

**HOUSE REVENUE COMMITTEE
MAY 20, 2003 8:30 AM STATE CAPITOL BUILDING**

Members Present: Representative Lane Shetterly, Chair
Representative Wayne Scott, Vice Chair
Representative Joanne Verger, Vice Chair
Representative Phil Barnhart
Representative Vicki Berger
Representative Pat Farr
Representative Mark Hass
Representative Elaine Hopson

Members Excused: Representative Pat Farr
Representative Max Williams

Witness Present: John Hampton, Hampton Affiliates
Dave Ivanoff, Hampton Affiliates
Ray Wilkeson, Oregon Forest Industries Council
Steve Thomas, Oregon Department of Forestry (ODOF)
Ross Holloway, ODOF
Janet McLennan, Former Board of Forestry
Tim Josi, Tillamook County Commissioner,
Council of Forest Trust Land Counties (CFTLC)
Forest Trust Land Advisory Committee (FTLAC),
Rob Freres, Freres Lumber Company
Kirk Harrison, RSG Forest Products
Tina Swanson, Swanson Group
Paul Hanneman, Tillamook County Commissioner
Mike Propes, Polk County Commissioner
County Forest Trust Lands

Staff Present: Paul Warner, Legislative Revenue Officer
Richard Yates, Legislative Revenue Office
Kathy Tooley, Committee Assistant

TAPE 170, SIDE A

004 Chair Shetterly Calls meeting to order at 8:40 a.m.

OPENED PUBLIC HEARING HB 3632

010 Richard Yates Provided description of HB 3632, (Exhibit 1); and revenue impact (Exhibit 2).

027 Chair Shetterly Described interest in having HB 3632 drafted, is to look at opportunities to take greater advantage of the and harvest and yield in state forest lands for benefit of economy and state, while maintaining current environmental laws.

030 Question and discussion regarding projected revenue, jobs, personal and corporate income.

060 John Hampton Testified in support of HB 3632, (Exhibit 3). Paraphrased written testimony.

165 Dave Ivanoff Testified in support of HB 3632, discussed spreadsheet, (Exhibit 4). Explained revenue losses and potential increases available with changes in the DOF approach to implementation plans. Discussed Dr. John Sessions

forest management model assumptions and policy.

- 230 Ivanoff Discussed "Issues Relative to the Northwest Forests Management Plan (North Coast District)", (Exhibit 4).
- 301 Ivanoff Discussed revenue impact of HB 3632, and "Structure Based Management vs. Even Age Intensive Management (Opportunity Cost Analysis for HB 3632)", (Exhibit 4).
- 410 Questions and discussion regarding terminology, including "structure based management", and "Northwest Forest Management Plan", "Forest Practices Act", and "intensive even-age management".

TAPE 171, SIDE A

- 029 Ray Wilkeson Spoke in support of HB 3632, (Exhibit 5), represented private forest landowners. Described state management of forest lands and how private industry would manage those lands. Discussed three differences between Northwest Forests Management Plan, (FMP), and The Forest Practices Act, (FPA).
- 082 Questions and discussion regarding stream buffer.
- 089 Wilkeson Believes FPA adequately protects the environment..
- 104 Ivanoff Clarified personal position is in opposition to the Board of Forestry approved FMP because the implementation plans fall short of its potential. Believe principles of structure based management can be maintained and be consistent with the intent of HB 3632.
- 114 Questions and discussion regarding conversion to disease resistance species.
- 142 Questions and discussion regarding long term utilization and optimum time for harvesting trees.
- 176 Chair Shetterly Assume sustainability must be factored into FPA to determine responsible forest practices on private land to avoid depletion.
- 183 Hampton Answered affirmatively. Described Northwest Oregon as ideal demonstration forest for resiliency and recovery potential for productive timber lands.
- 193 Ivanoff Described forest manager interest in reforestation and environmental impacts.
- 204 Rep. Barnhart Requested information regarding Canada and its capacity to sustain the current level of cut over time.
- 221 Hampton Canada will be able to sustain for the foreseeable future with the addition of surplus due to beetle infestation. Growing capacity per acre not as good due to severe weather.
- 240 Rep. Barnhart Under FPA what sort of additives are placed on land for new or growing timber?
- 231 Ivanoff Described experiments with fertilization have not proved to be cost effective; herbicides are used in low doses to regenerate a site without using burns.

262	Rep. Verger	Are restrictive standards brought on by legislative process, administrative rules or other agencies?
271	Wilkeson	The legislature has ignored statute relating to forest management, now trees are mature and have commercial value which is why legislative review is timely. Board of Forestry direction is through legislation regarding this law, not other agencies.
284	Wilkeson	Swiss Needle Cast (SNC) is in the bill because Department of Forestry is converting too slowly and need to get productivity back.
297	Rep. Barnhart	Is there a reason for disease control to get the diseased trees out quickly?
299	Wilkeson	Only for the reason to get the land back into a productive state. The disease doesn't kill the trees, just stops the growth, doesn't add volume every year as it should.
304	Rep. Barnhart	Asked if a diseased tree endangers nearby trees?
307	Wilkeson	Believes density is a factor in impact of disease.
313	Ivanoff	The department's experts would say the jury is out on stand density, thinning may exacerbate. Logic says if host species is eradicated the ability to infect would be diminished. There should be a strategy to get lands producing in an environmentally sensitive manner.
331	Rep. Hass	How much of \$179 million is SNC?
337	Ivanoff	Believes about half of Tillamook land base is impacted by SNC.
359	Rep. Hass	Is it addressed by Section 2?
362	Ivanoff	Answered affirmatively.
365	Rep. Hass	In Section 3 where "the board may not allow or require more restrictive standards" are you talking about rules? How can it do that?
368	Ivanoff	That section refers to FPA; it says that environmental protection standards applied on state land should be the same as applied on private lands.
374	Chair Shetterly	If those standards are insufficient should be addressed for all forest owners?
378	Ivanoff	Answered affirmatively.
404	Steve Thomas	Introduced forestry panel.
424	Ross Holloway	Spoke in opposition to HB 3632, (Exhibit 6), in its current form as it would diminish forest plans developed with public input over the past 10 years and recently adopted by DOF. Said it would impose an approach that has not been collaboratively developed by stakeholders.

TAPE 170, SIDE B

073	Janet McLennan	Spoke in opposition to HB 3632, (Exhibit 7). Paraphrased written testimony on history of land acquisition, and management standards and "greatest permanent value rule".
280	Commissioner Tim	Not asked by DOF to testify. Difficult decision to testify against HB 3632

Josi based on Tillamook County's need for jobs and revenues (Exhibit 8). Paraphrased written testimony. Said FPA does a very good job of protecting private forest lands environmentally.

TAPE 171, SIDE B

058	Rep. Hass	Trust commission is that the same as County Forest Land Commission?
066	Commissioner Josi	Described capacity of FTLAC and CFTLC.
077	Rep. Hass	What about stepping up harvest of SNC trees?
085	Commissioner Josi	There are a lot of acres being harvested, Looks like clearcut.
098	Holloway	Discussed harvest implementation plans and studies, past, current and future.
124	Rep. Barnhart	What percentage of the forest is seriously infected?
126	Holloway	Discussed annual surveys, approximated 80,000 acres or one-third of district.
141	Rep. Verger	Coos County has very little SNC, is that true?
143	Holloway	Interior zone has little SNC. In Coos County, there is some SNC; it appears to be increasing, but not as serious as in the fog belt.
158	Rep. Verger	There is criticism of the management of the Elliot State Forest, are you working to harmonize plans.
162	Holloway	Discussed amendment for Elliot State Forest management plan.
182	Chair Shetterly	Discussed that the theme of testimony has been strong deference should be given to DOF. Explained Legislature's responsibility in directing policy and in a changing economy, it becomes an area of renewed interest in looking for new jobs and subsequent revenues to look at the prospect of converting a resource, while observing FPA and environmental laws.
237	Rob Freres	Spoke in support of HB 3632, as it would increase timber harvest and government contractors prefer State of Oregon as a supply source. Feels Forest Service does a wonderful job, but is being overly conservative in management of lands. Feels harvest can safely and environmentally be increased, and return revenue to the general fund.
287	Kirk Harrison	Spoke in support of HB 3632. Relies on ODF timber sales; discussed competition for limited log supply. Believes any bill ensuring timber production should be an ODF priority to help keep mills running, people working and the economy going. Reiterated Ivanoff's testimony regarding the management style in Northwest Oregon on the partial cutting of old growth stands; discussed disadvantage based on limited maximum log size
334	Chair Shetterly	Isn't that the trend, are trees growing beyond capacity to be milled?
336	Harrison	Answered affirmatively, knows of only 1 mill that can accommodate large logs.
344	Freres	Added that his company mills large logs.
349	Tina Swanson	Spoke in support of HB 3632. Described ability of its family mills to use 13 to

15 inch logs in its entirety; provision of living wage jobs; active ownership and management of 140,000 acres which meets or exceeds FPA standards, provides one-third of log usage for their own mills.

TAPE 172, SIDE A

010	Paul Hanneman	Spoke in support of HB 3632, (Exhibit 9). Paraphrased written testimony.
075	Comm Propes	Spoke in support of HB 3632. Clarified County Forest Trust Lands have not taken a position on HB 3632. Counties to date have not agreed with the FPA plan implemented and cited disagreement among environmental groups and the DOF. Need this legislation to protect the counties. Described legislative history. Discussed family wage jobs for Tillamook and Polk Counties. Cited change to tourist industry with associated low paying jobs requiring both parents to work and resulting in family problems.
236	Chair Shetterly	Closed Public Hearing on HB 3632.
237	Chair Shetterly	Meeting adjourned at 10:40 a.m.

Tape Log Submitted by,

Kathy Tooley, Committee Assistant

Exhibit Summary:

1. Yates, "Staff Measure Summary HB 3632", 1 page
2. Yates, "Revenue Impact HB 3632", 1 page
3. Hampton, "Testimony HB 3632", 5 pages
4. Ivanoff, "Testimony HB 3632", 1 page
5. Wilkeson, "Overview Northwest Oregon State Forest Lands", 3 pages
6. Holloway, "Testimony HB 3632", 3 pages
7. McLennan, "Testimony HB 3632", 4 pages
8. Josi, "Testimony HB 3632", 2 pages
9. Hanneman, "Testimony HB 3632", 1 page