

**JOINT COMMITTEE ON STREAM RESTORATION**  
**AND SPECIES RECOVERY**

**February 25, 1999 Hearing Room 50**

**7:00 AM Tapes 36 - 37**

**MEMBERS PRESENT: Sen. Ted Ferrioli, Co-Chair**

**Rep. Ken Messerle, Co-Chair**

**Sen. Ginny Burdick, Vice-Chair**

**Rep. Bob Jenson, Vice-Chair**

**Sen. Joan Dukes**

**Sen. David Nelson**

**Sen. Veral Tarno**

**Rep. Al King**

**Rep. Jeff Kruse**

**Rep. Randy Leonard**

**Rep. Lynn Lundquist**

**Rep. Susan Morgan**

**Rep. Bruce Starr**

**Rep. Terry Thompson**

**STAFF PRESENT: Judith Callens, Administrator**

**Stephen Kosiewicz, Administrative Support**

**MEASURE/ISSUES HEARD: Oregon Plan Activities ñ Agency Position and Funding Report**

**Creation of Parks and Natural Resources Fund**

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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TAPE/#	Speaker	Comments
<b>TAPE 36, A</b>		
004	Chair Messerle	Calls the committee to order at 7:12 a.m.
<b><u>OREGON PLAN ACTIVITIES n AGENCY POSITIONS AND FUNDING REPORT</u></b>		
012	Ken Rocco	Legislative Fiscal Office. Submits written material ( <b>EXHIBIT A</b> ) and begins testimony by reviewing Willamette Basin funding in the Governor's recommended budget.
040	Chair Messerle	Asks Mr. Rocco to explain the reasoning for having the funds for the Willamette Restoration Initiative (WRI) passed through a private, non-profit organization.
044	Rocco	Responds that, legally, it means there is limited legislative oversight of the money because it is outside of the state budget.
049	Chair Messerle	Asks for clarification that if federal funds were to go to a state agency, that agency would have to have approval from the Legislature before they could apply for those funds.
051	Rocco	Responds that there is flexibility for agencies to receive federal funds.
069	Rep. Lundquist	Suggests the committee explore ways they may be able to have some influence on the disbursement of these funds to WRI.
077	Rocco	Continues testimony on Willamette Basin funding in the Governor's recommended budget.
116	Chair Messerle	Asks for clarification that the \$400,000 defense fund is not specific to the Willamette.
118	Rocco	Responds that it would be a statewide defense fund. Continues testimony on Willamette Basin funding in the Governor's recommended budget.
164	Rocco	Continues testimony on Willamette Basin funding in the Governor's recommended budget.
192	Chair Messerle	Asks if there are other funds available for watershed councils.
199	Rocco	Responds that he does not know what other resources are available for watershed councils.

204	Rep. Kruse	Expresses concern that the Department of Agriculture is requesting more money to complete SB 1010 (1993 Session) implementation on time, rather than extending the timeframe. Expresses concern about the \$1 million in funds going to WRI and \$18 million of the Measure 66 dollars going to the Willamette Basin.
229	Sen. Dukes	Asks for a definition of ecoregions.
232	Rocco	Responds that he is unable to provide a definition. Notes that LFO has not reviewed some of these components very thoroughly.
244	Rep. Kruse	States that this ecoregion concept appears to be GWEB's model of command and control of the whole process.
250	Rocco	Offers to get more information to the committee about this. Continues testimony by reviewing Oregon Plan funding in the Governor's recommended budget.
301	Chair Messerle	Asks Mr. Rocco to explain the 13.2% increase with less FTE.
303	Rocco	Responds that the increase is due to several factors involved in budgets.
317	Chair Messerle	Asks what the inflation rate is.
318	Rocco	Responds that the general inflation rate is about 2.8%.
321	Sen. Nelson	Asks Mr. Rocco to explain the issue of using Measure 66 funds to backfill.
329	Rocco	Responds that the Governor has identified certain existing costs in the areas of parks and salmon that are currently using General Fund or Lottery Fund dollars, and he has decided to use the Measure 66 funds instead of these funds.
373	Sen. Tarno	Asks if they can find out where the federal pass-through funds are going [question inaudible at times].
379	Rocco	Responds that there are ways to find out. Notes that if they go through a state agency, the agency could tell a person where the funds are going.
383	Sen. Tarno	[Question inaudible]
385	Rocco	Responds that this is correct.
386	Sen. Tarno	Asks how LFO tracks the funds if this is the case.

388	Rocco	Responds that LFO could contact the federal agencies to find out where the funds went.
391	Rep. King	Asks if the \$8.6 million salmon backfill includes the 26 enforcement officers.
395	Rocco	Responds that it did not. Notes that the \$8.6 million that was backfilled in the Governor's proposed budget on the salmon side was related to money provided to GWEB for grants.
<b>TAPE 37, A</b>		
001	Rep. Lundquist	Asks for clarification that there is the potential to backfill more than the \$8.6 million if there is the will to do it.
004	Rocco	Responds that this is why he identified these Oregon Plan positions, because if the decision were made, these positions would be eligible for backfill under Measure 66.
013	Rep. Lundquist	Asks if LFO knows the potential total amount for these positions.
015	Rocco	Responds that LFO's best estimate on the total for the Oregon Plan positions, at this point, is \$10.4 million.
019	Rep. Kruse	Asks for clarification that all that was committed to the Oregon Plan by the Legislature in General Fund dollars in 1997 was \$15 million.
029	Rocco	Responds that this is correct.
035	Rep. Kruse	Notes that the discussion the committee needs to have on what is being backfilled is not in regard to \$30 million, it is \$15 million.
043	Rep. Jenson	Asks if any of the \$30 million in funding outlined on page two of the submitted material is already in the \$8.6 million backfill.
055	Rocco	Responds that the \$8.6 million of General Fund has been replaced by \$8.6 million plus of lottery funds.
062	Rep. Jenson	Asks if there is any identification of where the difference between the \$30 million and the \$40 million is going.
064	Rocco	Responds that he could give the committee a detailed list by agency. Responds further to a previous question by Chair Messerle regarding the drop in FTE.

086	Chair Messerle	Asks for clarification that this did not include the two positions that were loaned to the Governor's Office.
087	Rocco	Responds that this is correct.
089	Rep. Kruse	Asks for clarification that out of the \$44 million in Measure 66 funds, \$18 million would go to projects and the other \$26 million to agency rollups.
093	Rocco	Explains what the total would include. Notes that there is a lesser amount going to agencies than what would appear.
102	Rep. Kruse	Asks for clarification that it is roughly a 60%-40% split between projects and agency positions.
105	Rocco	Responds that he is not sure of the proportion, but he will get this information to the committee. Notes that Measure 66 requires a 35% expenditure of funds on the salmon side for agency operations and 65% must be used for capital expenditures.
115	Rep. Kruse	Asks for clarification that the 35% is required to go to agencies or FTE.
118	Rocco	Responds that the language states at least 65% must be used for capital expenditures, but it could be less for agency operations.
120	Rep. Kruse	Asks for clarification that theoretically 100% could be spent on capital expenditures.
121	Rocco	Responds that this is correct. Continues testimony on Oregon Plan funding in the Governor's recommended budget.
159	Sen. Tarno	Asks to receive information on how many positions have been loaned out to various agencies.
166	Chair Messerle	Asks who pays for these loaned positions.
168	Rocco	Responds that the agency pays for the position while it is on loan. Notes that position rotation is not an uncommon thing.
182	Chair Messerle	Asks Ms. Holman to explain what the area of capital expenditures might include.
189	Jeannette Holman	Legislative Counsel Office. Responds that it could include just about anything the committee wanted.

204	Chair Messerle	Asks if this leaves monitoring and research out of the picture.
208	Holman	Responds that research is questionable, unless it is specific to a project, and monitoring a project could be allowed as part of the capital expenditures.
215	Chair Messerle	Asks if data collection could be included in the capital expenditures.
217	Holman	Responds that some of this needs to be taken out of the 35%.
220	Rep. Kruse	Gives the example of removing a pushup dam and having to do a water right exploration as part of citing a new water source. Asks if this kind of activity, including removal of the dam, could be included in the capital expenditures.
231	Holman	Responds that she would think all of this could be included.
232	Rep. Kruse	Asks for clarification that this type of front-end research is part of the capital expenditure.
235	Holman	Responds that this is correct.
243	Sen. Tarno	Asks to receive more information about the Association of Clean Water Agencies.
<b><u>CREATION OF PARKS AND NATURAL RESOURCES FUND</u></b>		
253	Rocco	Comments on the creation of the Parks and Natural Resources Fund.
260	Holman	Submits written material ( <b>EXHIBIT B</b> ). Notes that the LC draft number is not official, but is simply for the purpose of having a working draft. Reviews the provisions of the working bill draft.
300	Rocco	States that there is the possibility of directing the interest earnings into a separate account.
307	Holman	Notes that the Constitution does not direct what is to be done with the interest earnings on the fund.
313	Rocco	Notes that if nothing is done, the interest would revert back to the Administrative Services-Economic Development Fund.
319	Rep. Morgan	Asks if there is a way to estimate how much interest the fund is going to generate.

321	Rocco	Responds that LFO is trying to figure this out right now.
332	Sen. Nelson	Referencing line 10 on page 1 of the draft, asks for a definition of net proceeds.
337	Rocco	Responds that this is the amount of revenue generated by the lottery after prizes are distributed and after administrative costs of the Lottery Commission are deducted.
343	Sen. Nelson	Asks for clarification that the 15% distributions to the Education Endowment Fund and the Park and Natural Resources Fund would occur at the same time.
345	Rocco	Responds that they are identical amounts.
348	Sen. Nelson	Asks whether lottery revenues are decreasing.
351	Rocco	Responds that the last two published forecasts the lottery revenue projections went down from \$90 million to \$88.3 million. Notes that the next forecast will be relatively flat.
358	Sen. Nelson	Notes that the long-term forecast he is seeing is that lottery revenues are projected to continually decline.
362	Rep. Kruse	States that this is why they need to be careful with how much is being rolled into agencies. Referencing line 9 on page 1 of the draft, expresses concern about the use of the term "critical".
378	Holman	Responds that this language is straight from the Constitution.
385	Rep. Kruse	Explains the reason for his concern.
395	Sen. Nelson	Asks if the term "native salmonid populations" in line 19 on page 1 of the draft is language directly from Measure 66.
399	Holman	Responds that it is.
401	Sen. Nelson	Notes that there has been testimony before the committee regarding native stocks.
408	Holman	Suggests that the place to define some of these terms is in the way the grants are allocated.
<b>TAPE 36, B</b>		

004	Rep. Jenson	Asks if the Legislature does this, do they run the potential risk of litigation if someone does not agree with their definitions.
007	Holman	Responds that there is always this risk. Notes that this provision is not self-executing and that there is room for the Legislature to interpret it.
013	Chair Messerle	Expresses concern that this raises expectations for those that are applying for grants.
015	Rep. King	States that he would like to see the interest earned on the fund reinvested or used for items like SB 131, where there could be some potential insurance costs.
023	Rep. Lundquist	Notes that the committee's most limiting factor will be the capital expenditure issue. Asks if enforcement could be included in the capital expenditures.
032	Holman	Responds that the Constitution directs the Legislature to spend some of the money on enforcement.
035	Rep. Lundquist	Clarifies that his question was whether enforcement could be included in the capital expenditures.
038	Rocco	Responds that once the project is in place, he does not know if it could be extended to enforcement or even subsequent monitoring.
039	Rep. Lundquist	Asks whether subsequent maintenance could be included in the capital expenditures.
040	Rocco	Responds that maintenance would be eligible criteria for capital expenditures. Notes that enforcement would have to come under the 35% of operational costs.
046	Rep. Kruse	Notes that to some degree monitoring and enforcement are essential parts of projects. Questions whether they are getting into a degree definition.
060	Chair Messerle	Adjourns the committee at 8:11 a.m.

Submitted By, Reviewed By,

Stephen Kosiewicz, Judith Callens,  
Administrative Support Administrator

## **EXHIBIT SUMMARY**

**A ñ Oregon Plan activities, written material, Ken Rocco, 3 pp.**

**B ñ Creation of Parks and Natural Resources Fund, written material, Jeannette Holman, 2 pp.**