

HOUSE COMMITTEE ON
AGRICULTURE AND NATURAL RESOURCES

April 03, 2003 Hearing Room HR D
1:00 PM Tapes 55 - 58

MEMBERS PRESENT: **Rep. Jeff Kropf, Chair**
 Rep. George Gilman, Vice-Chair
 Rep. Kelley Wirth, Vice-Chair
 Rep. Terry Beyer
 Rep. Dave Hunt
 Rep. Donna Nelson
 Rep. Patti Smith

STAFF PRESENT: **Ray Kelly, Committee Administrator**
 David Peffley, Committee Assistant

MEASURES HEARD: **HB 2957 – Public Hearing and Work Session**
 HB 3152 – Public Hearing
 HB 3269 and HB 3270 – 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 55, A		
004	Chair Kropf	Calls the meeting to order at 1:01 p.m. and opens a public hearing on HB 2957.
HB 2957 – Public Hearing		
014	Ray Kelly	Committee Administrator. Summarizes HB 2957.
028	Chair Kropf	Recesses the meeting.
029	Chair Kropf	Reconvenes the meeting.
029	Joe Gilliam	Oregon Grocers Association. Submits (EXHIBIT A) and testifies in support of HB 2957. Explains the effects of this legislation.
066	Jean Underhill Wilkinson	Submits (EXHIBIT B) and testifies in support of HB 2957. Affirms Gilliam's testimony and speaks to the undue costs on the agricultural community.
097	Gilliam	Points out the FDA's opinion on Measure 27. Speaks to labeling criteria.
110	Rep. Hunt	Addresses -1 amendments (EXHIBIT C) and asks about preemptions of state agencies.
118	Gilliam	Affirms the state agencies jurisdictions.
121	Hunt	Asks Gilliam about the distribution of grocery food.
125	Gilliam	States that the food they distribute comes from all over the United States.
144	Hunt	Asks Wilkinson about local production amongst OFB members.
146	Wilkinson	States that she doubts much of the production is consumed locally.
156	Richard North	Submits (EXHIBIT D) and testifies in opposition to HB 2957.

369	Mafe Chase	States that the bill is well-intentioned but ill-conceived. Informs as to the hazardous risks of genetically-engineered foods. Testifies to the presence of the bovine growth hormone contained in milk, which has allegedly been linked to cancer. Speaks in opposition to HB 2957 in that genetically-engineered food often contains hazardous chemicals. States that many other countries have outlawed genetically-engineered food and we should at least label it.
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TAPE 56, A

004	Chase	Concludes testimony.
009	Jim Feldmann	Speaks in opposition to HB 2957. States that we need to be open about the process and that we're experiencing novel technology and we need to have knowledge about what we're consuming.
113	Rep. Gilman	Claims that RGBH is a great enhancer of milk production. Asks why those with concerns don't just drink organic milk.
128	North	Notes that all consumers in Oregon can not find or afford organic. Reaffirms that the main concern of this bill is to take away our right to know and to act.
165	Rep. Gilman	Asks for clarification on Vermont's labeling laws.
170	North	States that they are made by local decisions.
182	Rep. Nelson	Asks what the witnesses want to achieve.
192	North	States that they want to retain the discussion and input on labeling.
204	Rep. Nelson	States that HB 2957 does not restrict the right to ask.
219	North	States that this is not a criticism of the USFDA, but that it's nearly impossible to get them to reverse their stance. Assesses their chances for legislation are better at the state level.
256	Rep. Nelson	Restates that the bill does not preempt the consumer from asking for information.
268	North	States that their lawyers couldn't decipher the intent of the bill.
283	Chair Kropf	Restates Rep. Nelson's concern with the bill so that they can understand. Notes that the consumers still have the right to take action on this bill.
304	North	Asserts that Sections 1 and 2 preempt the democratic process.
316	Rep. Hunt	Asks where he bought the milk and where it was produced.
322	North	Replies that he bought the milk in Durham, OR and it was made in Pleasanton, CA.
329	Rep. Hunt	Asks North who he sees as being the most effective arbiter.
343	North	Replies that he sees the state legislature as being the best arbiter. Discusses Oregon taking the lead in progressive legislation in previous bills, like the beach bill and the bottle bill.
373	Rep. Hunt	Asks North if he would support a state-level FDA.
381	North	Replies that he doesn't see the need to create another state agency.
407	Chair Kropf	Closes the public hearing on HB 2957 and opens a work session on HB 2957.

The following prepared testimony is submitted for the record without public testimony for HB 2957.

Ken Yates	Submits (EXHIBIT M) .
Tosha Kauffman-Smith	Submits (EXHIBIT N) .
Shane Smith	Submits (EXHIBIT O) .
E. Daniel Seymour	Submits (EXHIBIT P) .

HB 2957 – WORK SESSION

410	Rep. Nelson	MOTION: Moves to ADOPT HB 2957-1 amendments dated 3/31/03.
		VOTE: 7-0
416	Chair Kropf	Hearing no objection, declares the motion CARRIED.
424	Rep. Nelson	MOTION: Moves HB 2957 to the floor with a DO PASS AS AMENDED recommendation.
433	Rep. Nelson	MOTION: Moves HB 2957 to the floor with a DO PASS AS AMENDED recommendation.
437	Chair Kropf	VOTE: 6-1
		AYE: 6 - Beyer, Gilman, Hunt, Nelson, Smith P., Kropf
		NAY: 1 – Wirth
	Chair	The motion CARRIES.
		KROPF will lead discussion on the floor.
454	Chair Kropf	Closes the work session on HB 2957 and opens a public hearing on HB 3152.

TAPE 55, B
HB 3152 – PUBLIC HEARING

019	Ray Kelly	Summarizes HB 3152.
027	Ross Holloway	Oregon Department of Forestry (ODF). Submits (EXHIBIT E) and states support for HB 3152. citing the added flexibility it gives ODF. Also expresses concerns with the bill.
050	Rep. Nelson	Expresses concern for the bureaucracy involved in harvesting timber..
058	Holloway	Asserts that the department is very efficient.
069	Chair Kropf	Asks if this process is routinely done on state lands.
071	Holloway	Affirms that it is.
074	Chair Kropf	Asks if the process is the same for federal government.
076	Holloway	Affirms that the process is completely different.
078	Rep. Nelson	Expresses frustration with the slow pace of forest management.
083	Holloway	States understanding of Rep. Nelson’s concerns.
101	Jim Nass	Submits (EXHIBIT F) and supplies informational testimony on the judicial review sections of the bill.
135	Rep. Nelson	Expresses concern over the federal government’s role in forestry.
142	Nass	States that he is not certain of the role of the federal government. Restates his concern with the judicial review contained in the bill.
162	Rep. Beyer	Asks what changes to expect from this legislation.
172	Chair Kropf	Points out that the bill came from the majority office and suggests that Rep. Beyer and Andy High from the majority office might discuss this after the meeting. Closes the public hearing on HB 3152 and opens public hearings on HB 3269 and HB 3270, en bloc.

The following prepared testimony is submitted for the record without public testimony for HB 3152.
 Sybil Ackerman Conservation Director, Audubon Society. Submits **(EXHIBIT Q)**.

HB 3269 and HB 3270 – PUBLIC HEARING

200	Chair Kropf	Introduces and explains his bills and his intention to improve the Oregon meats industry. Announces that they are drafting an amendment to HB 3270 with 1% of the proceeds from this program going to the Oregon food bank.
299	Rep. Smith	Asks about the figure of \$10 million.
301	Chair Kropf	Replies that it is a random figure and open to discussion. States

307 Rep. Smith that the committee may wish to work through this bill.
Asks why economic development can't give grants without this legislation.

320 Chair Kropf States that this question should be addressed to the witnesses and notes that the property tax issue requires legislation.

350 Glen Stonebrink Oregon Cattlemen Association (OCA). Testifies that Oregon has a unique opportunity to improve the cattle industry and urges passage of these bills.

384 Coy Cowart President-elect, OCA. Submits **(EXHIBIT K)** and testifies in favor of HB 3269 and HB 3270. Speaks to USDA regulations in relation to the proposed legislation. Addresses the history and background of beef industry.

TAPE 56, B

001 Cowart Continues testimony. Discusses the challenges of environmental regulations and world competition. Introduces the Oregon Country Beef and Painted Hills Co-ops.

115 Rep. Beyer Asks about specific barriers which need removal.

120 Cowart Expresses concern with various environmental barriers.

141 Stonebrink Adds that US environmental regulations are the most stringent in the world.

160 Chair Kropf Asks about impediments to business and whether it is in complying with USDA requirements.

167 Chris Bartel Operator, General Manager, S-Bar Pack. Speaks to impediments and the big packers taking over businesses. Explains the operations of his slaughter house. Talks about exports to Asia and about being able to compete in the marketplace.

279 Rep. Wirth Addresses the unmet demand for Oregon beef. States that removal of barriers seems like the biggest impediment to the industry. Asks for confirmation of her assertion.

319 Cowart States that getting by barriers has been very difficulty and discusses the new niches. Talks about the importance of the customer-demand base.

407 Rep. Beyer Asks about S-Bar's expansion plans.

414 Bartel Discusses where they wish to expand to.

TAPE 57, A

039 Rep. Gilman Asks how much it would cost to set up a plant to irradiate hamburger.

041 Bartel Replies that it would cost about \$1 million.

045 Chair Kropf Asks Bartel the costs of expanding their enterprise.

047 Bartel Replies \$3-400,000.

060 Chair Kropf Asks how these bills impact Oregon beef.

068 Bartel Talks about competitive difficulties and asks the Chair to address the 1% donation.

095 Chair Kropf Discusses the 1% and asks how it would balance the tax cut.
Asks Bartel how it would impact the business.

108 Bartel Notes the financial hardships it would cause.

111 Chair Kropf Asks if a lower number might work.

115 Bartel States that he likes the idea, but expresses doubt.

130 Chair Kropf Asks how much it costs to process one head of cattle.

132 Bartel Responds that it costs around \$250 to cut and wrap.

135 Chair Kropf Asks what would be the best method of packaging for food banks.

137 Bartel Replies custom cut and wrap.

138 Rep. Nelson Asks the costs to start up a plant.

149	Bartel	Replies \$6 million.
155	Rep. Nelson	Asks if we could regionalize this operation.
161	Cowart	States that the best thing to do would be to tour a facility.
185	Rep. Nelson	Asks how Korea prefers their beef.
192	Bartel	States that they want it as fresh as possible, they prefer Angus and if possible would like the cow whole and live. Adds that they like the well-marbled beef.
211	Rep. Nelson	Asks why Economic Development Department is not involved in this process.
222	Cowart	Notes the inequities in the system.
232	Ron Fox	Oregon Economic Community Development. Speaks to the concepts of the proposed legislation. States concern with the dedication of funds.
261	Rep. Nelson	States concern that we're deferring our responsibilities to other states.
277	Fox	States the departments commitment to improving the value-added component of Oregon's business.
290	Margaret Magruder	Submits (EXHIBIT H) and testifies in support of HB 3269 and HB 3270. Speaks to the proliferation of Oregon Lamb.
311	Glen Krebs	Reaffirms Magruder's dedication to producing lamb and notes that Oregon is one of the top ten lamb producing states in the country. Speaks to the need to increase value-added business, costs and benefits.
423	Rep. Nelson	Asks about the ratio of production needs amongst the various meats.
447	Krebs	Speaks to consumption trends within the industry.
TAPE 58, A		
018	Rep. Nelson	Asks about facilities to handle the lamb.
020	Krebs	Notes that they are too poor to compete with those in other countries.
021	Rep. Nelson	Asks if multi-species slaughterhouses exist.
022	Krebs	Attests that it's not practical.
028	Chair Kropf	Asks for the cost of establishing a state of the art processing plant.
030	Krebs	Replies about \$2 million dollars for a lamb-processing plant.
032	Chair Kropf	Asks how much it would cost for a cattle plant.
034	Krebs	Replies that it would depend on the size.
036	Nelson	Opines that it would cost about \$5 million.
038	Krebs	Speaks to the increase in the cost of lamb.
043	Magruder	Speaks to Krebs' plant in Australia.
053	Rep. Nelson	Asks about irradiation of lamb.
055	Kreebs	Notes that irradiation is mainly for ground beef.
066	Mary Stewart	Agri-Business Council. Submits (EXHIBIT I) , (EXHIBIT J) , and (EXHIBIT K) . Shares evidence of potential growth in the rural areas. Testifies that niche sales will increase jobs and the economy.
169	Rep. Nelson	Asks why it has taken so long to introduce this kind of legislation.
177	Stewart	Echoes those same sentiments.
182	Greg Addington	Oregon Farm Bureau (OFB). Submits (EXHIBIT L) and testifies that OFB supports the concepts of these bills. Offers help in readdressing issues which may need amending in these bills.
215	Dalton Hobbs	Oregon Department of Agriculture (ODA). Offers perspective of the scope of this bill and the critical need for this legislation.

		Speaks to the need to conform to other high consumer standards, like those in Japan.
344	Rep. Nelson	Asks if we have any reciprocal agreements with other nations.
348	Hobbs	Alludes to trade agreements like the WTO and NAFTA and market-driven specifications.
355	Rep. Nelson	Asks about reciprocity with regard to trade agreements and possible restrictions.
373	Hobbs	Speaks to partnerships agreements and investment.
388	Chair Kropf	Asks how many loans have been made for the purpose of which this legislation has been directed.
393	Hobbs	States uncertainty, but doesn't believe much has been loaned.
411	Chair Kropf	Asks about the existence of the Governor's Strategic Reserve Fund and the Oregon Business Development Fund.
416	Hobbs	Affirms that in one form or another, they have been.
433	Chair Kropf	Notes that since the funds have not been accessed, we need to move forward in prioritizing goals for fund dedication.
439	Hobbs	Adds that new niches continue to arise and the marketplace can now support the industry, thus new opportunities are arising.
TAPE 57, B		
004	Hobbs	Concludes testimony. Offers Rep. Nelson to witness the shipping of livestock to Korea.
025	Rep. Nelson	Notes the effort to increase business development.
037	Chair Kropf	Reaffirms the desire to take advantage of the emerging markets. Closes the public hearing on HB 3269 and HB 3270 and adjourns the meeting at 4:01.

EXHIBIT SUMMARY

- A – HB 2957, written testimony, Joe Gilliam, 3 pp.**
- B – HB 2957, written testimony, Jean Wilkinson, 2 pp.**
- C – HB 2957, -1 amendments, staff, 1 p.**
- D – HB 2957, written testimony, Richard North, 3 pp.**
- E – HB 3152, written testimony, Ross Holloway, 2 pp.**
- F – HB 3152, written testimony, Jim Nass, 2 pp.**
- G – HB 3269 and HB 3270, written testimony, Coy Cowart, 1 p.**
- H – HB 3269 and HB 3270, written testimony, Margaret Magruder, 2 pp.**
- I – HB 3269 and HB 3270, written information, Mary Stewart, 1 p.**
- J – HB 3269 and HB 3270, written information, Mary Stewart, 1 p.**
- K – HB 3269 and HB 3270, written information, Mary Stewart, 1 p.**
- L – HB 3269 and HB 3270, written testimony, Greg Addington, 2 pp.**

The following exhibits are listed out of order in the body of the tape log.

- M – HB 2957, written testimony, Ken Yates, 2 pp.**
- N – HB 2957, written testimony, Tosha Kauffman-Smith, 1 pp.**
- O – HB 2957, written testimony, Shane Smith, 1 p.**
- P – HB 2957, written testimony, Daniel Seymour, 1 p.**
- Q – HB 3152, written testimony, Sybil Ackerman, 1 p.**