

AGRICULTURE AND NATURAL RESOURCES

January 28, 2005 Hearing Room C

9:00 A.M. Tapes 10-11

Corrected 9/26/2005)

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

Rep. Arnie Roblan, Vice-Chair

Rep. Terry Beyer

Rep. Chuck Burley

Rep. Mark Hass

Rep. Mac Sumner

MEMBER EXCUSED: **Rep. Brian Boquist, Vice-Chair**

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

Jania Zeeb, Committee Assistant

MEASURES/ISSUES HEARD:

HJM 1-Public Hearing and Work Session

Briefing on Biodiesel and Biofuels- Informational Meeting

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.

TAPE/#	Speaker	Comments
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TAPE 10, A

003 Chair P. Smith Calls the meeting to order at 9:02 a.m. and opens the public hearing on HJM 1.

HJM 1-PUBLIC HEARING

009 Patrick Brennan Committee Administrator. Explains HJM 1.

014 Dave Barrows Legislative Counsel for the Association of O&C Counties. States that this is a critical memorial.

025 Barrows Explains what the memorial does and the consequences if it does not pass.

039 Barrows Urges the committee to adopt the -2 amendments.

049 Rep. Dave Hunt House District 40. Testifies on behalf of Rep. Jeff Merkley, House District 47, in support of HJM 1. Explains why he is interested in the memorial. States that if the Secure Rural Schools and Community Self-Determination Act is not renewed it will seriously hurt finances in communities throughout the state.

064 Rep. Hunt States that the message needs to be sent to the federal government that this is a high priority for Oregon.

070 Chair P. Smith Closes the informational meeting and opens the work session on HJM 1.

HJM 1-WORK SESSION

073 Rep. Burley **MOTION: Moves to ADOPT HJM 1-2 amendments dated 1/26/05.**

077 Rep. Beyer Notes the interest in the room, and states that she is happy to be supporting this memorial.

VOTE: 6-0-1

EXCUSED: 1 - Boquist

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

087 **Rep. Burley** **MOTION: Moves HJM 1 be sent to the floor with a BE ADOPTED AS AMENDED recommendation.**

090 Rep. Roblan Comments that it is important that people understand that federal policies have direct impacts on state governments and on the lives of the citizens.

105 **VOTE: 6-0-1**

AYE: In a roll call vote, all members present vote Aye.

EXCUSED: 1 - Boquist

Chair P. Smith **The motion CARRIES.**

113 Chair P. Smith Closes the work session on HJM 1 and opens the informational meeting on biofuels and biodiesel.

BRIEFING ON BIODIESEL AND BIOFUELS-INFORMATIONAL MEETING

121 David Van't Hof Governor's Natural Resource Office. States that Governor Kulongoski is very interested in biofuels, and this is an important window to try to generate the biofuel industry in Oregon. Lists communities that are supportive.

149 Van't Hof Explains the initiatives the Governor has been involved with that deal with biofuels.

172 Van't Hof Expands on stakeholder involvement.

184 Van't Hof States that Governor's office partners with the Department of Energy and Climate Solutions to reach out to educate farmers and agriculture associations to help them understand the opportunities in biofuels. States that many people are interested in the subject.

201 Glen Montgomery

Sustainable Business Liaison, Oregon Economic and Community Development Department (OECDD). Explains the economic and environmental benefits to biofuels.

- 221 Montgomery Says the state could have locally grown fuels that benefit Oregon and can be exported to other areas of the country. Gives an example of the demand for ethanol.
- 244 Montgomery States that there are currently no biofuel production plants in operation on the west coast.
- 250 Montgomery Quotes a study performed in 2002 that gives an example of the benefits of an ethanol plant.
- 271 Montgomery Emphasizes the opportunities that biodiesel brings to Oregon.
- 307 David Hackleman Professor of Chemical Engineering, Oregon State University (OSU). Submits and begins a PowerPoint presentation on *Biodiesel and Biofuels* (**EXHIBIT A**).
- 325 Hackleman Explains the graphs on (**EXHIBIT A, Page 1**).
- 347 Hackleman Compares how biodiesel is made to how petroleum diesel is made.
- 377 Hackleman Expands on the chart (**EXHIBIT A, Page 4**).
- 386 Hackleman Explains the different products that are created when making biodiesel.
- 403 Tom Chastain Professor of Crop and Soil Science, OSU. Explains the implications and benefits that biodiesels represent for Oregon.
- 425 Chastain Discusses Canola-based biodiesel and its implications for Oregon and gives reasons it is one of our best options.

TAPE 11, A

- 024 Chastain Explains chart in (**EXHIBIT A, Page 6**) and how we can meet the State's biodiesel needs. Indicates that the state has a need for processing facilities.

036	Jan Auyong	Assistant Director, Sun Grant Western Regional Center. States that ethanol is a good opportunity for Oregon but there is more required in terms of manufacturing than biodiesel.
058	Auyong	Explains chart on (EXHIBIT A, Page 7) .
071	Hacklemna	Details the current involvement in this product at OSU, and how the different people at OSU are working together.
092	Auyong	Explains the Sun Grant Initiative, and how OSU interacts with the project.
134	Rep. Beyer	States that she has attended an informational meeting on the subject, where it was said that the United States will not be able to eliminate its dependence on foreign countries because the nation must import many of the products needed for the manufacture of biofuels. Inquires if there is sufficient capacity in the United States to meet the demand.
136	Hackleman	Responds that in his opinion that we could cover most of what is needed.
156	Rep. Beyer	Requests clarification whether the nation could produce enough biofuels to meet current demand, or if the ability to do so into the future would require Americans to change their consumption habits.
158	Hackleman	Concurs that it would not be possible to keep up with current demand unless consumption habits were changed.
164	Charles Carson	President, Cascade Grain Products. Submits and begins a PowerPoint presentation entitled <i>Today's Ethanol Industry</i> (EXHIBIT B) .
190	Carson	Expands on the benefits of the ethanol plant (EXHIBIT B) .
225	Chair P. Smith	Inquires what the average wage will be for the people working at the plant.
228	Carson	Gives the average wage with benefits for all the people working at the plant.
237	Carson	Explains the chart in (EXHIBIT B, Page 5) .

264	Carson	Explains the chart in (EXHIBIT B, Page 7) .
284	Carson	Reviews the uses and benefits of ethanol.
306	Carson	Gives the different opportunities currently available in the ethanol production industry.
327	Carson	Expands on the world ethanol production chart in (EXHIBIT B, Page 12) .
345	Carson	Explains the bans on Methyl Tertiary Butyl Ether (MTBE) in 21 states.
358	Carson	Talks about the current United States petroleum industry.
389	Carson	Expands on mandates listed in (EXHIBIT B, Page 16) .
407	Carson	Discusses the potential for ethanol.

TAPE 10, B

012	Rep. Sumner	Inquires of the location of the ethanol plant in Oregon.
015	Carson	Responds that it is at Port Westward in Columbia county.
016	Rep. Roblan	Asks if the cellulose technology is as advanced as the grain technology
017	Carson	States that cellulose technology is advancing, but is not as advanced as the grain technology.
025	Rep. Roblan	States that the Oregon plant will use corn as a base for the fuel. Inquires whether there are other crops that produce more ethanol than corn.
026	Carson	Answers that corn is used in over 95 percent of ethanol producing plants because it has the highest yields.

031	Rep. Roblan	Inquires if ethanol production might exhaust corn production capacity or if there is the potential for growth.
033	Carson	States that there is growth in terms of production of seeds and states that production is increasing in terms of both yields and acreage.
041	Rep. Roblan	Asks about crops that are used in rotation with corn.
042	Carson	Responds that corn is its own rotational crop.
053	Chair P. Smith	Closes the informational meeting on biodiesel and biofuels and adjourns the meeting at 10:01 a.m.

EXHIBIT SUMMARY

- **A. Biodiesel and Biofuels Biodiesel, PowerPoint presentation, David Hackleman, 10 pp**
- **B. Biodiesel and Ethanol, Ethanol Biofuels, Industry presentation, Charles Carson, 17 pp**