

HOUSE COMMITTEE ON WATER AND ENVIRONMENT

January 31, 2001  
8:30 AM

Hearing Room E  
Tapes 12 - 13

**MEMBERS PRESENT:**     **Rep. Betsy Close, Chair**  
                                  **Rep. Laurie Monnes-Anderson, Vice-Chair**  
                                  **Rep. Susan Morgan, Vice-Chair**  
                                  **Rep. Mark Hass**  
                                  **Rep. Bob Jenson**  
                                  **Rep. Deborah Kafoury**  
                                  **Rep. Al King**  
                                  **Rep. Jeff Kruse**  
                                  **Rep. Jan Lee**

**STAFF PRESENT:**         **Megan Palau, Committee Administrator**  
                                  **Shannon Relaford, Committee Assistant**

**MEASURE/ISSUES HEARD:**     **HB 2239 Work Session**  
                                  **HB 2548 Public Hearing**

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**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.**

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<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 12, A</b>		
002	Chair Close	Convenes meeting at 8:35 a.m. Opens a work session on HB 2239.
<b><u>HB 2239 WORK SESSION</u></b>		
006	Megan Palau	Committee Administrator. Gives overview of bill and amendments.
<b>024</b>	<b>Rep. Morgan</b>	<b>MOTION: Moves to ADOPT HB 2239-1 amendments dated 1/31/01.</b>
026	Rep. Jenson	States he will be voting against the amendment.
041	Rep. Lee	States that she will also be voting no.
045	Chair Close	Interjects with the opinion of Wallace Carson, Chief Justice of the Oregon Supreme Court, that "shall" is the proper term.
049	Rep. Morgan	Asks if she could amend the motion and insert the correct language.
054	Rep. King	States that Rep. Morgan's statement of intent on the record will help give clarification.
059	Rep. Close	States she's not comfortable with verbal clarification, wants it in writing.
062	Rep. Morgan	Proposes to send the amendment back to Legislative Counsel.
066	Rep. Kruse	Reminds the committee of the time issue.

074	Rep. Morgan	Inquires as to the time frame.
076	Chair Close	States the time limit is February 5.
077	Rep. Kruse	States that the legislative intent is clear and at this point he will accept either version.
083	Rep. King	Adds that if they move the bill forward, the issue can be dealt with on the Senate side.
		<b>VOTE: 3-5</b>
		<b>AYE: 3 - Hass, King, Close</b>
		<b>NAY: 5 - Jenson, Kruse, Lee, Monnes Anderson, Morgan</b>
		<b>EXCUSED: 1 - Kafoury</b>
<b>120</b>	<b>Chair Close</b>	<b>The motion FAILS.</b>
125	Chair Close	Closes work session on HB 2239 and opens a public hearing on HB 2548.

**HB 2548 PUBLIC HEARING**

130	Rep. Tom Butler	House District 60. Describes his region and constituents, and explains HB 2548 allows farmers and ranchers to live on their lands without the artificial barriers of an agency imposed income rule. Urges the committee's support for the bill.
289	Rep. Lee	Questions how much of the farmland in his area is considered to be high quality farmland.
293	Rep. Butler	Responds 200 acres are class 1 farmland.
304	Chair Close	Asks if the statement that 80% of the farmers in Oregon could not meet the \$80,000 income limit is correct.
305	Rep. Butler	Explains that is exactly the difficulty, one year they can meet the limit, the next year they cannot.
327	Chair Close	Asks how a farmer is evaluated for income taxes.
330	Rep. Butler	Responds the basic rule is intent and engaging in the activity of farming.
353	Rep. Morgan	Further questions if the IRS has some kind of income test or schedules.
360	Rep. Butler	Replies that ultimately the test is never based on gross income, but on net income and the farm economy itself.
399	Rep. Morgan	Follows up by asking if the numbers reported on the Schedule F, the gross numbers would be gross farm income and the gross expense numbers would be farm related.
409	Rep. Butler	Concurs.
414	Rep. Morgan	Follows up by stating the \$80,000 figure is a problem for people that want to live on their farm, but is hesitant to take the figure out without replacing it with something. Suggests combining another bill with this bill and working them as a concept bill.
441	Rep. Butler	Responds that probably would not work in his district, because using a net income test would not be accurate.

**TAPE 13, A**

021	Rep. Jenson	Suggests amending HB 2548 to address the issues.
022	Chair Close	Asks if that could be a possible amendment to the bill.
033	Rep. Butler	Responds that it could. Suggests amending the bill to include the filing of Schedule F with state taxes.
131	Chair Close	Requests that staff draft the amendment.
132	Rep. Lee	Questions if the \$80,000 test applies only to high quality farmland why the impact would be so great.
133	Rep. Butler	Responds the test is being applied uniformly throughout eastern Oregon.

148	Rep. Jenson	Asks how many acres would it take in French Glen to come up to the \$80,000 test.
151	Rep. Butler	Responds there are people in French Glen that have upwards of 10,000 acres and still have to work off the farm. In a good year they can do it off of 4,000 acres.
177	Rep. Kafoury	Questions the \$40,000 test and whether it was applied to most of the land in eastern Oregon.
184	Rep. Butler	Responds no longer.
200	Rep. Kafoury	Requests to hear from who's implementing these rules. States that it's been her understanding there's a different test for eastern Oregon land.
209	Dick Benner	Director, Oregon Department of Land Conservation and Development. Submits written material ( <b>EXHIBIT A</b> ) and presents explanation of the land use program and income criteria.
349	Chair Close	Questions what soil type that land is on the map and is it considered high value farmland.
353	Benner	Replies it is mostly designated as rangeland and the soils are going to be classes 6, 7 and 8. The only land in eastern Oregon that qualifies as high value land is irrigated land.
373	Chair Close	Questions if by adding water to the soil, it raises the class of the soil.
377	Benner	Answers yes. Continues with explanation of the test.
420	Chair Close	Asks for clarification of choices.
421	Benner	Responds, and continues with explanation.
431	Rep. Monnes Anderson	Asks if a person has 320 acres and it's rangeland, then they can have one dwelling only, or build a new one.
439	Benner	Explains there are half a dozen different kinds of dwellings that are authorized in farm zones. States that the statute authorizes non-farm dwellings in farm zones, if they meet the criteria. Gives explanation of different authorized farm dwellings. Summarizes there are thousands and thousands of dwellings in farm zones.

**TAPE 12, B**

041	Chair Close	Suggests to the committee that there will be further testimony and more opportunity for discussions.
042	Rep. Kruse	Requests information on how they determine which crops for which counties.
052	Rep. Lee	Requests more materials regarding HB 2406 (HB 2548?).
075	Dave Hunnicut	Oregonians in Action. States support of the bill. Gives clarification of the income test.
121	Rep. Jenson	Asks for clarity on grazing capacity.
129	Hunnicut	Clarifies that the farmer would have to bring in hay for grazing.
148	Rep. Kafoury	Asks for definition of "farmer" used by Department of Agriculture.
153	Hunnicut	Believes the definition is anybody that grosses \$1000.
162	Rep. Kafoury	Follows up with what percentage of the 78% are producing \$10,000 or less.
165	Hunnicut	Continues with overview.
181	Rep. Kafoury	Asks if those farmers that are making the \$1000 a year have to fill out the Schedule F.
183	Hunnicut	Believes yes, but is not sure.
207	Don Schellenberg	Associate Director of Governmental Affairs, Oregon Farm

339	Rep. Hass	Bureau. Explains the issue is whether or not a parcel of land is being farmed, and if by putting a dwelling on the parcel, it will at some time become a non-farming parcel.
350	Schellenberg	Comments that tying the figures to indexes may be useful. Agrees and suggests tying the figures to the Department of Agriculture's indexes.
357	Diana Gardner	Commercial farmer. Testifies in opposition to the bill.

**TAPE 13, B**

062	Chair Close	Questions about farmers who cannot meet the income guidelines.
069	Gardner	Responds that sacrificing farmlands for home sites is not the solution to the problems in the farm economy.
080	Carrie Kuerschner	1000 Friends of Oregon. Submits written testimony ( <b>EXHIBIT B</b> ). Gives overview.
200	Randy Tucker	Comments on production of gross dollars and the different percentages.
203	Rep. Lee	Asks if they would be in concurrence with the Farm Bureau's suggestions.
208	Kuerschner	Responds they might be in agreement with some.
234	Chair Close	Closes public hearing on HB 2548 and reopens a work session on HB 2239.

**HB 2239 WORK SESSION**

245	John Brenneman	Manufactured Housing Communities of Oregon. States the amendment is acceptable.
259	Rep. Kruse	<b>MOTION: Moves to ADOPT HB 2239-2 amendments dated 1/31/01.</b>
(tape #) 268	Chair Close Rep. Kruse	<b>VOTE: 9-0</b> <b>Hearing no objection, declares the motion CARRIED.</b> <b>MOTION: Moves HB 2239 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Ways and Means.</b>
270	Rep. Kruse	Stipulates that they send a note to the Ways and Means co-chairs noting the time sensitivity of the legislation.
272	Chair Close	<b>VOTE: 9-0</b> <b>Hearing no objection, declares the motion CARRIED.</b>
280	Chair Close	Adjourns meeting at 10:20 a.m.

Submitted By,

Reviewed By,

Shannon Relaford,  
Committee Assistant

Megan Palau,  
Committee Administrator

**EXHIBIT SUMMARY**

**A – HB 2548, written material, Dick Benner, 101 pp.**  
**B – HB 2548, written testimony, Carrie Kuerschner, 5 pp.**