Fund. States that while this cannot be fully implemented now, passage of HB 2327 would be a small step in that direction.
235	Rep. Morgan	Explains the process HB 2327 needs to go through. States that the committee needs to consider the policy issues and references the -1 amendments ( <b>EXHIBIT B</b> ).
277	Rep. Hass	Inquires which landowners would be affected by HB 2327.
285	Charlie Stone	Fire Projects Program Director, Department of Forestry (ODF). Requests clarification of Rep. Hass' question.
287	Rep. Hass	Reads a section from ( <b>EXHIBIT A</b> ) to clarify his question.
289	Rep. Morgan	States that the section Rep. Hass read was a reference to an issue in Eastern Oregon with private timberland.
307	Stone	Clarifies Rep. Morgan's statement by adding numbers and offering more explanation of the issue.

- 354 Senator Roger Beyer Senate District 9. States why he is interested in HB 2327.
- 381 Sen. Beyer Describes the history of fire funding in Oregon **(EXHIBIT C)**.
- 394 Sen. Beyer Expands on and explains surcharges, and refers to page ten **(EXHIBIT C)**.

**TAPE 8, A**

- 021 Sen. Beyer Explains the problem with fire funding that arises as a result of fires crossing property lines. States that this is why the surcharges are there.
- 031 Sen. Beyer Explains how HB 2327 addresses surcharges. Recommends that the surcharge should come into affect when the Oregon Forest Land Protection Fund (OFLPF) reserve base is below \$22.5 million.
- 057 Rep. Roblan Inquires when the fund that we are talking about begins paying out, is it before or after we use the insurance.
- 065 Stone Answers that the fund is the first source for emergency fire costs after the district budget and before insurance.
- 077 Rep. Roblan States that this is a reserve fund that protects the general fund.
- 080 Rep. Morgan Responds that the reserve fund is a side fund that will help bridge the gap between the landowners fund the insurance policy.
- 087 Stone States that there could be terminology problems.
- 090 Rep. Morgan Mentions that the funding mechanisms for fighting fires in the state is extremely complicated.
- 096 Rep. Roblan Notes that it has worked because there is quick response to fire and the funding is worked out later.
- 103 Sen. Beyer Expands on Rep. Roblan's statement.
- 108 Stone

Mentions that for the fire seasons of 2001 and 2002 the state is still paying the districts from the fund.

- 118 Stone Submits and presents written testimony (**EXHIBIT D**).
- 143 Stone Explains the consequence of not passing HB 2327.
- 161 Stone Offers a brief overview of each section of HB 2327.
- 193 Stone Explains section 2 of the measure.
- 227 Stone States that the funding is for helping rural fire districts (RFDs) that have a difficult time funding fire protections. States the department is looking for an alternate method of funding the program.
- 244 Stone Discusses the contingency fund. Continues reviewing the measure section by section.
- 293 Chair Smith Inquires what section deals with coordinated cooperation.
- 295 Stone Provides the requested reference. Continues reviewing the measure section by section.
- 297 Stone Explains Section 6.
- 324 Stone Explains section 8 and 9.
- 341 Stone Discusses section 10.
- 371 Stone Reviews Section 12.
- 406 Stone Expands on Section 14.

#### **TAPE 7, B**

- 019 Stone States that Section 16 deals with the requirement to purchase insurance.

043	Rep. Beyer	Inquires if there is a risk of being unable to get insurance in the future if the state does not maintain continuous coverage.
048	Stone	Responds that there could be. States that Oregon is the only jurisdiction in the world with this type of insurance policy.
062	Rep. Boquist	Inquires about the underwriter pool for the insurance.
064	Stone	Responds that the insurance is property insurance with Lloyds of London as the primary underwriter.
070	Rep. Sumner	Inquires how private property owners pay money into the fund, is it through property taxes.
073	Stone	Responds that he partially correct. Explains that association members pay money to the association, but in most cases the county assessor adds it to their property taxes.
092	Stone	Reviews section 17 of HB 2327
113	Chair	Inquires whether the \$900,000 appropriation in HB 2327 is sufficient or if it will need to be changed by the time it gets to Ways and Means Committee.
114	Rep. Morgan	Responds that the number will need to be finalized before the bill can come out of Ways and Means.
116	Rep. Roblan	Inquires what the limit of the policy is in terms of coverage.
118	Stone	Responds that policy has a \$25 million deductible and another \$25 million in coverage.
134	Stone	States that Section 18 repeals 2 sections from HB 2301.
139	Stone	Expands on Section 19.
151	Stone	States that the emergency clause is so that the DOF can purchase insurance
160	Stone	Explains the -1 amendments ( <b>EXHIBIT B</b> ).

226	Stone	Urges the committee to adopt the -1 amendments and move the measure to the Ways and Means Committee.
232	Stone	Comments on the fiscal impact statement.
250	Rep. Roblan	Requests clarification on the fiscal impact statement.
251	Stone	Responds that Rep. Roblan is correct.
261	Chair Smith	Inquires if the changes he wants in the fiscal impact statement can be made in Ways and Means.
263	Rep. Morgan	Responds that they will go talk to the analyst to work through the mistake prior to sending the measure to Ways and Means.
266	Stone	Responds that it should be easily corrected.
267	Rep. Burley	States that he understands that the rate is 18 to the \$22.5 million and then it is 16.5 until the fund reaches \$30 million.
275	Rep. Roblan	States that the change to have the fee begin again at \$2.5 million is not in the measure.
282	Stone	Responds that Rep. Roblan is correct.
289	Chair Smith	Inquires if they can address the money in Ways and Means.
292	Rep. Morgan	Responds that it will be discussed in Ways and Means and that the committee could make a recommendation that they look at the issue.
328	Ray Wilkeson	Oregon Forest Industries Council. Testifies in support of HB 2327, <b>(EXHIBIT E)</b> .
376	Mike Gaudern	Executive Director of Oregon Small Woodlands. Testifies in support of HB 2327. States that good firefighting program is important to landowners. Discusses the importance of the generational change that is going to happen soon. Asserts that passing HB 2327 would send a message to landowners that the state will help with fire fighting.

**TAPE 8, B**

020 Rep. Burley Solicits opinions about Sen. Beyer's recommendation.

023 Wilkeson States that he thinks that it would work.

031 Rep. Beyer Inquires if it would be more confusing to the landowners if the charge kicked in at \$30 million or if it was at \$22 million.

035 Wilkeson Responds that it is a good question, and that either place is a good solution.

050 Barte Starker Starker Forest. Testifies in support of HB 2327. Comments on his family history in forestry and why he is interested in the issue.

085 Starker Explains that, from his experience, fire protection is the prerequisite to forestry investment.

110 Starker Urges the committee to move HB 2327 forward.

117 Greg Addington Oregon Farm Bureau (OFB). Testifies in support of HB 2327.

141 Bill Kluting Western Counsel of Industrial Workers. States that Oregon cannot afford not to have fire protection and therefore lose jobs.

155 Chair Smith Closes the informational meeting on HB 2327 and opens a work session on HB 2327.

**HB 2327-WORK SESSION**

157 Rep. Boquist **MOTION: Moves to ADOPT HB 2327-1 amendments dated 1/19/05.**

172 **VOTE: 7-0-0**

**Chair Smith Hearing no objection, declares the motion CARRIED.**

174 Rep. Boquist



**MOTION: Moves HB 2327 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Ways and Means by prior reference.**

- 175 Rep. Burley Inquires if there is going to be a recommendation to Ways and Means that they look at the issue of the fees kicking in at \$22.5 million rather than at \$30 million.
- 176 Chair Smith States that she thinks it would be a good idea but that it needs to be discussed as a potential committee action.
- 177 Rep. Roblan States that it is important that the committee express to the Ways and Means Committee the importance of looking into the issue. States that he thinks it is reasonable to wait until the OFLPF reserve base drops below \$22.5 million to make the taxes kick back in.
- 187 Chair Smith Inquires if there is any objection to having Ways and Means consider the issue.
- 190 Rep. Beyer Asks for clarification in dealing with the \$22.5 million after it gets to the \$30 million.
- 194 Rep. Roblan Clarifies that when the reserve base reaches \$30 million then the assessment would not kick back in until the reserve base drops below the \$22.5 million threshold.
- 209 Rep. Boquist Expresses that speed is important in regards to getting the insurance through Lloyds of London.
- 232 **VOTE: 7-0-0**
- AYE: In a roll call vote, all members present vote Aye.**
- Chair Smith The motion CARRIES.**
- 235 Rep. Burley **MOTION: Moves that the Committee Recommend to the Committee on Ways and Means that they consider amending HB 2327 so that in cases where the OFLPF reserve base rises above \$30 million, landowner assessments will not be assessed again until the reserve base drops below \$22.5 million.**
- 237 Rep. Roblan

Inquires if part of the recommendation that they would not reintroduce the tax until the fund gets below \$22.5 million.

240 Rep. Burley Responds that Rep. Roblan is correct.

241 **VOTE: 7-0-0**

**Chair Smith Hearing no objection, declares the motion CARRIED.**

242 Chair Smith Closes the work session on HB 2327 and opens a public hearing on HB 2122.

### **HB 2122-PUBLIC HEARING**

256 Brennan Summarizes HB 2122.

290 Clark Seely Associate State Forester, ODF. Testifies in support of HB 2122 **(EXHIBIT F)**. Explains what HB 2122 does and how it affects the Department of Forestry.

330 Seely Expands on line 14 of HB 2122.

352 Hal Salwasser Dean, College of Forestry Oregon State University (OSU). Presents written testimony **(EXHIBIT G)** in support of HB 2122.

400 Salwasser Testifies in support of HB 2122 in principal.

415 Ray Wilkeson Oregon Forest Industries Council. Testifies in support of the programs in HB 2122**(EXHIBIT E)**.

### **TAPE 9, A**

020 Chair Smith Inquires if the final decisions on the money will be discussed once the measure reaches the Revenue Committee.

021 Wilkeson States that HB 2122 needs to go to Ways and Means.

035 Chair Smith Closes the informational meeting on HB 2122 and opens the work session on HB 2122.

## HB 2122-WORK SESSION

- 039        Rep. Roblan        **MOTION: Moves HB 2122 to the floor with a DO PASS recommendation and BE REFERRED to the Committee on Revenue by prior refrence.**
- 043        Rep. Burley        Notes that one of the deletions on life 14 should not have been made.
- 046        Rep. Boquist        States that he and Rep. Hass are on the Revenue Committee and can make sure the mistake can be corrected.
- 050               **VOTE: 6-0-1**
- AYE:        In a roll call vote, all members present vote Aye.**
- EXCUSED: 1 - Beyer**
- Chair Smith        The motion CARRIES.**
- 064        Chair Smith        Closes the work session on HB 2122 and adjourns the meeting at 10:56 a.m.

## EXHIBIT SUMMARY

- A. HB 2327, prepared material, Rep. Susan Morgan, 2 pp
- B. HB 2327, -1 amendments, staff, 2 pp
- C. HB 2327, prepared material, Sen. Roger Beyer, 10 pp
- D. HB 2327, written testimony, Charlie Stone, 15 pp
- E. HB 2327, written testimony, Ray Wilkeson, 2 pp
- F. HB 2122, written testimony, Clark Seely, 2 pp
- G. HB 2122, written testimony, Hal Salwasser 2 pp