

**HOUSE REVENUE COMMITTEE**  
**MAY 22, 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  
Representative Max Williams

Witness Present: Mike Propes, Polk County Commissioner  
Jim Brown, Governor's Natural Resource Policy Director  
Jason Minor, Oregon Trout  
Bob LaPort, Coos County Forester  
Ralph Saperstein, Boise Cascade Corporation  
Jim Geisinger, Associated Oregon Loggers  
Chuck Bennett, Confederation of Oregon School Administrators  
Dave Ivanoff, Hampton Affiliates  
Ray Wilkeson, Oregon Forest Industries Council  
Mark Nelson, Oregon Timber Association

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

**TAPE 173, SIDE A**

004 Chair Shetterly Calls meeting to order at 8:35 a.m.

**OPENED PUBLIC HEARING HB 3632**

011 Mike Propes Continued testimony in support of HB 3632, provided information from Paul Hanneman, Tillamook County Commissioner, regarding Commission endorsement of HB 3632, (Exhibit 1). Discussed letter in support of HB 3632 by Bill Kluting citing woodworker support that would be forthcoming, (letter in support was received during hearing, Exhibit 2).

050 Propes Supported Department of Forestry, but disagreed with best use of forest land. Described shift from timber production, management, jobs and community stability as being too far one way, particularly in light of loss of federal forest use. Told Committee that Legislature needs to set clear policy on state lands that the intent of these lands is forest management, forest production and timber harvest. Environmental restraints are clear in forest management practices which he described as the best in the world. Implementation plan does not follow the forest plan followed by the board.

080 Propes HB 3632 sets acceptable guidelines that give long-term protection to counties for revenues, jobs, the environment under the Forest Management Plan (FMP) and the Forest Practices Act (FPA).

092	Rep. Verger	Regarding the implementation plan shifting away from the FMP, who is responsible for more restrictive practices in implementation?
094	Propes	Each District put implementation plan together at the same time as the FMP and salmon anchor habitats were being developed separately. Restrictions added on top of each other.
115	Propes	FMP allows more flexibility than implementation plan.
117	Rep. Hopson	DOF has responsibility for balancing diametrically opposed interests relating to conservation and harvest. How does this impact that responsibility? Who else is in a better position to do that tedious balancing act?
124	Propes	The Legislature has the responsibility for setting the overall policy of land management. Board of Forestry (BOF) gets their guidance from Legislature and in setting their policies.
146	Chair Shetterly	Acknowledged for the record, Kluting's testimony and written testimony from The Audubon Society in opposition to HB 3632, (Exhibit 3).
154	Jim Brown	Provided context, discussed dilemma for counties regarding economic future. Described broad array of values. Discussed stewardship for the counties. Recognized importance of land for recreation, watershed and fish and wildlife.
193	Brown	Discussed Endangered Species Act (ESA), and take-avoidance strategy for sustainable flow of timber for jobs and revenue.
220	Brown	Discussed three challenges in forest management: take-avoidance; reserve-based approach; and the approach chosen: silviculture for timber growth for revenues while providing for long term species habitat.
261	Brown	Discussed Dr. Sessions' computer model. Discussed omissions/errors in modeling and affects on harvesting.
294	Brown	Alternatives modeled were similar, in retrospect if errors had been known and corrected there would have been more differentiation among alternatives and BOF might have come up with a different decision.
320	Brown	Plan developed by industry reflected in HB 3632; conservation group felt more should be placed in reserves and is reflected in SB 430; counties supported FMP. Suggested Committee had heard from some members of the Council of Forest Trust Land Counties, (CFTLC), but should talk to some of the other members.
357	Brown	Questions before Committee understanding consensus is contemplated in the statute: What is the position of the 15 counties? Long term what should forests produce and how should they be managed? Should there be an integrated management approach? Limitations on agency to apply in forest practices no more stringent than the FPA?
392	Brown	Discussed Oregon Forest Industries Council (OFIC) testimony and private forest landowners. Supported DOF exceeding FPA as a fiduciary responsibility to the counties, which would otherwise put the agency at risk of violating ESA and subject to prosecution.
440	Brown	Discussed proportionality provision in the FPA.
442	Brown	Discussed agency issues and promises regarding inventory; rerunning computer model with all alternatives; BOF review of decisions as regards HB

3632.

- 459 Rep. Barnhart Can't contract have contingency built into it for dealing with necessary cancellation of sales?
- 464 Brown The agency has done that with current contracts, not when spotted owl issue first arose.
- 469 Rep. Barnhart Regarding habitat plans if optional, what are advantages and disadvantages to having a habitat plan?
- 476 Brown Agency is not required to enter into a habitat/conservation plan with the federal government, discussed state's interest to have this plan.

**TAPE 174, SIDE A**

- 035 Rep. Verger Asked Brown to speak to fiduciary obligation in Elliot Forest in light of today's climate?
- 050 Brown Discussed Elliot Forest and habitat conservation plan, occurrence of endangered species and harvest levels.
- 067 Rep. Williams If marbled murrelets are found in every third sale, they are not as threatened as thought.
- 080 Brown Agreed, but not state's decision.
- 085 Chair Shetterly Regarding ESA, whatever directive Oregon places in statute with regard to management of these lands under FPA would be superseded by overlay of federal regulations? That's implicit?
- 091 Brown The way that section is written is very clear, it would not go past FPA under any circumstances.
- 094 Chair Shetterly There are still federal laws that have to be complied with irrespective of state law?
- 096 Brown The dilemma is there is flexibility within the federal law as to how to approach that and it has to be a business decision.
- 102 Chair Shetterly There is nothing in my intent to put Oregon in a position of violating the ESA.
- 103 Rep. Farr Flawed models are rife in the picture we're looking at. Made statement regarding arrival in this country, driving through Tillamook Burn and the growth that has occurred, shame not able to make better use of forest resource.
- 123 Brown Agreed. FMP contemplates exactly that.
- 125 Chair Shetterly Have you seen revenue impact statement for the bill?
- 127 Brown No.
- 130 Chair Shetterly It shows a \$90 million revenue impact in total forest revenues, do you quarrel with that number if assume the bill was enacted as drafted.
- 139 Brown Without looking at assumptions it is difficult to comment on. The implementation plan does harvest the same amount of acres contemplated in

the computer model in terms of clear cut and thinning.

- 148 Jason Minor Spoke in opposition to HB 3632 as it undermines a decade of cooperative planning, (Exhibit 4). Paraphrased written testimony.
- 173 Rep. Farr Silviculture, can you explain that?
- 174 Minor Growing and harvesting of trees. Continued testimony. Commented on May 20, testimony. FMP was developed to address a silvicultural unique forest; HB 3632 would throw that planning into chaos. Science to an extent has been addressed by ODFW which has endorsed the FMP as an appropriate management tool for the Tillamook and Clatsop state forests. Should not set aside FMP and revert to FPA..
- 310 Rep. Hass Penalty provisions, what section of the bill is that?
- 328 Minor Indicated sections of the bill.
- 335 Bob LaPort Spoke in support of HB 3632. Representing Coos County Commission which has not taken a formal position at this time. He has discussed with the Commission and was directed to appear before the Revenue Committee. Coos County supports a policy directing that all of County Forest Trust Lands shall be actively managed for timber production as primary goal.
- 360 LaPort It is the policy of the Court of Coos County that these lands shall be managed to produce jobs and revenue as a primary purpose.
- 399 LaPort Discussed results of a comparison of revenue production from county forest lands and compared to county forest trust lands on the Elliot requested by board of Commissioners.
- 450 LaPort Expressed personal support and Commission support for policy directing conversion of SNC lands which should be done as quickly as possible.
- 486 Rep. Verger Discussed lack of jobs and money for rent.

**TAPE 173, SIDE B**

- 045 LaPort Management under OFP rules, unable to exceed rules if common sense dictated does not comport with his experience. Coos County will use wider buffers if efficiency dictates and plant more trees than required by OFP for silvicultural reasons.
- 058 LaPort Committing a take has not been shown or described.
- 072 Ralph Saperstein Spoke in support of HB 3632, (Exhibit 5). Concerned with comparison of public lands vs. private tree farms.
- 115 Saperstein Discussed compliance with OFPA.
- 116 Saperstein Disagreed with testimony of Oregon Trout as it prevented management forest land for other uses.
- 134 Chair Shetterly Discussed history of uses and harvest activity on federal lands, the changing context and order of priorities for uses of state lands.
- 159 Saperstein Don't preclude recreational, fish and wildlife, if managing forest lands for timber production.

185	Jim Geisinger	Spoke in support of HB 3632, (Exhibit 6), as the bill provides a shot in the arm for the industry. Discussed federal land/forest policy which has resulted in shut down of timber producing opportunities. Tillamook should be held as an example of resiliency, sustainability and renewability.
243		Questions and discussion regarding forest acreage federal, state and private.
270	Chuck Bennett	Spoke in support of HB 3632, as it affects school funding, creates jobs. Discussed Elliot State Forest. This bill shows change in policy direction. Cited need for better management of lands, and jobs for production of revenue into the Common School Fund.
364	Dave Ivanoff	Regarding revenue impact statement, disagreed that there would be no positive revenue impact in first biennium. If this legislation passed there would be a strong message to the DOF to see what could be done to improve revenue flow immediately.
380	Ivanoff	Disagreed with testimony that the bill would throw out the FMP and years of public testimony.
397	Ivanoff	Disagreed with assertion that environmental and social balance cannot be achieved with HB 3632.
402	Ivanoff	Concerned with assertions Dr. Session's model flawed. Implementation strategies are not fundamentally in operational alignment with FMP and Board's policy choices.
421	Ivanoff	Affirmed testimony of Commissioner Paul Hanneman. Discussed salmon anchor habitat strategies and concerns for revenue stream into Tillamook County.
436	Ivanoff	Opposed testimony from Brown regarding habitat conservation plan (HCP) as beyond FPA and science, designed for older age class forest; Tillamook is not in that class.

**TAPE 173, SIDE B**

013	Ray Wilkeson	Regarding Oregon Trout's reference to the enforcement or penalty section of the FPA, that's the way Legislative Counsel drafted this bill, there is no intent to not include that, if that extra reference needs to be added back in it ought to be done. Reiterated Ivanoff's comments regarding multi-species HCP.
027	Wilkeson	Described components of the FPA, disagreed with implication that private landowners do not hold high environmental standards (Exhibit 7).
047	Chair Shetterly	This bullet summary of the FPA sets forth the provisions under HB 3632-A under which the DOF would manage the state forest lands?
049	Wilkeson	Answered affirmatively.
052	Mark Nelson	Spoke in support of HB 3632-A, implication ballot measure initiative would lock up the forest; SB 430 would lock up half of the forests. Discussed public surveys regarding types of timber harvesting as described in FPA.
085	Chair Shetterly	Discussed newspaper article showing 71% favorability in poll regarding increased harvest off of forest lands.

096	Nelson	Discussed surveys of Oregonians performed for the timber since 1988 as consistently supporting timber harvesting.
106	Chair Shetterly	Regarding language in the bill, Page 3 lines 10 and 11, "Board may not allow or require more restrictive standards", does language need to be modified to allow flexibility, is the language too restrictive?
110	Wilkerson	Answered affirmatively. Private landowners do the same thing as Coos County in stream buffers and in most cases, go beyond the requirements. Need clear language directing BOF that environmental standards on state lands should parallel practices on private land.
128		Discussion regarding possible language changes in the bill.
138	Wilkerson	Discussed -1 amendment does not apply as broadly as it should.
155	Ivanoff	Item E of (House Revenue Committee, May 20, 2003, Exhibit 4), forecasts additional revenue impact.
158	Chair Shetterly	That is if the -1 amendments were incorporated, and expanded the scope to other state forest lands?
159	Ivanoff	Answered affirmatively.
161	Chair Shetterly	Acknowledged written testimony from Bill Kluting, representing Western Council of Industrial Workers in support of HB 3632, (Exhibit 2).
164	Chair Shetterly	Closed Public Hearing on HB 3632.

#### OPENED WORK SESSION ON HB 2747-A

171	Chair Shetterly	Clarified –A6 amendments would not go further due to its revenue impact.
178	Yates	Provided background on HB 2747-A including previously adopted -A3 and – A4 amendments.
204	Chair Shetterly	The previously adopted amendments resolved the organized opposition to HB 2747-A.
205	Rep. Hass	<p><b>MOTION: MOVED HB 2747-A, AS AMENDED BY PRIOR COMMITTEE ACTION, TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION</b></p> <p><b>ROLL CALL: MOTION PASSED 7-0-2</b>  <b>REPRESENTATIVES VOTING AYE: Berger, Hass, Hopson, Scott, Verger, Williams, Chair Shetterly. EXCUSED: Barnhart, Farr.</b></p> <p><b>Rep. Hass will carry the bill.</b></p>
217	Chair Shetterly	Closed the Work Session on HB 2747-A.
219	Chair Shetterly	Meeting adjourned at 10:20 a.m.

Kathy Tooley, Committee Assistant

Exhibit Summary:

1. Propes, "Hanneman electronic mail message re: HB 3632", 1 page
2. Propes, "Kluting letter re: HB 3632", 1 page
3. Audubon Society of Portland, "Written Testimony HB 3632", 2 pages
4. Miner, "Testimony HB 3632", 2 pages
5. Saperstein, "Testimony HB 3632", 1 page
6. Geisinger, "Testimony HB 3632", 2 pages
7. Wilkeson, "Oregon's Forest Practices Act", 1 page
8. Yates, "Staff Measure Summary HB 2747-A", 1 page
9. Yates, "Revenue Impact HB 2747-A", 1 page
10. Yates/Malik, "Staff Measure Summary HB 2747-A6, 1 page
11. HB 2747-A6 Amendment", 9 pages
12. Yates/Malik, "Revenue Impact HB 2747-A6", 3 pages
13. Office of Economic Analysts: May 2003 Forecast, 133 pages