

**HOUSE COMMITTEE ON AGRICULTURE AND NATURAL RESOURCES**

**April 15, 1997 Hearing Room D**

**08:30 AM Tapes 61 - 64**

**MEMBERS PRESENT:**

**Rep. Charles Starr, Chair**

**Rep. Terry Thompson, Vice-Chair**

**Rep. Dennis Luke**

**Rep. Ken Messerle**

**Rep. Kurt Schrader**

**Rep. Judith Uherbelau**

**Rep. Larry Wells**

**MEMBER EXCUSED:**

**STAFF PRESENT:**

**Judith Gruber, Administrator**

**Linda Kowal, Administrative Support**

**MEASURE/ISSUES HEARD:**

**HB 3387 Work session**

**HB 3558 Public hearing**

**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.**

<b>Tape #</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 61, A</b>		
<b>007</b>	<b>Chair Starr</b>	<b>Calls the meeting to order at 8:32 am and opens the work session on HB 3387. (EXHIBIT A)</b>
<b><u>HB 3387</u> <u>WORK</u> <u>SESSION</u></b>		

012	Rod Ingram	Acting Director, Oregon Department of Fish & Wildlife. (ODF&W) Refers to the two issues related to this bill, process and policy. (EXHIBIT B)
039	Rep. Luke	Asks if other groups that request a preference bring additional revenue with them.
040	Ingram	Answers they have not.
042	Rep. Wells	Asks if this issue is different since it deals only with out-of-state tags.
047	Ingram	Responds it's somewhat different. The issue here is that this group will get tags they can use every year when a host of resident hunters don't have that opportunity. There's an upper limit of five percent. If there's less than 5 percent, nonresidents draw on equal footing with residents. If they hit that five percent they throw all the nonresidents out.
071	Rep. Thompson	MOTION: Moves to ADOPT HB 3387-1 amendments dated 04/10/97.
	Chair Starr	Hearing no objection, declares the motion CARRIED.
075	Rep. Messerle	Asks if this will result in an increase of nonresident tags being used?
078	Ingram	Answers he doesn't believe so, it depends on how they're marketed through the guides and packers. It can't go over five percent. The guides and packers are asking for 50 percent based on the previous year's sales.
085	Rep. Messerle	Comments the nonresident usage won't be up but it will increase the department's revenue. Asks about the downside.
089	Ingram	Responds the downside is there's a host of people who want preference in controlled hunts. It's a policy issue.
110	Rep. Uherbelau	States it seems to her that if this increases revenue this is a benefit to the department. Another distinguishing factor between the other preference groups and this group is that this is their livelihood, an economic enterprise. So preference would not be given across the same level.
127	Ingram	Responds the Commission is fairly sympathetic to the proposal from the guides and packer in terms of economic benefits and the revenue for the department. States it's now a call of how do you open this door and deny groups in the future.
150	Rep. Schrader	MOTION: Moves HB 3387 to the floor with a DO PASS AS AMENDED recommendation.
154	Rep. Luke	Asks for Ingram to come back to the bench.
158	Rep. Uherbelau	Refers to his reference of a revenue impact, asks if they're waiting for this.
160	Chair Starr	Responds that Ingram testified to that but the fiscal is not fully ready.

162	Judith Gruber	Policy Analyst, responds there is no official statement yet.
163	Rep. Luke	Comments he'd like to see the justification for \$100,000. Asks how much money they made on the auction for the sheep tag this year.
165	Ingram	Responds that Jim Greer could answer that. These have gone very well and the revenue has supported all their sheep programs.
170	Jim Greer	Responds from the audience it's the lowest they've been in a long time, between \$30,000 - \$35,000.
172	Rep. Luke	Rep. Luke adds that's one tag.
177	Ingram	States he saw the fiscal impact. In terms of reprogramming and getting this process in place the first year, it was almost \$100,000. The follow-up years are about \$45,000 just for the programming and keeping the program current. As indicated, this is covered by the revenue coming in from this bill.
180	Rep. Schrader	Comments the revenue is \$465,000.
185	Rep. Wells	Asks how the language "twice the normal nonresident fee" is getting into the bill.
189	Chair Starr	Responds line 16 of (EXHIBIT A)
198		VOTE: 7-0  AYE: In a roll call vote, all members present vote Aye.
	Chair Starr	The motion CARRIES.  REP. SCHRADER will lead discussion on the floor.
207	Chair Starr	Closes the work session on HB 3387 and opens the public hearing on HB 3558.
<b><u>HB 3558</u></b> <b><u>PUBLIC</u></b> <b><u>HEARING</u></b>		
<b>(EXHIBIT N)</b> Provided for reference.		
206	Dave Collins	Executive Director, Klamath Algae Harvesters Association. Reads from (EXHIBIT C).
300	Collins	Adds the ecosystem of Upper Klamath Lake is very unique. It's the largest lake in Oregon but is only eight feet deep on average, along the ridge where the algae is harvested it is about 65 feet.
347	Collins	Adds the Habitat Conservation Plan (HCP) manual is about three inches thick. They have retained a biologist and anticipate it will take about six to seven months to write. States the days of going on the lake and gathering algae are over. Last summer when there was

		a microcystis alert all the members of the Association stopped harvesting the same day.
375	Collins	Adds that another reason for creating the Association was because it's become a grudge match between the FDA and the dietary supplement industry. Now if a person gets sick, the burden of proof is on the FDA to prove it's a toxic element, it used to be the other way around.
425	Rep. Schrader	Asks if the algae is an endangered species.
430	Collins	Responds they consider it a crop and like others it can be over harvested.
432	Rep. Schrader	Asks again if they're currently listed or in danger of being listed on the endangered species list.
431	Collins	Negative.
TAPE 62, A		
008	Rep. Thompson	Asks how fast does the algae grow, what studies have been done?
011	Collins	Responds that depends on who you talk to. A lot of studies have been done on the lake. In his opinion, no one ever thought people would ingest this, they're on the threshold. He's heard it reproduces anywhere from a few hours to a day or two after it's harvested.
018	Rep. Thompson	Comments from what he knows, if you remove some of the phytoplankton whatever remains has more sun exposure and grows faster. Are there any studies that relate more being produced by removing it than if it wasn't removed?
021	Collins	Responds he doesn't have that information, he's not focused in this area.
025	Rep. Thompson	Are there any outside circumstances directly associated or impacted with the phytoplankton.
028	Collins	According to ODF&W, a lot of things can be impacted. There's the issue of the endangered sucker fish. If you do any dredging, you have to be mindful of the tribes that have ancient burial grounds around. It's becoming increasingly difficult to find a place to harbor the boats. As far back as 1988, they've gone to the Division of State Lands asking for a regulatory body and they've been tossed from one agency to another.
041	Rep. Thompson	Asks what agencies have been contacted and what treatment was received.
043	Collins	States that several years ago he worked with Jerry Larson, Manager of International Trade, Oregon Department of Agriculture (ODA) who's aware of how big a product this is in the Pacific Rim. The ODA here in Salem didn't take him seriously. Runs the spectrum from joke to "don't do water." States they want

		regulations so they don't get in trouble and can move forward with this industry intelligently.
059	Rep. Wells	As he understands, the purpose of this bill is to put into place a limited entry activity. Refers to Section 4 regarding 28 vessels and asks how many are currently active and under this bill how many would be eligible to continue.
070	Collins	Responds that Fred Brown, the attorney for the Association, has worked that out. Every year there are different rumors that there's going to be three or four more who will bring between one vessel to ten. Three existing companies have been working Eagle Ridge which are members of the Association. ODF&W has told them they will come and have them do a HCP and they will only allow two vessels per eagle nest. There are 24 nests in the area.
087	Rep. Wells	Comments the article says there are three privately owned companies. Asks who makes up the Association.
088	Collins	Answers, AFA Inc., Rossha, and Brown Resources Inc.
096	Rep. Wells	Asks if this bill was passed in current form would there be anyone else that would have any permits or would these three people take up these permits.
097	Collins	The Upper Klamath Lake is the largest lake in Oregon, it's about 144 square miles. Eagle Ridge is about six miles located between Eagle Point and Squaw Point. This is where the three companies identified as the Association have worked for almost ten years. The rest of the lake is open for permitting. About 16 companies could come on. The question is the methodology used to gather the algae.
121	Rep. Wells	Inquires if Eagle Ridge is where this got started and is it the most productive area.
124	Collins	Affirmative.
130	Rep. Wells	Asks for clarification that the purpose of this bill is to allow exclusive use to these three companies in this area.
133	Collins	Responds it's also an issue of respect in regard to the Endangered Species Act (ESA). These three companies are pioneers and have been there almost a decade. They have national and international markets.
141	Rep. Wells	Clarifies he understands the number of permits would be taken up by these three companies.
142	Collins	Negative. There's allocations for approximately 16 companies in the entire lake.
148	Rep. Wells	Asks does this bill address the Eagle Ridge area exclusively for these three companies.
148	Collins	Affirmative. Fred Brown is best to answer that. The Eagle Ridge area would be reserved for the Association's harvesters. They've allotted for up to 28 potential harvesters.
157	Rep. Uherbelau	Comments the main reason for limited entry in the crab business was because the resource was limited. Here the resource doesn't

		appear to be limited so this seems to be more of an economic bill that will protect the businesses that are already in place there.
171	Collins	Answers it's both. Looking at it from ODF&W's point of view, the algae is the lowest part of the food chain. The Association is mitigating with HCP, working with ODF&W, and listening to the biologist. This ecosystem has been there before them and different species rely on that as food. It's also economic, these are companies with national and international markets, they employ many people and are poised to expand. Much of the logic of the Dungeness Crab bill was based on the companies that were there and the money they put in their investment.
193	Rep. Uherbelau	Asks if the 16 permits discussed is based on the criteria in the bill.
201	Collins	Responds there have been three companies that have taken that much algae over the past several years that he knows of. Asks for the last part of the question to be reformulated.
204	Rep. Uherbelau	States as she reads Section 4, to get a permit you have to have harvested 50,000 wet pounds in three years to be eligible. How many enterprises would be eligible under that criteria?
216	Collins	Responds he can't speak for any of the other companies.
221	Rep. Uherbelau	States what she's trying to get to is Rep. Well's question of how many people would be eligible, where did the 16 come from.
222	Collins	Responds he respectfully requests they ask Fred Brown, attorney and author of the logic.
228	Chair Starr	States he will shift gears and ask three individuals who are against the bill to testify and will move back and forth between for and against parties.
246	Marta Kollman	President of Cell-Tech. Reads from (EXHIBIT D).
280	Kollman	States a correction on page three, (EXHIBIT D) third sentence, first paragraph should read "supplied by a vessel that does not have a vessel permit."
283	Rep. Thompson	Asks if they have any permits on the lake now.
284	Kollman	Affirmative, from Klamath Irrigation District and ODF&W.
286	Rep. Thompson	Asks about the permit from ODF&W.
288	Jim Carpenter	Ecologist, consultant for Cell-Tech. Answers it's an incidental take permit which allows a certain level of impact to the endangered sucker fish species.
299	Rep. Thompson	Asks if all vessels on the lake have that permit.
300	Carpenter	Answers to his knowledge they are the only ones.
301		Asks if there are any universal permits at all on lake?

	<b>Rep. Thompson</b>	
<b>302</b>	<b>Carpenter</b>	<b>Answers, other than ODF&amp;W, no.</b>
<b>303</b>	<b>Rep. Thompson</b>	<b>Asks how they prove a landing and how can it be proven who was a participant.</b>
<b>311</b>	<b>Carpenter</b>	<b>Answers they wonder the same questions.</b>
<b>315</b>	<b>Kollman</b>	<b>Continues with testimony, reads from (EXHIBIT D).</b>
<b>324</b>	<b>Kollman</b>	<b>Adds she believes "overcapitalized" means too many vessels harvesting too much algae rather than too much money. Continues to read from (EXHIBIT D).</b>
<b>404</b>	<b>Rep. Schrader</b>	<b>Asks if they're one of the three companies mentioned by Collins in his testimony.</b>
<b>406</b>	<b>Kollman</b>	<b>Negative, they're not of the Association.</b>
<b>410</b>	<b>Rep. Schrader</b>	<b>Clarifies that she testified they have been in business and harvesting since 1983.</b>
<b>411</b>	<b>Kollman</b>	<b>Affirmative.</b>
<b>412</b>	<b>Rep. Scharder</b>	<b>Asks if they are in the lake in general or in the Eagle Ridge area.</b>
<b>415</b>	<b>Kollman</b>	<b>Responds they are on the A canal which is part of irrigation system that comes off of the south end of the lake, they are not on the lake itself.</b>
<b>425</b>	<b>Jim Carpenter</b>	<b>Carpenter Design Ecosystem Consultants, Co-Owner, Klamath Basin Ecosystem Foundation, Secretary, Senator Hatfield's Upper Basin Working Group, Member. Reads from (EXHIBIT D).</b>
<b>TAPE 61, B</b>		
<b>036</b>	<b>Kollman</b>	<b>Concludes testimony reading from (EXHIBIT D).</b>
<b>043</b>	<b>Rep. Wells</b>	<b>Comments, as he understands the testimony only three companies will qualify under Section 4a which requires harvest of 50,000 wet pounds in three calendar years between 1987 - 1996. States in their testimony they say they're the largest harvester of plankton. The companies that harvest this amount qualify to harvest in the Eagle Ridge Channel. Why don't they qualify under Section 4a?</b>
<b>056</b>	<b>Kollman</b>	<b>Responds they probably do. In a 24-hour period they harvest 300,000 pounds of wet algae but they are not on the lake as harvesters.</b>
<b>062</b>	<b>Rep. Wells</b>	<b>Refers to Section 4a and states that according to the language, in order to get a permit for Upper Klamath Lake and Eagle Ridge Channel, you have to have harvested at least 50,000 wet pounds in three years from 1987 - 1996. As he understands the testimony the three companies that are represented by the Association are the only three that qualify under this section. Asks why they don't qualify.</b>
<b>068</b>	<b>Kollman</b>	<b>Responds she thinks they would, you'd have to ask their attorney Fred Brown.</b>

069	Rep. Thompson	Asks how many vessels they operate.
075	Kollman	Answers they have no vessels, they use screens. The water passes over the screen as it flows out the A canal into the C canal, then passes through the screens. They scrape the algae off the screen.
085	Rep. Messerle	Asks if this is an advantage to the irrigators.
087	Kollman	Responds they don't get all the algae out. She's unaware if they noticed any impact.
090	Jim Carpenter	Responds there are two issues, water quantity and water quality. Both are impacted by the endangered species listing. Their position is that sensible management of the algae industry should have a positive impact on the agriculture as it would improve the water quality and eventually delist the species, the goal of their incidental take statement.
098	James Ray Streinz	Legal counsel for Klamath Basin Aquatic Products Development Council, Inc., reads from (EXHIBIT E) .
150	Streinz	Refers to (EXHIBIT F) adds the critical issue is bloom algae.
182	Streinz	Adds that if the permit holders build enough boats to use all the permits there'll never be an opportunity for a new company to come in, and certainly not to Eagle Ridge Channel area. The members of the Council are aware that members of the Association are busy building new barges which will give them each four barges to put out in 1997 if this bill becomes law.
188	Streinz	Beyond the major problems this bill creates other little problems outlined in (EXHIBIT E). Concludes the Council is ready to support a system that would protect the resource, the endangered species, and the environment.
209	Rep. Wells	Asks if there's no problem with the availability of the resource, why is this bill here, is it market competition?
215	Streinz	Answers the assumption is it's to protect the companies that have been there a few years and don't want competition.
226	Rep. Wells	Asks are we talking about an over saturation of the market.
230	Streinz	Negative. States there's plenty of market out there.
237	Rep. Wells	Comments that he stated it's an economic issue but that it has nothing to do with the market, he's not understanding the point.
238	Streinz	Responds, it allows those three companies a monopoly to harvest the algae of the lake.
248	Rep. Wells	Clarifies the bottom line is that it's a market issue.
251	Streinz	Responds they believe so.
252	Rep. Thompson	Asks how many vessels the Council operates.
255	Streinz	Answers last year there were three vessels and if this bill doesn't pass there will be a total of seven vessels.



257	Rep. Thompson	Asks how much they will harvest.
258	Streinz	Answers each will harvest between 1 - 1.5 million pounds of wet algae.
261	Rep. Thompson	What's the potential if this was left open, how fast is this industry's growth, how fast is the fleet growing?
277	Streinz	Answers he doesn't believe any of these companies plan to expand beyond what they're doing this year, it depends on what happens this year and with this bill. The number of vessels is limited by the size of the lake.
285	Rep. Thompson	Asks how many there were last year.
286	Streinz	Answers seven to ten last year.
292	Rep. Thompson	Asks how many there were five years ago.
292	Streinz	About seven.
293	Rep. Thompson	Asks how many he anticipates to be there this year.
294	Streinz	Depends on the Association. If they each put four vessels out there plus the Council's seven there would be 19 this year.
298	Rep. Thompson	Asks how many vessels can potentially be brought in from Great Salt Lake.
300	Streinz	Answers two, the others may be too big to transport. Comments these are included in the 19.
309	Rep. Thompson	Makes a statement that all fisheries grow until at some point someone says that's enough for whatever reason. The issue is when is that point here and in what form.
332	Streinz	Responds he doesn't believe that anyone believes that this industry can go on unregulated forever. They agree with the Association to the extent that it needs some form of regulation, but not in this way.
344	Rep. Thompson	Comments that most fisheries have some licensing in place. Most limited entries in place have a waiting period. The existing vessels are capped, then the limit is put in place, then the players are brought together to figure out how to bring a limited entry in .
384	Grant Brown	(EXHIBIT G) States his family has been on this lake for 105 years, him personally for 72. The essential understanding the committee needs is to understand the lake and it's nutrients. The lake is fed nutrients from volcanic ash covering 3,000 square miles that blew from Mt. Mazama, (Crater Lake). Refers to page two paragraph three.
TAPE 62, B		
040	Brown	Continues reading from (EXHIBIT G).
062	Brown	

		Adds that it's his conviction the algae bloom is not unlimited. This single celled plant grows in bead like strings that form colonies floating freely in the water resembling chopped grass. In his years of observation, the algae blooms all over the lake and it's the wind and currents that concentrate it at Eagle Ridge Channel.
104	Sharon Trunkey	President, Rossha Enterprises, Inc. Reads from (EXHIBIT H).
152	Fred Lewis	President, Klamath Blue Green Algae and Vice President of A.F. A. Inc. Reads from (EXHIBIT I).
236	Lewis	Continues with testimony.
262	Rep. Wells	Asks who pioneered the marketing of this product.
268	Lewis	Responds Cell-Tech and a company before them that harvested in a similar manner.
274	Rep. Wells	Comments that Cell-Tech claims to be the largest but has been harvesting in a different area, so they don't qualify because of that.
277	Lewis	Responds that they choose to harvest in the manner they do in the canal south of the lake.
299	Clay Rich	Financial Vice President, International Aquaculture Technologies, a Utah company. President Klamath Basin Aquatic Products Development Council. The Council is an aquaculture association, not just an algae association, which includes international aquaculture and includes anyone in the Klamath Basin interested in aquaculture. The aquaculture business is growing between 15 - 20 percent a year.
316	Rich	States that International Aquaculture doesn't own any barges, they have five boats. Three are large and are specifically designed for the Great Salt Lake. He doesn't foresee any more than two boats coming to Klamath Lake, one harvester and one support vessel.
335	Rich	The Council is an Oregon non-profit corporation, based in Ogden. They are in the aquaculture feed business and their primary industry is commercial prawn farms in Asia. They came to Klamath Lake last year looking at daphnia which is a high protein resource they use in the manufacture of fish feeds.
390	Rich	States they manufacture commercial fish feeds primarily for markets in Asia. Their main market is the prawn industry (the raising of shrimp) in Asia. States algae is not new to the fish feed market. HB 3558 also deals with Aphanizomenon flos-aquae, Microcystis, Daphnia, brine shrimp, fish or insect larvae. This affects them directly. They came to Klamath Lake for the daphnia and noticed the algae.
425	Rich	Continues, they expect to not only harvest these products, they also expect to purchase other types of resources for use in feeds. They plan to operate two boats in the harvesting of algae this year. These boats are also used in the winter harvest of brine shrimp in the Great Salt Lake. They expect to hire eight to ten employees in Klamath Falls for the 1997 harvest season to harvest a projected 1 -

		1.5 million wet pounds of algae, and they also plan to purchase as much or more from local harvesters. If HB 3558 passes, International Aquaculture will not be able to effectively harvest algae from Klamath Lake because they will be unable to operate two boats and harvest from the best location.
<b>TAPE 63, A</b>		
<b>020</b>	<b>Rep. Wells</b>	<b>What physical effect does harvesting have on fish?</b>
<b>024</b>	<b>Rich</b>	<b>Responds on the front of the boat is a filter belt device. It goes into the water column and rotates counterclockwise as it comes up.</b>
<b>031</b>	<b>Rep. Wells</b>	<b>Clarifies that there's no way fish will get into the operation.</b>
<b>032</b>	<b>Rich</b>	<b>Affirmative.</b>
<b>035</b>	<b>Rep. Schrader</b>	<b>Asks how long they have been harvesting on the lake?</b>
<b>037</b>	<b>Rich</b>	<b>Answers one year.</b>
<b>038</b>	<b>Chair Thompson</b>	<b>Asks if they've had any trouble with fish eggs or other planktonic life coming into the screening system.</b>
<b>039</b>	<b>Rich</b>	<b>Responds no fish, nothing was found.</b>
<b>044</b>	<b>Rep. Wells</b>	<b>Asks where the processing is done and how many are local.</b>
<b>047</b>	<b>Rich</b>	<b>Responds currently they send it to Oakland. They haven't found anyone in the Oregon area that could or would be willing to process for them. If someone in Oregon was willing to freeze dry or whatever they do with their product they would be happy to process it here.</b>
<b>053</b>	<b>Rep. Wells</b>	<b>Asks if any material is processed around the Klamath Falls area.</b>
<b>056</b>	<b>Rich</b>	<b>Responds they clean screen and that type of stuff but freeze drying or anything beyond that, they haven't been able to find anyone here to do it.</b>
<b>056</b>	<b>Rep. Wells</b>	<b>Asks if any other companies are doing their processing in the Klamath Falls area.</b>
<b>058</b>	<b>Rich</b>	<b>Responds he's not certain.</b>
<b>066</b>	<b>Mike Reynolds</b>	<b>Co-Owner of Flos-Aquae, LLC. In 1995 he designed and patented a harvesting device that is specific to the aquaculture industry. It takes into account the filtration of fish, larvae, etc. and meets the approval of Steve Lewis who heads the Environmental Restoration Office, and by Jake Kann (aquatic ecologist) Tribal Council, Klamath Tribes.</b>
<b>087</b>	<b>Reynolds</b>	<b>States they've attempted to receive assistance from the Association in regard to health and safety issues and were flatly told to go away.</b>
<b>101</b>	<b>Reynolds</b>	<b>Expresses he's in agreement with Grant Brown that the algae blooms all over the lake. All they ask for is a free opportunity to harvest where it accumulates.</b>
<b>108</b>	<b>Reynolds</b>	<b>States that HB 3558 would lead you to believe that this type of limited entry is a positive thing for the environment and the</b>

		industry. However, the fact is most of the harvesters out there now, size-wise, have a surface area between 1,500 - 4,000 square feet. HB 3558 in this form would increase each of the three harvester's capabilities to include up to 120,000 square feet of surface area on the lake per each set of four permits. States he's more than willing to work with any group to put together a fair and equitable program that takes everyone fairly into account.
134	Rep. Uherbelau	Refers to Section 4 and states there are four different classes of people who can have permits. Section 4a states <u>the permits shall encompass all of Upper Klamath Lake, and shall also encompass all of Eagle Ridge Channel</u> . Sections 4b-d state <u>the permits shall encompass all of Upper Klamath Lake</u> . Comments that she reads this as only the people who fall into the class described in 4a can get a permit to be involved in the Eagle Ridge Channel. Asks if he reads it this way.
147	Reynolds	Affirmative.
148	Rep. Uherbelau	Asks if that means the people who belong to the Association.
150	Reynolds	Affirmative.
153	Bob Campbell	President and Co-Founder of Klamath Algae Products Inc. Gives a brief history as to how he got involved in the business. States he has spent in excess of \$200,000 promoting his business. This year they intend to operate three barges on the lake, last year they operated one. They had seven employees last year not including himself and his wife and this year they intend to expand to 20 employees. They expect to harvest around 1 million wet pounds of algae which is a fraction of what's in the lake at any time. The algae in peak bloom replicates itself somewhere around every 16 minutes through simple cell division.
187	Campbell	States he is trying to create a business in his home town and the Association is trying to shut him out. He has harvested and sold to Brown Resources in excess of 50,000 wet pounds. He has also offered the algae to the other two companies. If HB 3558 passes, it will destroy his business and will not allow him to compete in an equitable manor.
211	Rep. Wells	Asks if this bill doesn't pass and there are no voluntary limitations where does he see this business going in the future?
214	Campbell	Responds he expects it to grow. The only limitations are shore facilities.
228	Rep. Wells	Asks what needs to happen to level this off?
234	Campbell	Answers that currently their limitations are in processing. There haven't been facilities in Oregon to freeze dry or air dry but they are currently working with two companies to do both. They are also working toward their own encapsulation and retail in Klamath Falls. States he doesn't believe that enough algae can be produced to satisfy the world market. Adds they are enhancing the

		environment by removing these football size algae blooms. Fish and wildlife do not flourish in the algae bloom.
260	Rep. Wells	Clarifies there's a shortage of product.
263	Campbell	Affirmative.
264	Rep. Wells	Clarifies that more and more people are fighting over a limited amount of product.
266	Campbell	Responds it's driving the price up.
270	Rep. Uherbelau	Ask for his thoughts on the need for regulation.
276	Campbell	Agrees there needs to be some regulation however he doesn't feel this bill addresses it. He feels this bill monopolizes the Klamath Harvesters Association.
287	Rep. Thompson	Asks to clarify if they are running out of plankton on the lake.
290	Campbell	Negative. There is plenty of algae on the lake. The lake water only goes two directions. It either goes through the irrigation canals where Cell-Tech is or it goes down the Klamath River, there's no way to hold it back. They've run out of processed product to sell to customers.
302	Rep. Schrader	Ask if there are some built in limitations.
312	Reynolds	States he's in close contact with Steve Lewis and as of a couple of days ago he's essentially not as concerned with the amount of boats as with the impact to the resource. He's concerned more about the eagle nests and roost areas than the endangered sucker fish.
351	Rep. Schrader	If the industry got out of hand with noise or oil, would Steve Lewis step in?
354	Reynolds	Affirmative, but they don't have the manpower or the funding.
364	Rep. Wells	Asks if there is a middle ground.
368	Rich	States they've met as a Council and they find it hard to redraft. They feel it would be better to throw the bill out, work with the others and the committee, and come up with something for next session.
376	Rep. Thompson	States the problem is who has the authority, the Department of State Lands, Department of Agriculture, ODF&W, or Klamath County. Personally he feels the ODF&W should have it. Asks how he feels about the county.
395	Rich	Responds they haven't formed an opinion.
404	Chair Starr	States they need to go back to the floor and the bill won't be moving today. He would like to hear from ODF&W and the State Marine Board.
TAPE 64, A		
008	Kay Brown	

		<b>ODF&amp;W. Reads from (EXHIBIT J). Adds that they would like the opportunity to make some amendments to the language specifically relative to the limited entry system.</b>
<b>025</b>	<b>Rep. Uherbelau</b>	<b>Asks if the Assistant Attorney General mentions who has authority over the plankton?</b>
<b>028</b>	<b>Brown</b>	<b>Responds there were some concerns about water rights and other things that might fall under the jurisdiction of other agencies.</b>
<b>032</b>	<b>Rep. Thompson</b>	<b>Asks if she is as frustrated as he is with all the different agencies having authority even though all these species are related to water and are interrelated. Asks if the department will support a situation that all aquatic life falls under the authority of ODF&amp;W.</b>
<b>040</b>	<b>Kay Brown</b>	<b>Responds there are clear lines of who has authority except in this case.</b>
<b>045</b>	<b>Rep. Thompson</b>	<b>States he has fought authority issues on mussels, oysters, bull kelp, and now on phytoplankton. States his frustration is concern if this is turned over to the county, they may be inexperienced.</b>
<b>055</b>	<b>Brown</b>	<b>Responds they will work with the county if they are given the authority. They don't believe they need to be the agency responsible for algae.</b>
<b>063</b>	<b>Rep. Schrader</b>	<b>Comments this is an ecosystem. If the algae is harvested to the point it is endangered it will endanger the fish and some of the other populations that ODF&amp;W have province over.</b>
<b>075</b>	<b>Wayne Shuyler</b>	<b>Assistant Director, State Marine Board. (EXHIBIT K) States they are concerned strictly with recreational boating safety on Klamath Lake. They suggest that they attach their amendment which will allow the State Marine Board to prescribe minimum safety equipment on board, floatation devices, and the use of lights at night as an example.</b>
<b>095</b>	<b>Rep. Thompson</b>	<b>Asks for clarification that these don't fall under any of the guidelines for inland water ways.</b>
<b>097</b>	<b>Shuyler</b>	<b>Affirmative, it's not considered federally navigable by the Coast Guard.</b>
<b>100</b>	<b>Rep. Thompson</b>	<b>Asks why this lake is different from other lakes.</b>
<b>102</b>	<b>Shuyler</b>	<b>Answers strictly in terms of commercial vessels. The Oregon State Marine Board has no authority over commercial vessels other than charter fishing boats.</b>
<b>115</b>	<b>Chair Starr</b>	<b>Requests the remaining testimony be brief as they need to be leaving for floor.</b>
<b>124</b>	<b>John White</b>	<b>General Manager and stockholder of Coltsfoot, Inc. States support for the bill and reads from (EXHIBIT L).</b>
<b>128</b>	<b>Fred Brown</b>	<b>President, Klamath Algae Harvesters Association. (EXHIBIT M) States the bill as proposed or amended is important and something needs to be done this year.</b>
<b>151</b>	<b>Chair Starr</b>	

		States in spite of the diversity of opinions on this bill there seems to be quite a bit of good will. This is an important industry he'd like to see continue for the benefit of the state.
162	Rep. Thompson	States they have a better opportunity than any limited entry he's dealt with before. Compliments the intelligence of the testimony.
174	Chair Starr	States he would like to charge anyone on the committee who's interested to work with Rep. Harper and the groups.
188	Rep. Thompson	Asks how many groups are there and whether there is a representative from each group. States he will work with Rep. Harper.
198	Chair Starr	Closes the public hearing on HB 3558 and adjourns the meeting at 10:50 am.
(EXHIBIT O)Received and distributed to members.		

Submitted By, Reviewed By,

Linda M. Kowal, Judith Gruber,

Administrative Support Administrator

### **EXHIBIT SUMMARY**

A - HB 3387, hand engrossed bill including the -1 amendment, staff, 4 pp.

B - HB 3387, written testimony, Rod Ingram, 2 pp.

C - HB 3558, written testimony and exhibits, Dave Collins, 46 pp.

D - HB 3558, written testimony, Marta Kollman, 11 pp.

E - HB 3558, written testimony, James Ray Streinz, 15 pp.

F - HB 3558, oversize map, James Ray Streinz

G - HB 3558, written testimony, Grant Brown, 4 pp.

H - HB 3558, written testimony, Sharon Trunkey, 18 pp.

I - HB 3558, written testimony, Fred Lewis, 7 pp.

J - HB 3558, statement, Kay Brown, 2 pp.

K - HB 3558, written testimony, Wayne Shuyler, 2 pp.

L - HB 3558, written testimony, John White, 1 p.

**M - HB 3558, written testimony, Fred Brown, 4 pp.**

**N - HB 3558, fact sheet, staff, 7 pp.**

**O - HB 2499, letters per the request of Rep. Luke in the work session on 4/15/97, staff, 3 pp.**