

HOUSE COMMITTEE ON ENVIRONMENT

May 27, 2005 Hearing Room C

2:30 P.M. Tapes 65 - 66

MEMBERS PRESENT: Rep. Gordon Anderson, Chair

Rep. Bob Jenson, Vice-Chair

Rep. Mary Nolan, Vice-Chair

Rep. Phil Barnhart

Rep. Bill Garrard

Rep. John Lim

Rep. Diane Rosenbaum

STAFF PRESENT: John Houser, Committee Administrator

Mike Reiley, Committee Assistant

MEASURES/ISSUES HEARD:

HB 3481 –Work Session

HR 3 – Work Session

SB 736 – Work Session

HB 3328 – 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

TAPE 65, A

003 Chair Anderson Calls the meeting to order at 2:45 p.m. Opens a public hearing on HB 3481.

HB 3481 – WORK SESSION

007 John Houser Committee Administrator. Introduces HB 3481 and explains the provisions in HB 3030, HB 3031, HB 3032, HB 3035, SB 890, HB 2949, SB 736 and HB 3034 that were consolidated into HB 3481.

121 Chair Anderson Reads prepared testimony from Rep. Jackie Dingfelder in support of HB 3481 (**EXHIBIT A**).

165 Rep. Lim Clarifies that HB 3481 is comprised of nine other bills consolidated.

167 Chair Anderson Answers yes and notes that the bill is the original seven biodiesel bills plus provisions from two additional bills.

170 Matt Blevins Legislative Affairs Director, Oregon Environmental Council. Testifies in qualified support of HB 3481. States that the original bills were the optimal option. States support for a renewable fuel standard and seed funding for the Clean School Bus Grant Fund. Argues that a mandate for state use of biodiesel is important. Expresses concern about expansion of the Pollution Control Tax Credit (PCTC).

211 Rep. Rosenbaum Notes the importance of the sunset for the PCTC.

223 Chair Anderson Notes that the governor can mandate that the state make efforts to use biodiesel.

228 Blevins Concurs, but notes that it would be more effective to have to a legislative endorsement.

240 Katie Fast Associate Director of Government Affairs, Oregon Farm Bureau. Submits and summarizes prepared testimony in support of HB 3481 (**EXHIBIT B**).

297 Brian Doherty

Western States Petroleum Association (WSPA). States that the association is neutral on HB 3481. Testifies in support of the -1 amendments (**EXHIBIT C**). Explains the expanded use of ethanol in the petroleum industry.

- 320 John Ledger Associated Oregon Industries (AOI). Testifies in support of HB 3481. Explains that the PCTC was put in place by Gov. Tom McCall and notes the relationship between state and federal regulations.
- 375 Rep. Nolan Asks about how much the incentives will help grow the biofuels industry and how many jobs will be created.
- 390 Ledger Answers that it is not possible to guarantee production facilities and jobs, but the incentives make production more likely.
- 405 Fast Explains that the tax incentive for growers is appropriate because the crops such as canola are low-value crops. Notes that to take advantage of a tax credit, it is necessary to make a profit and that is often difficult for farmers.

TAPE 66, A

- 018 Rep. Nolan Asks how many jobs should be created by using a tax credit to promote an industry.
- 024 Ledger Answers that he cannot answer. Notes that the PCTC is small and if it works at all, it is a benefit.
- 035 Rep. Nolan Wonders if the tax credit is so small as not to be measurable, is it large enough to create an incentive to motivate biodiesel production.
- 040 Ledger Answers that PCTCs are major components of economic development.
- 059 Larry Stevens Oregon Biofuels Engineering Company. Explains that OBEC is planning to site a facility in Portland and the siting process is the most important factor. Explains that the facility would provide 90 jobs in Portland with \$300 million in economic revenue.
- 085 Chair Anderson Asks about the number of construction jobs involved in constructing the facility.

088	Stevens	Explains the jobs involved and tax revenues for the construction and development of the facility.
094	Al Herbst	Oregon Biofuels Engineering Company. States that the biofuel production will be available to meet a mandate.
106	Rep. Lim	Asks what other incentives are necessary for biofuel production facilities to locate in Oregon.
112	Stevens	Testifies in support of HB 3481 and the incentives it contains. States that SB 736 with its siting provisions is the most important bill.
132	Rep. Nolan	Asks if the siting is enough.
134	Stevens	Answers that the HB 3481 provisions are enough of an incentive to locate a production facility.
152	Rep. Jenson	MOTION: Moves to ADOPT HB 3481-1 amendments dated 5/20/05.
150	Rep. Barnhart	Asks for an explanation of the -1 amendments.
155	Doherty	Explains the changes contained in the -1 amendments.
184	Rep. Barnhart	Asks if other forms of alcohol beside ethanol used for blending with gasoline.
188	Doherty	Explains that the term “alcohol” is necessary for consistency in the language.
207	Rep. Barnhart	Asks how much methyl tertiary butyl ether was used as an additive in California.
212	Doherty	Answers “somewhat less than 10%” of the total gallons.

VOTE: 6-0-1

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

EXCUSED: 1 - Lim

Chair Anderson **The motion CARRIES.**

220 **Rep. Jenson** **MOTION: Moves to ADOPT HB 3481-3 amendments dated 5/26/05 (EXHIBIT D).**

235 Fast Explains that the intent for the -3 amendments is to ensure that as the Environmental Quality Commission adopts rules, they will not impair the sale of engines that use biodiesel.

248 Chair Anderson Reads prepared testimony from Randy Tucker, Legislative Affairs Director for Metro in support of HB 3481 **(EXHIBIT E)**.

VOTE: 7-0-0

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

Chair Anderson **The motion CARRIES.**

265 **Rep. Jenson** **MOTION: Moves HB 3481 to the floor WITHOUT RECOMMENDATION as to passage, but with amendments and BE REFERRED to the committee on Revenue.**

275 Rep. Nolan States that she will support the motion since it is without recommendation, but notes reservations.

282 Chair Anderson Explains the intent for the future of the bill.

288 Rep. Barnhart Expresses concern about the PCTC and Clean School Bus Grant Fund and the deletion of the requirement that the state use biodiesel. States support to get the bill out of committee.

VOTE: 7-0-0

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

Chair Anderson **The motion CARRIES.**

310 Chair Anderson Closes the work session on HB 3481. Opens a work session on HR 3.

HR 3 – WORK SESSION

330 John Houser Committee Administrator. Introduces HR 3.

355 **Rep. Jenson** **MOTION: Moves HR 3 be sent to the floor with a BE ADOPTED recommendation.**

365 Rep. Nolan Asks for a clarification of the intent of HR 3.

370 Chair Anderson Answers that the intent is for the state to not attempt to supersede federal regulations regarding greenhouse gas emissions.

381 Rep. Nolan Speaks to the health effects and economic action that have been attributed to greenhouse gas emissions. Argues that the committee should be addressing more important issues such as accessible and affordable health care.

TAPE 65, B

008 Chair Anderson States that HR 3 conveys respect.

011 Rep. Barnhart Concurs with the comments of Rep. Nolan. Speaks in favor of protecting jet air bases in Portland and notifying the public about work sessions on budget bills.

028 Chair Anderson Notes that the administration of President Bush is moving the air fleet to better utilize it for security.

035 Rep. Lim Points out that many resolutions are passed in the House and Senate. States that he will support HR 3 in committee, but notes reservations.

042 Rep. Garrard Explains the expansion of Kingsley Field in Klamath Falls and new jobs that will be created.

049 Rep. Rosenbaum Speaks against HR 3. States that global greenhouse gas emissions are a major issue that should be dealt with.

060 Chair Anderson States that both sides of the greenhouse gas debate are not being heard scientifically.

VOTE: 4-3-0

AYE: 4 - Garrard, Jenson, Lim, Anderson

NAY: 3 - Barnhart, Nolan, Rosenbaum

Chair Anderson The motion CARRIES.

REP. ANDERSON will lead discussion on the floor.

065 Rep. Nolan Serves notice of possible Minority Report.

070 Chair Anderson Closes the work session on HR 3. Opens a work session on SB 736.

SB 736 – WORK SESSION

082 John Houser Committee Administrator. Introduces SB 736.

087 Rep. Jenson MOTION: Moves SB 736 to the floor WITHOUT RECOMMENDATION as to passage and BE REFERRED to the committee on State and Federal Affairs.

090 Rep. Barnhart Suspects that the motion to send the bill to another committee is akin to voting the bill down. Speaks against referring the bill to another committee.

094 Chair Anderson Explains that the State and Federal Affairs Committee intends to hear the bill.

108 Rep. Nolan Speaks against referring the bill to another committee.

116 Rep. Rosenbaum Speaks against referring the bill to another committee.

122 Chair Anderson States that he has spoken with the chair of the State and Federal Affairs Committee and believes the bill will be heard in the committee.

VOTE: 4-3-0

AYE: 4 - Garrard, Jenson, Lim, Anderson

NAY: 3 - Barnhart, Nolan, Rosenbaum

Chair Anderson The motion CARRIES.

132 Chair Anderson Closes the work session on SB 736. Opens a work session on HB 3328.

HB 3328 – WORK SESSION

136 John Houser Committee Administrator. Introduces HB 3328 and the -5 amendments (**EXHIBIT F**) and -6 amendments (**EXHIBIT G**).

164 Chair Anderson Recesses the meeting at 3:52 p.m. Reconvenes the meeting at 3:55 p.m.

167 Rep. Jenson **MOTION: Moves to ADOPT HB 3328-4 amendments dated 5/18/05 (EXHIBIT H).**

170 Rep. Barnhart Explains the -4 amendments and the necessity to adopt both the -4 and -5 amendments.

188 Rep. Jenson Clarifies the effects of the amendments.

VOTE: 7-0-0

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

Chair Anderson The motion CARRIES.

200 Rep. Jenson **MOTION: Moves to ADOPT HB 3328-5 amendments dated 5/23/05.**

VOTE: 7-0-0

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

Chair Anderson The motion CARRIES.

210 Rep. Jenson **MOTION: Moves HB 3328 to the floor with a DO PASS AS AMENDED recommendation and the SUBSEQUENT REFERRAL to the committee on Ways and Means BE RESCINDED and BE REFERRED to the committee on Budget.**

218 Rep. Rosenbaum Asks if the bill has fiscal impact.

225 Houser Explains the process for further committee referrals.

VOTE: 7-0-0

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

Chair Anderson The motion CARRIES.

248 Chair Anderson Closes the work session on HB 3328. Adjourns the meeting at 4:01 p.m.

EXHIBIT SUMMARY

- A. **HB 3481, prepared testimony, Rep. Jackie Dingfelder, 1 p**
- B. **HB 3481, prepared testimony, Katie Fast, 2 pp**
- C. **HB 3481, -1 amendments, staff, 1 p**
- D. **HB 3481, -3 amendments, staff, 1 p**
- E. **HB 3481, prepared testimony, Randy Tucker, 2 pp**
- F. **HB 3328, -5 amendments, staff, 1 p**
- G. **HB 3328, -6 amendments, staff, 10 pp**
- H. **HB 3328, -4 amendments, staff, 1 p**