

HOUSE COMMITTEE ON
AGRICULTURE AND NATURAL RESOURCES

May 13, 2003 Hearing Room D
1:00 pm Tapes 83 - 84

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: **SB 673 A –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 83, A		
004	Chair Kropf	Calls the meeting to order at 1:09 and opens a work session on SB 673 A.
<u>SB 832 A – WORK SESSION</u>		
020	Senator Messerle	Speaks to the importance of SB 673 A, in order to boost the fishing industries and exempts fisheries from anti-trust legislation.
052	Rep. Krieger	HD 1, South Coast. Testifies in favor of SB 673 A as a reasonable approach to setting prices amongst the fishing industries.
139	Sen. Messerle	Wants to affirm that SB 673 A should pass without amendments.
146	Rep. Hunt	Asks Rep. Krieger to confirm the percentage figures cited earlier.
152	Rep. Krieger	Speaks to a monopoly within the industry.
155	Rep. Hunt	Asks if that pertains to one company or a series of companies.
158	Rep. Krieger	Refers to an association of four or five companies.
161	Rep. Hunt	Asks if another state has a similar program in place.
164	Rep. Krieger	Speaks to a parallel process in California.
168	Rep. Brown	HD 10. Responds to Rep. Hunt's question in that this bill parallels the very successful grass seed program. Reaffirms prior testimony. Urges the passage of SB 673 A.
203	Rep. Joanne Verger	HD 9. Notes that this bill is vital to the coastal fisheries and vital to the revival of the fishing industry.
229	Chair Kropf	Asks if this legislation should be amended.
232	Rep. Brown	States that the legislation should pass as is.

236	Rep. Verger	Reaffirms Rep. Brown's sentiments that the bill needs to pass as is.
240	Rep. Nelson	Asks how the assessment works.
246	Chair Kropf	Notes that ODFW will address that question.
252	Rep. Nelson	Asks if California and Washington have similar requirements.
254	Rep. Brown	States uncertainty.
260	Nick Furman	Executive Director, Oregon Dungeness Crab Commission (ODCC). Explains the intent and implications of SB 673 A. Speaks to the danger and profitability of commercial Dungeness crab fishing and the necessity of this bill. Addresses Rep. Nelson's concerns about Washington and California.
430	Rep. Nelson	Asks how we can establish a fair pricing system.
TAPE 84, A		
002	Furman	Notes that current process will not change as a result of SB 673 A.
020	Rep. Nelson	Asks about the voting process in relation to price-setting.
029	Furman	Emphasizes the voluntary nature of the program.
053	Rep. Hunt	Asks the percentage of permits held by those in Oregon.
057	Furman	Responds that all except forty permits are held by Oregonians.
064	Rep. Hunt	Asks for clarification of the voluntary compliance and where it is addressed in the bill.
076	Furman	Notes that it is implied in ODFW's role.
090	Rep. Hunt	Asks for clarification of the intent of the voluntary nature of the program.
095	Furman	Reaffirms that the intent is for the program to be voluntary and adds that ODCC doesn't have a problem qualifying that in the bill.
104	Rep. Smith	Asks about the 21-day delay and whether that is normal.
110	Furman	Addresses the delay in openings and asks whether the delay is due to price confusion.
123	Chair Kropf	Asks a hypothetical question based on the voluntary nature of the program.
131	Furman	Notes that it would be uncharted territory. Gives assumptions on the action to be taken.
168	Chair Kropf	Asks if a larger fishery could potentially upstage the process.
174	Furman	States that they would have to assume the best-case scenario.
185	Rep. Nelson	Asks if all commercial crabbers need a permit.
187	Furman	Notes that they do.
193	Rep. Nelson	Asks about individual crabbers.
202	Furman	Notes the need for a permit.
218	Rep. Nelson	Asks if this bill would preclude foreign entities from harvesting our crabs.
225	Furman	Notes that these entities are not involved.
230	Rep. Nelson	Asks about foreign crab.
233	Furman	Notes that Dungeness crab is indigenous to our coast.
242	Rep. Beyer	Asks if Oregon is the only state with a crab commission.
245	Furman	Affirms that is correct.
253	Rep Beyer	Asks if the other west coast states has given feedback toward this idea.
260	Furman	Notes that they have voiced no reservations.
305	Chuck Craig	Deputy Director, Oregon Department of Agriculture (ODA). Submits (EXHIBIT A) and testifies with strong support for SB 673 as a potential stabilizing influence on the industries.
340	Chair Kropf	Asks if the grass seed program has been productive to date.

345	Craig	Affirms that the program has been very successful.
358	Brent Searle	ODA. Reaffirms Craig's testimony and gives supporting information of the grass seed program.
433	Rep. Smith	Asks what other commodities might need this type of legislation.
437	Searle	Replies that this approach would best benefit co-ops and those industries which negotiate their own prices.
444	Rep. Smith	Asks for examples.
445	Searle	Cites hazel nuts, potatoes, and other co-ops.
TAPE 83, B		
001	Rep. Nelson	Asks who proposed the -2 amendments (EXHIBIT B).
003	Chair Kropf	Notes that opponents of the bill submitted it through the Chair.
005	Rep. Nelson	Asks if the bill has already been amended.
008	Chair Kropf	Clarifies that the bill was already amended in the Senate.
011	Rep. Nelson	Asks about the viability of using a different agency than ODA.
016	Craig	Responds by highlighting the relationship between ODA and the seafood industry.
036	Chair Kropf	Asks if the prices are bound by the present ORS.
038	Searle	Clarifies that the relationship is determined by the bylaws of the cooperatives negotiating with the dealers.
056	Chair Kropf	Asks to confirm seafood byline
058	Searle	Affirms the Chair and notes that the process would not be changed.
070	Chair Kropf	Talks about disputed language in the -2 amendments.
074	Searle	Notes that ODA hasn't had time to peruse the -2 amendments. Asserts their position on the original bill.
081	Chair Kropf	Asks when ODA authorizes bargaining.
108	Searle	Speaks to the decision process.
113	Rep. Hunt	Asks about future departments' authority.
125	Craig	Reaffirms the voluntary nature of the program.
132	Rep. Hunt	States that he doesn't see Craig's assertion in the language of the bill.
141	Searle	Speaks to determining price and bylaws and stuff.
164	Rep. Hunt	Asks about similarities and differences between the crab and the hay seed industries.
177	Craig	Addresses the similarities between the two industries and the differences in terms of danger and immediacy. Notes that the similarities far outweigh the differences.
248	Cindy Robert	Roger Martin and Associates. States changes which need addressing including forcing a price on those who were not part of negotiations. Submits (EXHIBIT C) - recommended amendments to the -2 amendments.
370	John Warner	Owner, Caylan Fisheries, Charleston, Oregon. Submits (EXHIBIT D) and testifies in favor of SB 673 A without amendments, as a boon to the industry.
430	Russell Smotherman	Pacific Northwest Dungeness Marketing Association. States that passage of SB 673 A does harm to no one, but failure to pass it will harm the industry.
TAPE 84, B		
017	Chair Kropf	Asks the implications of a hypothetical situation where people don't participate in the program.
025	Smotherman	States that it would allow the Dungeness crab fleets to negotiate and opines that it would be advantageous to smaller buyers.
031	Chair Kropf	Speaks to market share.
036	Smotherman	Agrees with the Chair. Adds that it would force the larger

		buyers to negotiate.
040	Chair Kropf	Confirms the real-life effects of the passage of SB 673 A.
042	Lloyd Whaley	Shrimp and crab fisherman. Speaks in support of SB 673 A. Addresses incentive versus market share.
073	Rep. Beyer	Asks about a season opening price.
078	Whaley	Speaks to a lack of options and price monopoly.
103	Rep. Hunt	Asks for clarification that smaller buyers will benefit most from this legislation and asks whether the witnesses find the language to be suitable.
114	Whaley	Gives an illustration to highlight his position.
124	Smotherman	Notes that the current process is not amenable to the small buyer.
155	Whaley	Adds his input on moving the industry forward.
170	Jeff Mulkey	Reedsport fisherman. Testifies in support of SB 673 A.
193	Brad Penier	Oregon Business Crab Commission. Urges passage of SB 673 A.
223	Chair Kropf	Directs proponents and opponents to make the appropriate changes to SB 673 A in time for Thursday's work session. Closes the work session on SB 673 A and adjourns the meeting at 2:54 PM.

The following prepared testimony was submitted for the record without public testimony for SB 673 A.
Tom Nowlin Submits (**EXHIBIT E**).

EXHIBIT SUMMARY

- A – SB 673 A, written testimony, Chuck Craig, 3 pp.**
- B – SB 673 A, -A2 amendments, staff, 8 pp.**
- C – SB 673 A, written testimony, Cindy Robert, 1 p.**
- D – SB 673 A, written testimony, John Warner, 1 p.**

The following exhibit is listed out of order in the tape log.

- E – SB 673 A, written testimony, Tom Nowlin, 1 p.**