

SENATE COMMITTEE ON AGRICULTURE AND NATURAL RESOURCES

January 25, 1999 Hearing Room 50

4:30 P.M. Tapes 17 - 19

MEMBERS PRESENT: Sen. Gary George, Chair

Sen. Thomas Wilde, Vice-Chair

Sen. Joan Dukes

Sen. Bill Fisher

Sen. John Lim

MEMBER EXCUSED: Sen. Tony Corcoran

Sen. Ted Ferrioli

STAFF PRESENT: Brad Harper, Administrator

Kristal Hatton-Nease, Administrative Support

ISSUES HEARD: Oregon State University Experiment Station and Extension Service

- **James C. Cornelius, Ph.D. ñ OSU**
- **Bob Buchanan ñ Agriculture Research Coalition**

Western Juniper Commercialization

- **Larry Swanñ Ad Hoc Western Juniper
Commercialization Steering Committee**
- **Dennis Long, Project Manager, Western Juniper Shavings**

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 17, A		
005	Chair George	Opens meeting at 4:33 p.m.
<u>Oregon State University Experiment Station and Extension Service</u>		
025	James C. Cornelius	Ph.D., Oregon State University. Submits [EXHIBIT A] . Discusses the Oregon agricultural industry economic situation and Oregon farm gate cash receipts by sector in 1997.
099	Cornelius	Explains agricultural diversification by state, current economic indicators, and the Oregon farm level wheat price.
155	Cornelius	Discusses the change in Oregon farm-level commodity prices, the decline in commodity prices, and the change in Oregon crop yields.
233	Cornelius	Discusses the competitiveness of the agricultural industry.
236		Questions and answers between Sen. Dukes and Cornelius about supply and demand of agriculture.
252	Sen. Wilde	Asks about the Asian demand projection.
255	Cornelius	Responds there is ample improvement in regards to Japan whereas other Asian countries have seen decreases.
279	Sen. Wilde	Asks if Asian countries are buying our wheat.
294	Cornelius	Responds they are not. Continues testimony. Discusses total production expenses in the national agricultural sector, total production expenses in the Oregon agricultural sector, Oregon farm sector expenses in 1997, and Oregon agricultural sector expense items.
360	Sen. Wilde	Asks what would be included in custom work.
369	Cornelius	Responds that custom work is hired work or contract services. Continues testimony. Discusses the distribution of wheat farm businesses, Oregon farm and ranch sector financial balance, and Oregon farm and ranch solvency ratios from 1980 to 1997.
TAPE 18, A		

040	Cornelius	Explains Oregon agricultural sector financial indicators, Oregon gross state products by sector in 1993, and indirect and induced income from Oregon's agricultural industry.
109	Cornelius	Talks about the 1993 Oregon employment by economic base industry and the proportion of total income from agricultural industry.
164	Cornelius	<p>Says he came to several conclusions:</p> <ol style="list-style-type: none"> 1. Many agricultural sectors are facing static or lower commodity prices 2. There are increasing production costs and compliance pressures 3. Says there is an anticipated decline in net farm income in the 98/99 crop year 4. The balance sheet (solvency) of the agricultural sector is strong 5. Declines in cash flow and profitability will hurt longer term financial condition of the agricultural sector 6. Economic health and long term growth of Oregon agriculture linked to: cost competitiveness and efficiency, markets, prices, and demands
180		Questions and answers between committee members and Cornelius regarding charts mentioned, the availability of data for 1998, and Oregon agricultural sector financial indicators.
263	Bob Buchanan	Farm operator and former Director of the Oregon Department of Agriculture. Presents testimony on the future of Oregon's natural resource industries. Submits [EXHIBITS B, C, and D] . Discusses supply issues and the Agripack bankruptcy.
346	Buchanan	Continues testimony on world population growth since 1 AD, environmental sensitivity areas, and land use distribution in Oregon in 1992.
409	Cornelius	Describes key issues for agriculture and gives a profile of Oregon producers.
TAPE 17, B		
039	Buchanan	Continues testimony on OSU Statewide public services, wheat and small grain research, grass seed research, and the Oregon agricultural experiment station state appropriation portion of all appropriated money.
094	Buchanan	Discusses the Oregon agricultural experiment station as funded by FTE, Oregon agricultural experiment station grant and contract funds, and FTE changes in selected agricultural program areas at OSU.
167	Buchanan	Discusses food expenditures as a percentage of disposable income.
195		Questions and answers between committee members and witness about the accountability database.

249	Chair George	Asks if the database now exists.
250	Buchanan	Answers yes, it has for eight years. Further explains the database.
314	Chair George	Comments Rockefeller U.S.A's interest is probably global.
316	Buchanan	Replies yes. Continues testimony on Oregon's natural resource industries.
353	Sen. Wilde	Asks this database is accessible through the internet.
360	Buchanan	Replies no.
361	Sen. Wilde	Asks why has the interest declined in agriculture. Speculates it may be because the OSU Extension budget is part of the higher education package.
372	Buchanan	Continues testimony on the need for funds for the OSU extension budget.
429	Sen. Wilde	Says he hopes to discuss with leadership the possibility to have this portion of the higher education go through the Ways & Means Natural Resources Subcommittee.
443	Chair George	Comments on the tremendous demands placed upon the agricultural industry.
TAPE 18, B		
029	Chair George	Asks what happens if the supporting research is not in place.
035	Buchanan	Says it has to go through a barrage of federal reviews for efficacy.
040	Chair George	Asks if Oregon has an obligation to conduct the research.
047	Buchanan	Answers yes. Continues testimony, showing several video clips available from the extension service accountability database. Discusses the Governor's budget and the need for public review of the OSU extension budget.
097	Chair George	Declares the meeting in recess at 6:07 p.m.
099	Chair George	Calls meeting back to order at 6:12 p.m.
<u>Western Juniper Commercialization</u>		

109	Larry Swan	U.S. Forest Service and Co-Chair Ad Hoc Western Juniper Commercialization. Submits [EXHIBIT E] . Gives an overview of Oregon's juniper industry. Discusses the effects of having too many junipers.
201	Chair George	Asks if the juniper stump re-grows when it is cut.
204	Swan	Answers no, unless part of the tree is left.
229	Chair George	Asks if the federal government is addressing this problem
233	Swan	Says it is better to do something when juniper is young. Continues testimony on the sizes of juniper and the opportunities to address watershed issues.
315	Chair George	Comments juniper plants must have an excellent ability to get water out of soil.
322	Swan	Answers that fact is very impressive.
331	Chair George	Asks if the roots can go grow the drip line.
362	Swan	Answers yes. Continues testimony in the expansion of juniper since the 1930s and research projects in progress at OSU in relation to juniper.
423	Dennis Long	Project Manager, Western Juniper Shavings. Gives testimony on juniper restoration and release of water and OSU research on juniper shavings.
TAPE 19, A		
023	Long	Explains the drying process of juniper shavings and wood and urges committee to fund the OSU extension service.
081	Swan	Explains the challenges the Oregon juniper producing industry is facing.
104	Chair George	Comments on the relationship of stream temperature.
107	Swan	Responds research is not there to support the issues of stream temperature. Discusses the paired watershed studies.
127		Questions and answers between Chair George and witnesses on de-limbing machinery and the cost of juniper harvesting.
190	Glen Stonebrink	Oregon Cattlemen's Association. Introduces John Hayes. Invites committee members to tour juniper areas in Eastern Oregon. Comments on the juniper

		industry in Oregon.
221	John Hayes	Comments on the juniper industry. Says his 16-year old son has a business. Says it does increase the water flow and absorbs 30 gallons of water a day. Comments on the jobs his company has created.
311	Chair George	Comments on the impacts of environmental laws.
333	Hayes	Responds Oregon needs to gain control of environmental issues.
365	Chair George	Comments on Associated Oregon Industries testimony heard earlier in the week.
376	Stonebrink	Says everyone wants to fix the environmental pressure put on the agricultural industry.
437	Chair George	Adjourns meeting at 7:02 p.m.

Submitted By, Reviewed By,

Kristal Hatton-Nease, Brad Harper,
Administrative Support Administrator

EXHIBIT SUMMARY

A ñ Overhead presentation copies, James Cornelius, 6 pp.

B ñ Written testimony, Bob Buchanan, 3 pp.

C ñ "LandÖ" Brochure, Bob Buchanan, 4 pp.

D ñ OSU Statewide Public Services, Bob Buchanan, 39 pp.

E ñ Western Juniper Briefing Outline, Larry Swan, 24 pp.

F ñ Written Testimony, Dave Nelson, 2 pp.

