

**INFORMATIONAL**

**PUBLIC HEARING AND WORK SESSION: HB 2157**

**PUBLIC HEARING: HB 2161**

**TAPES 43 — 44 A/B**

## **HOUSE SCHOOL FUNDING AND TAX FAIRNESS/REVENUE COMMITTEE**

---

**FEBRUARY 12, 2001 — 1:30 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING**

---

Members Present: Representative Lane Shetterly, Chair

Representative Janet Carlson, Vice Chair (1:52 arrived)

Representative Deborah Kafoury, Vice Chair (1:52 arrived)

Representative Alan Bates (2:47 arrived)

Representative Chris Beck

Representative Alan Brown

Representative Mark Hass

Representative Max Williams

Representative Bill Witt (1:46 arrived)

Staff: Paul Warner, Legislative Revenue Officer

Richard Yates, Economist, Legislative Revenue Office

Joan Green, Committee Assistant

Witnesses: Chuck Craig, Oregon Department of  
Agriculture

Don Rice, Green Wood Resources

Dave Nelson, Oregon Seed Council

Jean Wilkinson, Oregon Farm Bureau

Ken Faulk, Small Woodland Owner

Donald Carr, Small Woodland Owner

Ray Craig, Oregon Department of Forestry

Wally Rutledge, Oregon Department of Forestry

Phil Adams, Lone Rock Timber Company

**TAPE 43, SIDE A**

005 Chair Shetterly Meeting called to order at 1:40 p.m.

**INFORMATIONAL MEETING**

015 Richard Yates Presented slide show on Revenue from Timber and Forest Land. (Exhibit 1)

037 Questions and discussion regarding definitions of "industrial", as it relates to timberland.

042 Yates Continued with presentation and "Private Timberland in Western Oregon", (Page 4, Exhibit 1)

170 Yates Continued with presentation and "Western Oregon Privilege Tax Harvest Volume and Value", (Page, 14, Exhibit 1).

Questions and discussion regarding the different types of timber taxation.

297 Yates Continued with presentation and "Forest Land Value for Western Oregon, (Page .18, Exhibit 1)

376 Yates Continued with presentation and "Western Oregon Property Tax Assessed Value and Tax., (Page 22, Exhibit 1)

**TAPE 44, SIDE A**

030 Yates Continued with presentation and "State Owned Forest Land", (Page 26, Exhibit 1).

115 Yates Continued with presentation and "Coos Bay Wagon Road", (Page 33, Exhibit 1).

**OPENED PUBLIC HEARING ON HB 2157**

242 Richard Yates Provided a description of the measure and discussed the background. (Exhibits 2-3)

295 Chuck Craig Presented testimony in support of measure.  
(Exhibit 4)

Questions and discussion regarding why it took five years to reconnect tax code with the rest of the statutes.

343 Don Rice Spoke in support of the measure.

Questions and discussion regarding water needs of trees and if growing conditions east and west of the mountains should be a consideration.

### **TAPE 43, SIDE B**

007 Continued with questions and discussion regarding whether the tax treatment applies if the trees are used for furniture rather than manufacturing of paper products.

047 Dave Nelson Spoke in support of the measure.

083 Jean Wilkinson Spoke in support of the measure.

101 Ken Faulk Spoke in support of the measure.

### **OPENED WORK SESSION ON HB 2157**

131 Rep. Witt **MOTION: MOVED HB 2157 TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.**

134 **ROLL CALL VOTE: MOTION PASSED 8-0-1**

**REPRESENTATIVES VOTING AYE: Beck, Brown, Hass, Williams, Witt, Carlson, Kafoury, Chair Shetterly**

**REPRESENTATIVES EXCUSED: Bates**

**Rep. Beck will carry the bill.**

### **OPENED PUBLIC HEARING ON HB 2161**

145 Richard Yates Provided a description of the measure and discussed the background. (Exhibit 5)

175 Ray Craig Spoke in support of the measure.

177 Wallace Presented testimony in support of measure.  
Rutledge (Exhibit 6)

260 Rep. Williams Requested background information on why the 1989 and 1995 legislatures chose to continue renewing a long sunset as opposed to removing

the sunset.

- 271 Rutledge Responded that the program was instituted in 1979 and has been changed a number of times; the program is running smoothly now and believes it is time to eliminate the sunset.
- 275 Rep. Williams "It is your belief that the program was not functioning as well in the early years, but the program has now hit its stride?"
- 278 Rutledge Concurred.
- 286 Yates Spoke to uncertainty of prior legislatures in possibly opening a "Pandora's box" so not only was a sunset put on it, but the amount that Forestry could issue in preliminary certificates was capped.
- 295 Rep. Beck "What is the dollar figure on this?"
- 302 Chair Shetterly Referenced revenue impact, (Page 2, Exhibit 5)
- 310 Rep. Beck Questioned if the program should be subject to a "benchmark" sort of review.
- 315 Rutledge Responded that some would request a greater tax credit to accomplish the goal; if one-half of the 1.5 million acres could be reached I would consider that a good job.
- 331 Rep. Beck "Based on the dollar charts how much progress has been made in the last five years and how much progress are you hoping to make in the next 5-10 years?"
- 340 Rutledge "Not as much progress has been made as we would like, to make greater progress the tax credit amount would need to be increased."
- 354 Rep. Witt Clarified that Rutledge believes the program might be more effective if the credit were increased 45-50% and questioned if the Forestry Department would support that increase?
- 360 Rutledge Concurred.
- 372 Rep. Witt Referenced written testimony, don't you mean 15% of the costs rather than "credit", (Page 1, Paragraph 4, Sentence 4, Exhibit 6)?
- 373 Rutledge Concurred.
- 381 Rep. Witt Questioned if it is good policy to improve private land for producing higher harvest and

yields as federal land available for harvest is reduced and does this measure accomplish that objective.

- 384 Rutledge Concurred.
- 392 Rep. Hass Is the \$1.1 million cap in statute?
- 396 Yates Yes, ORS 315.108.
- 422 Rep. Hass Is there a mechanism of "first come first serve" if you bump up against that ceiling?
- 425 Rutledge Concurred.

**TAPE 44, SIDE B**

- 010 Phil Adams Presented testimony in support of measure. (Exhibit 7)
- 115 Adams Continued with testimony in support of measure, (Page 8, Exhibit 7).
- 144 Donald Carr Presented testimony in support of measure. (Exhibit 8)
- 238 Ken Faulk Spoke in support of the measure.
- 273 Chair Shetterly Meeting adjourned at 3:21 p.m.

Submitted by, Reviewed by,

Joan Green Kim Taylor James

Committee Assistant Revenue Office Manager

**Exhibit Summary:**

1. Informational, Slide show, Yates, 36 pages
2. HB 2157, Staff Measure Summaries, Revenue and Fiscal statements, Yates, 3 pages
3. HB 2157, Handout, Yates, 1 page
4. HB 2157, Testimony, Craig, 1 page
5. HB 2161, Staff Measure Summaries, Revenue and Fiscal statement, Yates, 4 pages
6. HB 2161, Testimony, Rutledge, 5 pages
7. HB 2161, Testimony, Adams, 11 pages
8. HB 2161, Testimony, Carr, 2 pages