

HOUSE COMMITTEE ON ENVIRONMENT

April 19, 2005 Hearing Room D

1:00 P.M. Tapes 41 - 42

Corrected 09/23/05

MEMBERS PRESENT: Rep. Gordon Anderson, Chair

Rep. Bob Jenson, Vice-Chair

Rep. Mary Nolan, Vice-Chair

Rep. Phil Barnhart

Rep. Bill Garrard

Rep. Diane Rosenbaum

MEMBER EXCUSED: Rep. John Lim

STAFF PRESENT: John Houser, Committee Administrator

Mike Reiley, Committee Assistant

MEASURES/ISSUES HEARD:

HB 3030 – Public Hearing

HB 3031 – Public Hearing

HB 3032 – Public Hearing

HB 3033 – Public Hearing

HB 3034 – Public Hearing

HB 3035 – Public Hearing

SB 736 – Public Hearing

Approval of Bill Drafting Request – Work Session

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 41, A

003	Chair Anderson	Calls the meeting to order at 1:08 p.m. Opens a public hearing on HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 and SB 736.
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HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 & SB 736 – PUBLIC HEARING

010	Katy Coba	Director, Oregon Department of Agriculture (ODA). Submits and summarizes prepared testimony regarding HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 and SB 736 (EXHIBIT A).
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065	Coba	Testifies in support of the concept of biofuels.
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089	Rep. Jeff Kropf	House District 17. Submits and summarizes prepared testimony in support of HB 3030 (EXHIBIT B), HB 3031 (EXHIBIT C), HB 3032 (EXHIBIT D), and HB 3034 (EXHIBIT E). Testifies in support of the concept of biofuels.
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196	Rep. Kropf	Notes the AM/PM gas station that uses 10% biofuels and it is among the least expensive fuel in Salem.
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220	Rep. Kropf	Explains that the intent is to provide incentives to an industry that utilizes Oregon's resources. Describes the environmental and economic benefits of biofuels. Notes that the U.S. has transferred \$7 trillion to OPEC nations in the last 30 years. Points out that Brazil is moving to 100% alcohol fuel.
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240	Rep. Kropf	Explains tax credits for ethanol and biofuels.
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245	Rep. Kropf	Relates his discussions with the U.S. Secretary of Agriculture Mike Johanns regarding Oregon's work with biofuels.
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282	Rep. Kropf	Notes that in some Midwest states, ethanol prices are 10-15 cents cheaper than in Oregon. Explains that the incentives are offsetting for the mandates contained in the legislation.
303	Rep. Kropf	Notes that there are business operators who want to build a biofuel plant near the Port of Portland that will be economical.
323	Rep. Barnhart	Asks how long the incentives noted by Rep. Kropf will be necessary.
330	Rep. Kropf	Answers that in HB 3031, the pollution control tax credits should be extended from 2006 to 2012. Notes the new fuel standards that will be in place in 2007.
350	Rep. Kropf	Notes that Minnesota subsidized \$35 million into the ethanol industry and was returned \$587 million in "hard dollar economic activity" in the rural areas of the state.
393	Rep. John Dallum	House District 59. Concurs with Rep. Kropf's testimony in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 and SB 736. Notes that the bills are good policy for Oregon's rural communities.

TAPE 42, A

018	Sen. Rick Metsger	Senate District 26. Testifies in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 and SB 736 and notes the bipartisan support in the Senate.
028	Rep. Jackie Dingfelder	House District 45. Testifies in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 and SB 736.
033	Chair Anderson	Asks for the difference between biodiesel and ethanol.
038	Rep. Kropf	Answers that ethanol is for gasoline engines and biodiesel would be a blending agent with petrodiesel. Notes that biodiesel is a cleaner burning fuel.
051	Rep. Dingfelder	Reiterates that no special car or engine is needed for ethanol or biodiesel.
062	Chair Anderson	

Clarifies that biodiesel and ethanol are separate. Asks if cellulose can be refined to biodiesel or ethanol.

066	Rep. Kropf	Defers to witnesses that will follow who have more expertise. Reiterates support for the legislation.
080	Mike Grainey	Director, Oregon Department of Energy (ODE). Submits and summarizes prepared testimony and information including a letter from Gov. Kulongoski to Senate President Courtney and House Speaker Minnis and the Oregon Renewable Energy Action Plan (EXHIBIT F) .
146	Justin Klure	Senior Policy Analyst, ODE. Explains the production of biofuels.
181	Chair Anderson	Asks if restaurant grease can be converted to biodiesel.
183	Klure	Answers yes, but notes that the product will not be of the same quality as using crops.
188	Chair Anderson	Clarifies that the restaurant grease would be vegetable oil.
190	Klure	Answers yes. Explains the work being done with the Department of Administrative Services Motor Pool to develop infrastructure for ethanol. Explains the E-85 ethanol blend compared to the E-10 blend.
220	Mike Marsh	Deputy Director, Oregon Department of Transportation (ODOT). Submits and summarizes prepared testimony regarding HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 and SB 736 (EXHIBIT G) .
247	Chair Anderson	Asks about the \$1 million per fiscal year cited by Mr. Marsh and asks if it is including or replacing the 2012 sunset.
250	Marsh	Answers that it would replace the 2012 sunset and function as a cap and notes that the \$1 million is the amount of discount.
265	Katie Fast	Associate Director of Government Affairs, Oregon Farm Bureau. Submits and summarizes prepared testimony and information regarding HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 and SB 736 (EXHIBIT H) . Testifies in opposition to HB 3034 and HB 3035.

383	Fast	Testifies in support of HB 736.
394	John Ledger	Associated Oregon Industries. Testifies in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 and SB 736 and notes potential issues with the legislation.
TAPE 41, B		
001	Ledger	Proposes that the tax credit should be limited to wood chippers of 100 horsepower or more.
015	Rep. Barnhart	Recalls that Mr. Ledger mentioned the wood chipper issue before the Revenue Committee in 2003.
019	Ledger	Discusses the issue of pollution. Notes pollution control tax credits and their incentive to bring businesses to Oregon.
040	Kelsey Wilson	Union Pacific Railroad. Submits and reads prepared testimony citing issues with HB 3033 (EXHIBIT I) .
070	Damiana Merryweather	American Lung Association of Oregon. Submits and reads prepared testimony in support of HB 3035 (EXHIBIT J) .
100	Larry Price	Oregon Wheat Growers League Board of Directors. Submits and summarizes prepared testimony in support of HB 3030, HB 3031, HB 3032 and HB 3034 (EXHIBIT K) .
180	Price	Discusses the issue of upland storage and the freight advantage of moving downriver. Addresses the ability of growers to market their products.
228	Price	Explains the benefits of the tax incentives. Urges processors to use Oregon products.
266	Tomas Endicott	Managing Partner, SeQuential Biofuels, LLC. Submits and summarizes prepared testimony and information in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 and SB 736 (EXHIBIT L) .

TAPE 42, B

023	Endicott	Notes that waste vegetable oil is equal to virgin oil and points out that warranties cannot be voided for engines.
035	John Miller	Wildwood Mahonia Vineyard. Submits and summarizes prepared testimony in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 and SB 736 (EXHIBIT M) . Notes that he uses biodiesel and has had no problems with it.
067	Miller	States that there should be an incentive to change school buses to biodiesel and reclaim oil from restaurants.
084	Rick Franklin	Co-owner and Manager, American Alternative Energy. Explains his company's operations and technology for extracting carbon from wood to create gas that can be converted to ethanol or biodiesel.
145	Carolyn Stein	Resident, Eugene. Submits and summarizes prepared testimony in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 & SB 736 (EXHIBIT N) . Explains her son's asthma and her family's resulting use of biodiesel. Advocates the use of biodiesel in school buses.
165	Don Emerson	President, FMI Truck Sales & Service, Portland. Submits and summarizes prepared testimony in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 and SB 736 (EXHIBIT O) .
252	Rep. Alan Brown	House District 10. Testifies in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 and SB 736. Notes the economic and environmental impacts and the chemicals that are used to mix with fuels.

The following material is submitted for the record without public testimony:

Ashley Henry	Oregon Business Association. Submits the executive summary of the report, "Renewable Energy: An Oregon Economic Opportunity" regarding biofuels (EXHIBIT P) .
Jim Welsh	Oregon State Grange. Submits prepared testimony in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 and SB 736 (EXHIBIT Q) .
Matt Blevins	Oregon Environmental Council. Submits prepared testimony of John Aeschliman, President of the Pacific Northwest Direct Seed

Association in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 (**EXHIBIT R**).

Charles Carlson Cascade Grain. Submits prepared PowerPoint presentation in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 and SB 736 (**EXHIBIT S**).

John Houser Committee Administrator. Provides copies of amendments received: HB 3030-1 amendments (**EXHIBIT T**), HB 3031-1 amendments (**EXHIBIT U**), and HB 3032-1 amendments (**EXHIBIT V**).

310 Chair Anderson Closes the public hearing on HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035 and SB 736. Opens a work session on the approval of a bill drafting request.

APPROVAL OF BILL DRAFTING REQUEST – WORK SESSION

312 Chair Anderson Proposes introduction of a memorial for former state representative Cecil Johnson.

314 Rep. Jenson **MOTION: Moves to request permission from Speaker Minnis to request that Legislative Counsel draft a measure honoring the memory of former State Representative Cecil Johnson.**

VOTE: 6-0-1

EXCUSED: 1 - Lim

Chair Anderson Hearing no objection, declares the motion CARRIED.

317 Chair Anderson Closes the work session on the approval of a bill drafting request.

319 Houser Explains the future committee field trip to Sherwood.

340 Chair Anderson Adjourns the meeting at 3:00 p.m.

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EXHIBIT SUMMARY

- A. **HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, SB 736, prepared testimony and information, Katy Coba, 3 pp**
- B. **HB 3030, prepared testimony, Rep. Jeff Kropf, 1 p**
- C. **HB 3031, prepared testimony, Rep. Jeff Kropf, 1 p**
- D. **HB 3032, prepared testimony, Rep. Jeff Kropf, 1 p**
- E. **HB 3034, prepared testimony, Rep. Jeff Kropf, 1 p**
- F. **SB 736, prepared testimony, Gov. Kulongoski letter and “Oregon Renewable Energy Action Plan”, Mike Grainey, 32 pp**
- G. **HB 3034, prepared testimony and proposed amendments, Mike Marsh, 3 pp**
- H. **HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, prepared testimony and information, Katie Fast, 8 pp**
 - I. **HB 3033, prepared testimony, Kelsey Wilson, 1 p**
 - J. **HB 3035, prepared testimony, Damiana Merryweather, 1 p**
- K. **HB 3030, HB 3031, HB 3032, & HB 3034, prepared testimony, Larry Price, 4 pp**
- L. **HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, SB 736, prepared testimony and information, Thomas Endicott, 3 pp**
- M. **HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, prepared testimony, John Miller, 1 p**
- N. **HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, SB 736, prepared testimony, Carolyn Stein, 1 p**
- O. **HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, SB 736, prepared testimony, Don Emerson, 2 pp**
- P. **HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, SB 736, “Renewable Energy: An Oregon Economic Opportunity” report executive summary, Ashley Henry, 3 pp**
- Q. **HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, SB 736, prepared testimony, Jim Welsh, 1 p**
- R. **HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, prepared testimony of John Aeschliman, Matt Blevins, 1 p**
- S. **HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, prepared PowerPoint presentation, Charles Carlson, 2 pp**
- T. **HB 3030, -1 amendments, staff, 1 p**
- U. **HB 3031, -1 amendments, staff, 13 pp**
- V. **HB 3032, -1 amendments, staff, 1 p**