

HOUSE COMMITTEE ON WATER AND ENVIRONMENT

April 25, 2001
8:00 am

Hearing Room E
Tapes 90 - 95

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, Administrator
Shannon Relaford, Committee Assistant

MEASURE/ISSUES HEARD: HB 2010 Public Hearing
HB 3181 Public Hearing and Work Session
HB 3956 Public Hearing and Work Session
HB 2789 Work Session

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.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 90, Side A		
003	Chair Close	Convenes meeting at 8:15 a.m., opens a public hearing on HB 2010.
<u>HB 2010 - PUBLIC HEARING</u>		
005	Megan Palau	Presents overview of HB 2010 which creates environmental cleanup districts in areas meeting specified population and federal Superfund listing requirements.
020	Serena Cruz	Multnomah County Commissioner, presents testimony in opposition to HB 2010.
080	Rep. Kruse	Asks where in the bill it says polluters don't have to clean up.
084	Cruz	Explains the bill says there are no incentives to require the clean up, continues with explanation.
098	Speaker Mark Simmons	House District 58, presents testimony in support of HB 2010.
182	Rep. Hass	States there are existing Superfund and federal laws for the clean up which has already begun, and asks why the state needs to do anything.
188	Speaker Simmons	Replies this is an opportunity to get beyond litigation and expedite the clean up.
195	Rep. Hass	Asks how this encourages clean up first.
200	Speaker Simmons	Responds that by allowing the formation of an environmental clean up district, allows you to purchase bonds to enable the clean up.
209	Rep. Hass	Follows by stating those steps are already in place and asks what makes this better than what is already in law.

213	Speaker Simmons	States it's a matter of priority for Oregon.
233	John DiLorenzo, Jr.	Portland Harbor Cleanup Coalition Inc., presents testimony in support of the bill. (EXHIBIT A)
Tape 91, Side A		
048	DiLorenzo	Continues testimony.
345	Rep. Hass	Asks which section of the bill will expedite actions and defer arguments, and what is different from the regular process already in place.
357	DiLorenzo	Responds that it is impossible for the legislature to alter any party's rights, and continues with explanation stressing that lawsuits will be marginalized.
440	Rep. King	Refers to the EPA study and asks, if the district is created, will they have to wait until the study is done to begin any actions.
453	DiLorenzo	Explains the process the district will be using, stressing coordination.
471	Rep. King	Follows by asking about the advantage to the property owner. Comments on a voluntary privilege tax theory and the avoidance of litigation.
Tape 90, Side B		
045	DiLorenzo	Explains it is far from a voluntary tax, continues with explanation.
077	Rep. King	Comments on not being able to have much action other than hot spots, but until we have guidelines on what to clean up, how and when can we get started.
090	DiLorenzo	Concurs.
094	Rep. King	Asks about the possibility of capping some of the liability.
099	DiLorenzo	Replies there is no way to cap or alter liability and it is not the intention of the bill.
118	Rep. Lee	Asks about the insurance and if the -1 amendments actually enhance the ability of insurance collection.
125	DiLorenzo	Explains the terms of insurance.
159	Rep. Hass	Asks about the coalition, what properties are in the district and to what extent do they support this.
163	DiLorenzo	Explains that the boundaries will be identical to those identified by the EPA. States he is not sure who supports it.
207	Rep. Hass	Asks which property owner has retained him.
209	DiLorenzo	Replies none of them have.
216	Rep. Hass	Asks what will happen if there is no consensus.
221	DiLorenzo	Replies it would be a good indicator that if they did not go along with it to come before the committee with their views.
240	Rep. Kafoury	Asks what in the bill guarantees results.
243	DiLorenzo	Replies nothing can guarantee results.
260	Rep. Kafoury	Follows by asking what happens if we get to the end and nothing happens.
263	DiLorenzo	Explains that you cannot get to the end of the process and have nothing happen.
276	Rep. Lee	Asks for information on revenue bonds and the difficulty for districts to get them.
281	DiLorenzo	States that anybody will buy a bond that is double tax-exempt.
318	Rep. King	Explains bond insurance issues.
345	DiLorenzo	States he is willing to discuss this with anyone.
359	Rep. Kafoury	Asks when he approached the City of Portland with this idea.
366	DiLorenzo	Replies the City of Portland became aware of the idea last March.

421	Rep. Monnes Anderson	Remarks that Gresham has concerns as well because there is no incentive to clean up the harbor, and the loss in revenues.
433	DiLorenzo	Expresses difficulty understanding those concerns.
460	Chair Close	Recesses the public hearing on HB 2010, opens a public hearing HB 3181.

HB 3181 - PUBLIC HEARING

485	Megan Palau	Committee Administrator, presents overview of the bill and amendment that modifies the landowner preference tag program.
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Tape 91, Side B

036	Pete Test	Oregon Farm Bureau, presents testimony in support of HB 3181. (EXHIBIT B)
073	William D. McCormack	Rancher, presents testimony in support of HB 3181. (EXHIBIT C)
093	Chair Close	Asks if they are wild or tame elk.
094	McCormack	Replies that they are wild elk.
147	Chair Close	Asks how many elk there are and why BLM is allowing the number to be more than 1100.
151	McCormack	Responds elk are running rampant throughout the northwest, some have to do with the change in the hunting regulations.
184	Roy Elicker	Oregon Department of Fish and Wildlife, presents testimony regarding the bill. (EXHIBIT D)
225	Chair Close	Asks who does the damage hunts.
230	Elicker	Responds that when they do damage hunts they use big game hunters.
233	Chair Close	Continues by asking if those are the same people that would get the preference tag.
235	Elicker	Replies no.
240	Chair Close	Asks if there is any special training for the people in the damage hunt.
241	Elicker	Continues with explanation of master hunter programs.
249	Chair Close	Continues by commenting if these people can get a tag to hunt on their own land why not on public lands too.
252	Elicker	Agrees with the exception that other people want to hunt. Expresses concerns on how they would issue the tags
283	Chair Close	Asks if they aren't increasing the hazing effect if they are allowed to hunt on their own property
286	Elicker	Responds you might be, but they are going to go somewhere.
291	Chair Close	Asks if the idea isn't to force them into more remote areas.
293	Elicker	Responds that in some places it might work, some it might not.
298	Rep. King	Asks if he agrees there is a substantial problem.
299	Elicker	Concurs.
301	Rep. King	Asks what other options there are available.
303	Elicker	Responds that the program that has evolved over the last 20 years is one the department is most comfortable with.
311	Rep. King	Remarks that the status quo is not solving the problem.
315	Elicker	Concedes that he would not suggest they could solve every landowner's problem with big game.
323	Rep. King	Asks if the department ever uses night control.
327	Elicker	States that he believes in some damage situations, animals could be taken at night.
333	Rep. Jenson	States he understands that landowner preference tags are not confined to members of family.

243	Elicker	Concurs and explains benefit.
359	Rep. Jenson	Asks if a damage control hunt is different from a landowner preference tag hunt.
368	Elicker	Concurs and explains the difference.
372	Rep. Jenson	Asks if there are different regulations.
376	Elicker	Concurs.
389	Steve Hammond	Farmer from Harney County, presents testimony in support of the bill.
504	Chair Close	Requests clarification regarding the 6 tags he gets now, and if the bill passes will he still get 6 tags, and would it expand where he could use them.
505	Hammond	Concurs.
506	Chair Close	Asks what his acreage is.
508	Hammond	Replies about 12,000 acres.
512	Chair Close	Asks if that means he is only taking one animal per thousand acres.
515	Hammond	Concurs.
Tape 92, Side A		
046	Katie Cate	Oregon Cattlemen's Association, presents testimony in support of the bill.
080	Rep. Jenson	Refers to the buying of land just to get tags, and asks if the bill sets limitations on the proof of damage just on the extra tags not to the basic tags.
087	Cate	Replies the bill allows them to hunt the entire unit, not just their own property.
089	Rep. Jenson	Follows by asking if they would still get the land owner preference tag.
090	Cate	Concurs if they applied.
095	Jim Welsh	Oregon Family Farm Association, presents testimony in support of the bill.
130	Chair Close	Closes the public hearing on HB 3181, opens a work session on HB 3181.
<u>HB 3181 – WORK SESSION</u>		
136	Rep. Kruse	MOTION: Moves the -2 amendments dated 04/13/01 to HB 3181.
		VOTE: 8-0
	Chair Close	Hearing no objection, declares the motion CARRIED.
140	Rep. Kruse	MOTION: Moves HB 3181 to the floor with a DO PASS recommendation. Rep. King will carry the bill on the Floor.
146	Chair Close	VOTE: 6-2
		AYE: 6 - Jenson, King, Kruse, Lee, Morgan, Close
		NAY: 2 - Hass, Kafoury
		EXCUSED: 1 - Monnes Anderson
	Chair Close	The motion CARRIES.
152	Chair Close	Closes the work session on HB 3181 and re-opens the public hearing on HB 2010.
<u>HB 2010 – PUBLIC HEARING</u>		
161	Elizabeth Harchenko	Director Oregon Department of Revenue presents testimony neutral to the bill. Shares some details regarding the privilege tax. (EXHIBIT E)
250	Chair Close	Asks if a taxpayer could agree not to appeal.
254	Harchenko	Replies it is up to the taxpayer.

261	Chair Close	Asks if they can weigh that by a piece of legislation.
265	Harchenko	Explains that under the Constitution certain kinds of actions by the government have to provide for some kind of review.
272	Rep. Hass	Comments that property values are not adjusted for the cost of clean up, and asks if that isn't what happens in an appeal.
277	Harchenko	Replies by explaining the value determination and appeal processes.
287	Rep. Hass	Follows by requesting explanation of a tax cap.
290	Harchenko	Explains what the tax cap could be.
292	Chair Close	Request explanation of the Measure 50 assessment.
293	Harchenko	Explains how it works.
305	Rhett Lawrence	Oregon State Public Interest Research Group, testifies in opposition to this bill. (EXHIBIT F)
378	Keith Leavitt	Port of Portland, presents testimony and speaks of concerns on the bill.
Tape 93, Side A		
001	Travis Williams	Willamette Riverkeeper, presents testimony in opposition to the bill. (EXHIBIT G)
061	Rep. Lee	Asks if he has seen the amendments that removes any burden on the schools, and because of the potential recreational benefits does he feel the public might share the costs to support that reclamation.
069	Williams	Responds that other monies would have gone to the city or county, and the public is already giving a tremendous amount in the process.
082	Rep. Lee	Suggests this not be considered a give away, and everyone should have some responsibility to it.
087	Williams	Addresses the concerns.
100	Matt Blevins	Oregon Environmental Council, presents testimony in opposition to the bill. (EXHIBIT H)
162	Chair Close	Refers to his public involvement concern, suggests that he work with sponsors to fix that issue
166	Blevins	Responds that he would be happy to.
172	Stephanie Hallock	Director Oregon Department of Environmental Quality, presents testimony neutral to the bill. (EXHIBIT I)
259	Chair Close	Asks how they feel about using the window of opportunity before property values drop.
264	Paul Slyman	DEQ addresses the actual problem the bill is trying to address.
294	Harvey Rogers	Bond Counsel, explains cash flow issue and borrowing mechanisms and presents testimony neutral to the bill.
404	Rep. King	Asks about the purpose of a lien on property with no value.
411	Rogers	Describes the inequities of the system and continues with testimony.
435	Rep. King	States he was addressing tax liens more than the banker.
436	Rogers	Replies that financially, this bill needs a heart transplant.
452	Chair Close	Comments that property values will drop and then after the clean up they would increase.
462	Rogers	Replies that the bond market is a money market and there is uncertainty of the market.
502	Rep. King	Comments that stand-alone municipal bond capacity is going to

509 Rogers require insurance versus private placement.
Replies that it's a seductive comment but not correct. Expands on explanation.

Tape 92, Side B

088 Jan Betz City of Portland, Attorney's Office, presents testimony in opposition to the bill.
135 Rep. Lee Asks who is the group she was discussing.
136 Betz Replies that the group is called the Lower Willamette Group.
144 Rep. Lee Asks if they are on the list of 70 that Mr. DiLorenzo presented to the committee.
146 Betz Replies they are some of those 70 folks.
148 Chair Close Recesses meeting at 11:07 a.m.
Chair Close Reconvenes meeting at 7:01 p.m. and reopens public hearing on HB 2010.

Tape 93, Side B

065 John Ledger Association of Oregon Industries, presents testimony in support of the bill, stresses there is no fairness in clean up.
134 Chair Close Asks about aquifers around natural petroleum.
138 Ledger Responds that it's where you put the stuff.
151 Terry Witt Oregonians for Food and Shelter, presents testimony in support of
HB 2010. **(EXHIBIT J)**
203 Bob Cantine Association of Oregon Counties presents testimony in opposition to
HB 2010. **(EXHIBIT K)**
239 Ralph Groener American Federation of State, County, and Municipal Employees, presents testimony in opposition to HB 2010.
380 Rep. King Notes that it's too early in the process to say if the bill is eliminating a revenue source. Wants more work on the concept.
431 Cantine Replies that his testimony was less vigorous than the memo.
437 Dave Boyer Finance Director for Multnomah County, presents testimony and makes some clarification regarding adjustments. **(EXHIBIT L)**
505 Rep. Monnes Anderson Asks what responsible parties mean.

Tape 95, Side A

044 Boyer Defines responsible parties.
052 Chair Close Asks where the money will come from.
055 Boyer Responds with several options.
063 Rep. Hass Asks if he is familiar with the McCormick and Baxter Superfund cleanup in Multnomah county.
065 Boyer Responds he is not familiar with it.
083 Rep. Kruse Explains responsible parties are whoever owns the property

		regardless of who contaminated it.
087	Rep. Monnes Anderson	Questions the reduced property values and does that mean those sites are not contaminated.
091	Boyer	Responds he does not believe they meet the criteria.
099	Rep. King	Further explains the property value and contamination.
111	Boyer	Asks for clarification.
112	Rep. King	Restates the question.
122	Boyer	Replies that under current rules reduction is only on the site not the land.
132	Rep. King	Responds that it would impact the value of the property.
139	Boyer	Replies that he will look at that under current rules and statutes.
142	Rep. Morgan	Asks what happens to the assessment on property that has been billed by the EPA for clean up exceeding the value of the property.
148	Boyer	Explains that site value goes down if they have been handed a bill for cleanup.
156	Rep. Morgan	Asks if Multnomah county's extent of liability is 3.2 million.
160	Boyer	Replies that it is the loss from property taxes for Multnomah county.
166	Rep. Morgan	Asks if Multnomah County has interest in any of the property that may be included in the cleanup.
169	Boyer	Concurs.
171	Chair Close	Asks what the total property tax revenue is.
172	Boyer	Replies \$160 million.
182	Chair Close	Asks if they still have a bigger budget.
186	Boyer	Replies they are taking a 7% cut on their budget.
191	Rep. Kruse	Asks for clarification of contaminated water and whose responsibility it should be.
207	DiLorenzo	Presents explanation of submersible lands and whose liability it should be.
239	Rep. Kruse	States that the state should take responsibility for the bad along with the good.
250	DiLorenzo	Replies that the issue has been raised by private parties, and expands on explanation.
264	Rep. Kruse	States that the state of Oregon may have a vested interest in pursuing alternative resolutions to the Superfund cleanup process.
270	DiLorenzo	Agrees and addresses the land value issue.
306	Rep. Lee	Asks about the Clean Water Act and discharge responsibility.
311	DiLorenzo	Explains they are speaking of the Comprehensive Response Compensation Liability Act.
340	Rep. Hass	States that we can't change the Superfund legislation and we are responsible. Asks if the bill would be fair to other property

361	DiLorenzo	owners in the state, which do not have this advantage. Responds that yes it's fair and expands on explanation.
419	Rep. Hass	Asks if he would feel the same way if he were an Eastern Oregon resident and didn't have the same advantages.
424	DiLorenzo	Responds that he would view it as a step in the right direction.
480	Rep. Monnes Anderson	Referring to the red zones on the map, states she has a problem with property owners paying for something they did not pollute, and asks if there can be compromise.

Tape 94, Side A

037	DiLorenzo	Explains the map and clean up sites.
065	Rep. Morgan	Comments on the complexity of the bill, and that the concept has merit. Also states that the bill should be further developed perhaps with a work group.
102	Chair Close	Closes the public hearing on HB 2010.
111	Rep. Lee	Suggests looking at other places for funding.
115	Chair Close	Opens a public hearing on HB 3956.

HB 3956 – PUBLIC HEARING

125	Megan Palau	Presents overview of HB 3956. Requiring the Department of Environmental Quality to develop and implement pollutant reduction trading program, with certain requirements, in addition to the –2 amendments.
147	Mike Kortenhof	Manager of the Surface Water Management Section Department of Environmental Quality, presents testimony in support of HB 3956. (EXHIBIT L)
189	Chair Close	Asks for explanation from \$100,00 to \$200,000 in the amendment.
190	Kortenhof	Responds the \$200,000 is a potential grant amount being discussed with the EPA.
197	Chair Close	Asks if this involves a four-state region with only two interested.
199	Kortenhof	Concurs that grants have been issued to Oregon and Idaho.
209	Rep. King	Asks for explanation on his reservations regarding the \$50,000 general funding.
215	Kortenhof	Explains the proposal.
222	Rep. King	Follows with comment that the \$50,000 concern is different from the continued federal funding.
227	Kortenhof	Responds that as he understands the bill, they are the same thing.
238	Rep. Morgan	Asks if the \$50,000 is to pay for the set up of the program.
241	Kortenhof	Suggests that the money be spent on setting up a program.
246	Rep. Morgan	Asks if it is going to take \$250,000 to set it up.
248	Kortenhof	Explains the use of the money.
258	Chair Close	Comments that the original intent was the \$150,000 to set it up.

272 Willie Tiffany League of Oregon Cities. Testifies in support of the bill with the
 –2 amendments. **(EXHIBIT M)**

288 Rep. Lee Asks if he is familiar with Washington and Idaho’s process for
 pollution trading.

291 Tiffany Responds that he is not involved in that.

299 Rep. Lee Asks if they are successful projects.

300 Tiffany Replies that he is not sure there has been a successful trade.

305 Kathryn Vanatta NW Pulp & Paper, presents testimony in support of the bill.

325 John Killin Special Districts Association, presents testimony in support of
 the bill with the –2 amendments. **(EXHIBIT N)**

337 John Ledger Association of Oregon Industries, presents testimony in support
 of the bill.

371 Chair Close Presents overview of the Oregon City Golf Club field trip.
 Closes the public hearing on HB 3956. Opens a work session on
 HB 3956.

HB 3956 – WORK SESSION

387 Rep. Jenson **MOTION: Moves to ADOPT HB 3956-2 amendments dated
 4/24/01.**
VOTE: 8-0
EXCUSED: 1 – Kafoury
 Chair Close **Hearing no objection, declares the motion CARRIED.**

398 Rep. Jenson **MOTION: Moves HB 3956 with a DO PASS AS AMENDED
 recommendation and BE REFERRED to the
 JOINT COMMITTEE ON WAYS & MEANS.**

404 Rep. Hass States he still has further concerns and questions on the bill.

439 Chair Close Comments that Ms Palau informed her that a \$50,000 fiscal does
 not have to go to Ways and Means.

454 Rep. Kruse Comments that if it’s taxpayer money it should go to Ways and
 Means.

459 Rep. Morgan Comments that she feels it would be in bad taste to surprise the
 Ways and Means Committee.

468 **VOTE: 7-1**
**AYE: 7 - Jenson, King, Kruse, Lee, Monnes Anderson,
 Morgan, Close**
NAY: 1 – Hass
 Chair Close **EXCUSED: 2 - Kafoury, King**
The motion Carries.

489 Chair Close Closes the work session on HB 3956. Opens a work session on
 HB 2789.

HB 2789 – WORK SESSION

Tape 95, Side B

032 Kristina McNitt Oregon Water Resources Congress, describes HB 2789, which
 modifies alternate method by which irrigation districts levy and
 collect assessments and bill and collect charges, which was re-
 referred to this committee.

104	Chair Close	Notes they are on the hand amended bill.
121	Rep. Jenson	MOTION: Moves to ADOPT HB 2789-2 amendments dated 4/12/01.
122	Rep. Monnes Anderson.	Questions the substance of the bill.
127	McNitt	Replies that it needed to include all the statutes that relate to the alternative methods of collection.
133	Rep. Hass	Asks if this is a consent calendar issue.
134	Chair Close	Replies it is not.
		VOTE: 8-0
		EXCUSED: 1 – Kafoury
139	Chair Close	Hearing no objection, declares the motion CARRIED.
142	Rep. Jenson	MOTION: Moves HB 2789 to the floor with a DO PASS AS AMENDED recommendation.
145		VOTE: 8-0
		AYE: In a roll call vote, all members present vote Aye.
		EXCUSED: 1 – Kafoury
	Chair Close	The motion CARRIES.
		REP. LEE will lead discussion on the floor.
153	Rep. King	MOTION: Moves to SUSPEND the rules for the purpose of allowing Rep. King to vote AYE on HB 3956.
		VOTE: 8-0
		EXCUSED: 1 – Kafoury
	Chair Close	Hearing no objection, declares the motion CARRIED.
156	Chair Close	Adjourns the meeting.

Submitted By,

Reviewed By,

Shannon Relaford,
Administrative Support

Megan Palau,
Administrator

Transcribed By,

Cheryl Young
Committee Assistant

EXHIBIT SUMMARY

- A – HB 2010, written testimony, John DiLorenzo Jr., 13 pp., and oversized report.**
- B - HB 3181, written testimony, Pete Test, 8 pp.**
- C – HB 3181, written testimony, William D. McCormick, 6 pp.**
- D – HB 3181, written testimony, Roy Elicker, 1 p.**
- E - HB 2010, written testimony, Elizabeth Harchenko, 1 p.**
- F – HB 2010, written testimony, Rhett Lawrence, 2 p.**
- G – HB 2010, written testimony, Travis Williams, 1 p..**

H – HB 2010, written testimony, Matt Blevins, 1 p.
I – HB 2010, written testimony, Stephanie Hallock, 3 pp.
J – HB 2010, written testimony, Terry Witt, 1 p.
K – HB 2010, written testimony, Bob Cantine, 1 p.
L – HB 3956, written testimony, Mike Korten Hof, 1 p.
M – HB 3956, written testimony, W. Tiffany, 1 p.
N – HB 3956, written testimony, John Killin, 1p.