

HOUSE COMMITTEE ON ENVIRONMENT

April 21, 2005 Hearing Room D

1:00 P.M. Tapes 43 - 44

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

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

TAPE 43, A

003 Chair Anderson Calls the meeting to order at 1:15 p.m. Opens a public hearing on HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, and SB 736.

HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, & SB 736 – PUBLIC HEARING

008 Bill Linden Oregon Metals Industry. Testifies in support of HB 3031 and -1 amendments (**EXHIBIT A**). Describes the Pollution Control Tax Credit.

043 Chair Anderson Asks for an explanation of the “green standard.”

045 Linden Cites language in the -1 amendments explaining the “green standard”.

057 Rep. Garrard Asks about HB 3031 -2 amendments (**EXHIBIT B**) and -3 amendments (**EXHIBIT C**).

060 Linden Explains the -2 and -3 amendments.

090 Dave Nelson Oregon Seed Council, Oregon Dairy Farmers Association. Submits and reads prepared testimony regarding HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, and SB 736 (**EXHIBIT D**). Testifies in support of the HB 3031-2 amendments.

194 Charles Carlson Cascade Grain. Submits and summarizes prepared testimony in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, and SB 736 (**EXHIBIT E**).

268 Rep. Jenson Clarifies that grass seed makes up 500,000 acres in the Willamette Valley.

275 Nelson Answer yes.

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| 280 | Rep. Jenson | Asks if that amount is in production every year. |
| 285 | Nelson | Answers yes. |
| 288 | Rep. Jenson | Asks if grass seed farmers use rotational crops. |
| 293 | Nelson | Answers that as processing facilities have gone out of business, more land is used for grass seeds. Explains the benefits of crop rotation. |
| 306 | Rep. Jenson | Asks how many total acres are available in the Willamette Valley for growing biofuel crops. |
| 315 | Nelson | Answers that there are one million acres that may be in cultivated production or cultivatable. Explains that much is in clover seed and other crops. Estimates that economics and science will lead the way in biofuel production. Argues that farmers will not grow crops such as canola for biofuels at an economic loss. |
| 349 | Rep. Jenson | Asks if canola requires a four or five year rotation and 200,000 acres of canola are required to fuel a production facility, asks if one million acres would be necessary to meet demand in the coming years. |
| 370 | Nelson | Notes that the Willamette Valley has a competitive advantage in grass seed. Estimates that one-fifth of arable land would be necessary for an oil crop. Cites a North Dakota study estimating whether canola production is economically feasible. |
| 411 | Rep. Garrard | Asks where in Oregon farmers would want to grow oil seed crops. |
| 419 | Nelson | Answers that the Columbia Basin is the most feasible. Notes that extraction facilities are being considered in the region. |

TAPE 44, A

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| 007 | Rep. Jenson | Notes that the only viable acreage is the irrigated acreage. Points out that irrigation permits from the Columbia River are necessary to develop production of biofuel crops in the area. |
| 021 | Houser | Asks how easy it would be to change ethanol processing to a different feedstock. |

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| 028 | Carlson | Answers that it would be easier to switch from corn to sorghum or wheat. Notes that cellulose has to be broken down to glucose for production. |
| 036 | Chair Anderson | Asks about the Minnesota and Montana mandated programs. |
| 040 | Carlson | Explains the production that Montana must have to initiate the renewable fuel standard. Notes that he is unsure of Hawaii's level of production. |
| 041 | Chair Anderson | Asks if other states are producing ethanol without a mandate. |
| 043 | Carlson | Answers that Iowa does not have a mandate. |
| 046 | Chair Anderson | Asks if states can produce ethanol without a mandate. |
| 048 | Carlson | Answers that it is possible, but many states are looking to implement mandates. |
| 057 | Paul Romain | Oregon Petroleum Association. Testifies in opposition to HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, and SB 736. Argues against mandates for production and notes that science is mixed on ethanol. Proposes that a clean air standard would be more feasible to try to meet. |
| 095 | Brian Doherty | Western States Petroleum Association. Submits and summarizes prepared testimony and information in opposition to HB 3033, HB 3034, and HB 3035 and notes no objection to HB 3030, HB 3031, HB 3032, and SB 736 (EXHIBIT F). |
| 200 | Chair Anderson | Asks if there are currently national gasoline testing standards. |
| 202 | Doherty | Answers that diesel, gasoline and ethanol have stringent and accurate ASTM standards. |
| 214 | Chair Anderson | Asks if B-100 biodiesel has an ASTM standard. |
| 216 | Doherty | Answers that it has an ASTM standard that is "woefully inadequate" according to the fuels industry and more accurate standards are needed. |

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| 225 | Chair Anderson | Asks if a blend of ethanol and gasoline would get the same mileage as gasoline. |
| 234 | Doherty | Answers that an E-10 ethanol mix results in a three-percent reduction in fuel economy. |
| 236 | Chair Anderson | Clarifies that ethanol may cost less, but fuel economy is reduced. |
| 238 | Doherty | Answers that the market is volatile and mandates do not account for it. |
| 247 | Romain | Notes that the Eugene <i>Register-Guard</i> editorialized against ethanol. |
| 261 | Doherty | Highlights the submitted ultra low sulfur diesel information (EXHIBIT F) . |
| 275 | Bob Russell | President, Oregon Trucking Associations, Inc. Submits and summarizes prepared testimony in opposition to HB 3033 (EXHIBIT G) . |
| 371 | Dan Clem | Fleet Manager, Department of Administrative Services (DAS). Proposes amendments to HB 3034. |
| 400 | Chair Anderson | Recesses the meeting at 2:12 p.m. Reconvenes the meeting at 2:17 p.m. |
| 408 | Terry Witt | Executive Director, Oregonians for Food and Shelter. Testifies in support of the concept of biofuels. States that he represents diverse parties on all sides of the biodiesel issue. Expresses concerns with the implementation of the legislation. |

TAPE 43, B

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| 008 | Witt | Describes the canola production in Oregon and notes that it can be shipped from Canada for 8.5 cents per pound. |
| 033 | Chair Anderson | Asks how many acres in Oregon are feasible for growing biodiesel crops and how much would be required for a production facility. |
| 045 | Witt | |

Answers that it would depend on the yield. Notes that Rep. Kropf estimated 250,000 acres in production. Points out that canola is a rotational crop.

- 067 Rep. Jenson Notes the importance of the economic considerations for biofuel farmers and producers. Notes that irrigation is necessary for canola production in Eastern Oregon.
- 093 Chair Anderson Notes that when land has to be irrigated, the price goes up.
- 095 Rep. Jenson Commends the work being done.
- 107 Ashley Henry Oregon Business Association (OBA). Testifies in support of HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, and SB 736. Notes that there is a need for biofuels and Oregon has the opportunity to act on it.
- 155 Chair Anderson Clarifies the estimate of 200-300 million gallons to meet the need on the west coast in the coming years.
- 158 Henry Answers yes and Oregon may become a producer for other states if proper action is taken.
- 160 Chair Anderson Asks if other facilities are being constructed in Washington and elsewhere.
- 162 Henry Answers that there is proposed siting in a number of areas. Notes that under federal mandates, one facility will not meet the demand.
- 168 Chair Anderson Closes the public hearing on HB 3030, HB 3031, HB 3032, HB 3033, HB 3034, HB 3035, and SB 736. Adjourns the meeting at 2:33 p.m.

EXHIBIT SUMMARY

- A. HB 3031, -1 amendments, staff, 13 pp**
- B. HB 3031, -2 amendments, staff, 1 p**
- C. HB 3031, -3 amendments, staff, 1 p**

- D. HB 3031, prepared testimony, Dave Nelson, 3 pp**
- E. HB 3033, prepared testimony, Charles Carlson, 2 pp**
- F. HB 3030, 3031, 3032, 3033, 3034, 3035 and SB 736, prepared testimony and information, Brian Doherty, 6 pp**
- G. HB 3033, prepared testimony, Bob Russell, 2 pp**