

HOUSE COMMITTEE ON WATER

March 20, 2003 Hearing Room B
8:30 AM Tape 39 - 41

MEMBERS PRESENT: Rep. Bob Jenson, Chair
Rep. Jackie Dingfelder, Vice-Chair
Rep. Jeff Kropf, Vice-Chair
Rep. Linda Flores
Rep. Mike Schaufler
Rep. Carolyn Tomei

MEMBERS EXCUSED: Rep. Jeff Kruse

STAFF PRESENT: Pete Test, Committee Administrator
Ryan Sherlock, Committee Assistant

MEASURE/ISSUES HEARD: HB 2669 – PUBLIC HEARING
HB 2473 – PUBLIC HEARING
HB 2475 – WORK SESSION
HB 2551 – WORK SESSION
HB 2253 – 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 39, A		
003	Chair Jenson	Calls meeting to order at 8:38 a.m., and opens a public hearing on HB 2669.
HB 2669 – PUBLIC HEARING		
005	Chair Jenson	Closes the public hearing on HB 2669, and opens a public hearing on HB 2473.
HB 2473 – PUBLIC HEARING		
015	Pete Test	Committee Administrator. Offers a description of HB 2473.
025	Rep. Butler	House District 60. Comments on his concerns for the recent loss of jobs in rural Oregon.
035	Rep. Schaufler	Indicates his support for Rep. Butler's concerns.
040	Rep. Butler	Thanks Rep. Schaufler for his support. Offers testimony in support of HB 2473.
185	Tom McDonald	Summer Lake, Oregon. Offers testimony in support of HB 2473.
230	Rep. Kropf	Refers to Rep. Butler's strong feeling regarding the Oregon Department of Fish and Wildlife (ODFW)'s dealings with private aquaculture facilities.
235	McDonald	Comments on the way in which the ODFW deals with private fish growers.
265	Rep. Dingfelder	Clarifies figures presented in Mr. McDonald's testimony.
270	McDonald	Recalls where the statistics in question originated.
285	Rep. Dingfelder	Indicates that she is uncomfortable with the comparisons being

		made by Mr. McDonald, and asks what the actual cost is to the agency for raising trout.
300	McDonald	Discusses where the numbers come from, and the difficulty in obtaining the relevant numbers.
320	Chair Jenson	Thanks Mr. McDonald for his testimony.
345	Roy Elicker	Oregon Department of Fish and Wildlife, Deputy Director. Offers written testimony (EXHIBIT A) regarding HB 2473.
395	Chair Jenson	Asks what the reason is for there being only one producer of fish in the state.
400	Elicker	Clarifies that there were no other competitive bidders, and continues with testimony.
TAPE 40, A		
005	Rep. Tomei	Asks whether there were other competitors in 1999.
010	Elicker	Explains that he does not believe there were any other competitors.
015	Rep. Schaufler	Asks if there is any truth to Rep. Butler's allegations that ODFW purposefully hindered private producers.
017	Elicker	States that there is no truth to the allegations.
020	Rep. Schaufler	Asks Mr. Elicker if he could get a breakdown of cost by species of fish.
025	Elicker	Discusses the relationship between cost and species and indicates he will get a more detailed breakdown of those costs. Discusses the difference in costs between the Summer Lake facility and state run facilities, and delivery dates.
080	Chair Jenson	Clarifies that the department use of the staggered delivery dates is to fulfill its mission.
085	Elicker	Acknowledges and points out the concerns of dumping large numbers of fish into small bodies of water.
090	Chair Jenson	Asks why the department does not use a deferred maintenance schedule regarding the hatcheries.
095	Elicker	Explains that the department will be providing a report regarding this issue to the Committee on Ways and Means.
100	Rep. Schaufler	Asks if his office could be provided with a schedule of planter fish deliveries.
105	Elicker	Explains that he would be glad to do that, and clarifies which delivery dates Rep. Schaufler is referring to.
120	Rep. Tomei	Clarifies that it would be expensive for the department to make these small deliveries around the state.
122	Elicker	Acknowledges.
125	Rep. Tomei	Clarifies that raising trout is relatively inexpensive while raising Salmon and Steelhead is relatively expensive.
127	Elicker	Defers to Mr. Thorpe.
130	John Thorpe	Oregon Department of Fish and Wildlife, Fish Propagation Program Manager. Explains why there are differences in costs when raising fish.
140	Chair Jenson	Asks whether the rainbow trout goes to sea.
145	Thorpe	Acknowledges.
150	Rep. Kropf	Asks if the department agrees with the proposed savings as outlined by Mr. McDonald's testimony.
155	Elicker	Indicates that the department does not agree with the indicated numbers, and indicates that he will provide Mr. Kropf with a detailed analysis of those numbers.
160	Rep. Kropf	Asks whether there are any savings when these fish are produced by private vendors.

165	Elicker	Discusses the costs for raising trout and specifically the conditions which create the low costs at the Summer Lake hatchery.
185	Rep. Kropf	Asks for a complete breakdown of the costs associated with the state hatcheries. Asks about specific language in Mr. Elicker's testimony.
215	Thorpe	Gives an explanation for those figures in his testimony.
220	Rep. Kropf	Clarifies that the department is already spending the money.
225	Thorpe	Acknowledges, and discusses budgeting.
235	Rep. Schaufler	Clarifies that the funding in question also raises salmon.
240	Thorpe	Further discusses the funding.
260	Aubrey Russell	Oregon Trout. Offers testimony regarding HB 2473.
285	Phil Donovan	Association of Northwest Steelheaders. Offers testimony in opposition to HB 2473.
325	Chair Jenson	Asks if the representatives of the Audits Division would come before the committee.
335	Rep. Dingfelder	Asks for a clarification regarding the breakdown of costs between different species of fish.
360	Kathy Polino	State Auditor Division. Comments that the committee should look more at direct costs rather and indirect costs.
390	Rep. Tomei	Asks that Ms. Polino clarify the difference between direct and indirect costs.
395	Polino	Offers a distinction between direct and indirect costs.
420	Will Garber	State Auditor Division. Clarifies Rep. Dingfelder's question.
425	Rep. Dingfelder	Restates her questions and expresses related concerns.
TAPE 39, B		
025	Garber	Points out that the cost does include the costs of raising both trout and salmon.
030	Chair Jenson	Clarifies that the breakdown of the costs per hatchery were done based on returns
045	Garber	Comments on the means in which cost-per-pound were calculated.
050	Polino	Points out that cost per pound is the focus.
060	Rep. Kropf	Asks whether delivery costs were considered in the Auditor's cost analysis.
065	Garber	Explains that delivery costs were considered.
067	Rep. Kropf	Asks whether if the entire facility were privatized, distinction between direct and indirect costs would be a non-issue.
070	Polino	Explains that there would be another cost associated with monitoring the private producers.
075	Rep. Schaufler	Refers to his experience in local government regarding audits, asks whether the business practices of the agency are considered by the auditors.
080	Polino	Explains that this would depend on the scope of the audit, but discusses when business practices are considered.
085	Rep. Schaufler	Asks whether the Auditor's ever came across any direct evidence that the Oregon Department of Fish and Wildlife purposefully hindered private business in the state.
087	Garber	Explains that no such evidence was found.
090	Chair Jenson	Asks if any further review or audit is being considered for this program.
095	Garber	Discusses future audits.
100	Chair Jenson	Asks that the Auditor provide the committee with the relevant information. Closes the public hearing on HB 2473, and opens a

HB 2475 – WORK SESSION

125 Pete Test
140 Kristina McNitt

160 Rep. Tomei

165 Chair Jenson
Rep. Tomei

170 Chair Jenson
Chair Jenson

HB 2551 – WORK SESSION

190 Pete Test
210 Adam Sussman

225 Kristina McNitt

265 Chair Jenson

270 McNitt

275 Kropf

277 Sussman

280 Rep. Kropf

282 Sussman

285 McNitt

300 Rep. Tomei

320 Chair Jenson
Rep. Dingfelder

340 Chair Jenson

350

385 Chair Jenson
Chair Jenson

work session on HB 2475.

Committee Administrator. Offers a description of HB 2475.
Oregon Water Resources Congress. Offers testimony in support of HB 2475.

MOTION: Moves HB 2475 to the floor with a DO PASS recommendation.

VOTE: 6-0

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

EXCUSED: 1 - Kruse

The motion CARRIES.

MOTION: Moves HB 2475 be placed on the CONSENT CALENDAR.

VOTE: 6-0

EXCUSED: 1 - Kruse

Hearing no objection, declares the motion CARRIED.

Closes the work session on HB 2475, and opens a work session on HB 2551.

Committee Administrator. Offers a description of HB 2551 and the proposed -2 amendment (**EXHIBIT B**).

Water Resources Department. Offers a description of the -2 amendment.

Oregon Water Resources Congress. Offers testimony in support of HB 2551 and the proposed -2 amendment.

Clarifies that the -2 amendments have the language mentioned by Ms. McNitt.

Acknowledges

Asks if this bill affects the department's fee bill at all.

Explains that there would be no affect on the fee bill.

Clarifies that the proposed option created by the bill is an option which would be more costly but expedite the process.

Acknowledges.

Concurs, and points out the language which makes the process optional.

MOTION: Moves to ADOPT HB 2551-2 amendments dated 03/19/03.

VOTE: 6-0

EXCUSED: 1 - Kruse

Hearing no objection, declares the motion CARRIED.

MOTION: Moves HB 2551 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Ways and Means by prior reference.

Thanks the committee for the -2 amendment, and points out the concerns for even the perception that the committee was allowing new FTE.

VOTE: 6-0

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

EXCUSED: 1 - Kruse

The motion CARRIES.

Closes the work session on HB 2551, and opens a public hearing on HB 2253.

HB 2253 – PUBLIC HEARING

400	Pete Test	Committee Administrator. Offers a description of HB 2253.
TAPE 40, B		
001	John Lilly	Division of State Lands, Assistant Deputy. Offers testimony in support of HB 2253 and the proposed -1 amendment (EXHIBIT C).
020	Rep. Dingfelder	Asks what percentage of the costs is covered by the new schedule of fees.
025	Lilly	Explains that currently the department is recovering around 11% to 13%, and would be able to recover 23% to 25%.
030	Rep. Dingfelder	Asks when the cost recovery policy would be implemented.
035	Lilly	Explains that the provisions regarding cost recovery in the bill were removed.
055	Rep. Dingfelder	Clarifies that the proposed fee increases would cover any increases in costs.
060	Lilly	Explains that he believes the current staff could absorb the increased workload, and further comments on the permit process.
080	Chair Jenson	Points out that there is a significant policy issue which needs to be addressed by the legislature: What should be the cost of permits and how much of that cost should be born by the state vs. those that are using the permits. Expresses the need for further discussion on the issue.
115	Tom Quintal	Private Miner. Offers written testimony (EXHIBIT D) in opposition to HB 2253.
135	Rep. Tomei	Asks whether Mr. Quintal recognizes the fairness issue of having those who use the permit process pay for that process.
140	Quintal	Indicates that he will address the issue at question later in his testimony. Continues with testimony in opposition to HB 2253.
265	Rep. Kropf	Clarifies language in Mr. Quintal's testimony.
275	Quintal	Summarizes the language.
280	Rep. Kropf	Points out that if Mr. Quintal is correct then these fees could be diverted to the common school fund.
310	John Lilly	Division of State Lands. Clarifies that the fees collected would be dedicated to the fee process.
335	Rep. Tomei	Clarifies that from previous testimony that the common school fund is currently subsidizing the fee process.
345	Lilly	Discusses the percentage of cost which is recovered through the fee process, and how the Common School Fund makes up the difference.
370	Rep. Tomei	Clarifies that if the department were able to collect more through the fee process, the money currently being used to subsidize would go back to the common fund.
380	Lilly	Acknowledges, addressing the funding.
395	Rep. Schaufler	Clarifies that if even after this legislation the department is recovering only 25% of the process cost, they would have to raise the fee substantially to recover the full amount of the cost.
400	Lilly	Explains that the permit would have to be increased significantly.
405	Rep. Kropf	Clarifies what the purpose of the removal fill program is, and that it is a mandate.
420	Lilly	Explains that the removal fill program is a mandate, and explains the intent of the program.
TAPE 41, A		
030	Rep. Kropf	Points out that this fee as a mandate might be addressed for its appropriateness.

040	Quintal	Asks that the committee ask the division for a cost breakdown.
055	Jean Wilkinson	Oregon Farm Bureau. Offers written testimony (EXHIBIT E) regarding HB 2253.
090	Chair Jenson	Thanks the witnesses for their testimony, closes the public hearing on HB 2253, and adjourns the meeting at 10:35 a.m.

EXHIBIT SUMMARY

A – HB 2473, written testimony, Roy Elicker, 3 pp.

B – HB 2551, -2 amendment, Staff, 1 p.

C – HB 2253, -1 amendment, Staff, 1 p.

D – HB 2253, written testimony, Tom Quintal, 6 pp.

E – HB 2253, written testimony, Jean Wilkinson, 1 p.