

HOUSE COMMITTEE ON AGRICULTURE AND NATURAL RESOURCES

February 6, 1997 Hearing Room D

8:30 AM Tapes 17 - 18

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

STAFF PRESENT:

Judith Gruber, Administrator

Linda Kowal, Administrative Support

MEASURE/ISSUES HEARD:

HB 2070 Public Hearing

HCR 4 Public Hearing

HB 2069 Public Hearing and Work Session

HB 2219 Public Hearing and 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.

Tape/#	Speaker	Comments
Tape 17, A		
000	Chair Starr	Opens meeting at 8:35 A.M. Opens public hearing on HB 2070.
<u>HB 2070</u> <u>PUBLIC</u> <u>HEARING</u>		

006	Judith Gruber	Policy Analyst, gives brief overview on HB 2070.
022	Lorena Buren	Finance Director for the Oregon Department of Forestry. Submits written testimony (EXHIBIT A). Explains that the funds established by HB 2070 are needed in emergencies, in order that the department immediately reimburse local establishments for the use of their resources. Urges passage of the measure.
040	Rep. Thompson	Asks from where the funds come.
045	Buren	Mentions that the department has an account at a bank. Mentions that the measure would allow the department to access their funds on weekends.
052	Rep. Thompson	Expresses concern with the department "paying in cash."
054	Buren	Apologizes that she has misspoke. Assures the committee that the department reimburses with checks.
057	Rep. Thompson	Asks for a description of purchases made during an operation.
061	Buren	Mentions food expenditures; mentions equipment used that is owned by the department.
071	Rep. Thompson	Asks why the department needs emergency funding when it pays by check.
072	Buren	Answers that the depleted food resources in stores need to be restocked right away.
078	Rep. Luke	States that on line 10 of the measure it specifies using "cash." Asks why a new account is needed if the money is accessible in an existing account.
086	Buren	States that it is a "timing issue." Warns that local resources wouldn't be available if it wasn't for immediate payment.
094	Rep. Luke	Clarifies that the witness is talking about reimbursing individuals.
095	Buren	Agrees.
096	Rep. Luke	Asks if Hap Taylor wouldn't fight a fire if he wasn't paid the same day.
099	Buren	Mentions that local people often help, preventing greater damages.
104	Rep. Uherbelau	Asks why it matters, if the department pays with a check, which account is used. Mentions that banks are often closed on Saturdays.
118	Buren	Describes current process for paying for local resources.
124	Rep. Messerle	Notes that waiting a week to receive payment could be a burden on small businesses. Expresses agreement with the witness.
131	Rep. Wells	Asks who is responsible for buying local resources.
136	Buren	Describes an "accounting system" that operates on-site.
140	Rep. Wells	Asks why the statute allows payment in cash.

142	Buren	Answers that the department has decided to carry only checks.
143	Rep. Thompson	Asks if there are occasions where individuals demand cash and so the department must cash a check.
145	Buren	Cites department policy against such a practice.
146	Chair Starr	Closes public hearing on 2070. Opens public hearing on HCR 4.
<u>PUBLIC HEARING ON HCR 4</u>		
176	Chair Starr	Announces that Rep. Corcoran will testify before committee.
185		Committee stands at ease.
200	Chair Starr	Calls meeting back to order.
205	Rep. Corcoran	Resident of Cottage Grove. Describes HCR 4 and its -1 amendment (EXHIBIT B). Submits written testimony (EXHIBIT C). Discusses economic issues relating to federal timber lands. Notes that 25 percent of the revenue is devoted to local counties, schools, and roads. Warns that cruising estimates are often inaccurate and stresses the importance of accuracy.
237	Rep. Wells	Asks if the state has the means to compare estimated harvests with actual harvests.
247	Rep. Corcoran	Asks permission to defer to Dennis Leonard.
250	Dennis Leonard	Employee of Columbia River Log Scaling Bureau. Submits written materials (EXHIBIT D). Asks for the question to be repeated.
252	Rep. Wells	Repeats question.
270	Leonard	Begins with a brief history of the scaling system. States that in 1994 the U.S. Congress introduced cruising estimates and lump sum sales into local regions to replace the scaling process. Describes the scaling process. Mentions instances where cruising estimates varied more than 30 percent from the actual harvest.
320	Rep. Luke	States that there is a significant difference between the two methods. Asks if the need for log scalers has been reduced.
340	Leonard	Answers that that is not necessarily the case. Notes that the new method is employed on federal lands.
350	Rep. Luke	Asks hypothetically if both the state and the federal government adopted cruising, if the need for scalers would decline.
355	Leonard	Answers that he doesn't think it would.
360	Rep. Uherbelau	Asks how the witness is aware of cruising inaccuracies.
370	Leonard	Responds that cruising is an appraisal and refers to table in handout (EXHIBIT E).
390	Rep. Uherbelau	Asks for a definition of clear-cut volume.
395	Leonard	

		Describes clear-cutting. Continues presentation referring to table (EXHIBIT E), citing the Fir/Snake salvage sale cruise estimated at 100 thousand board feet yet scaled after harvest at 566.72 thousand board feet.
TAPE 18, A		
023	Rep. Schrader	Expresses desire to have the State Forestry cruise expert testify. Questions whether scaling or cruising is the more accurate method. Cites a lack of qualified scalers.
055	Rep. Thompson	Asks for an explanation of the huge discrepancy in the Fir/Snake salvage sale.
058	Leonard	Mentions that salvage sales occur on "distressed" areas. Mentions difficulties with estimating such areas.
065	Rep. Thompson	Asks if there could be further "distress" to an area already estimated.
068	Leonard	Answers affirmatively.
070	Rep. Thompson	Asks if there is a difference between eastern Oregon and western Oregon regarding estimate procedures.
072	Leonard	Answers affirmatively. Notes that the trees are shorter in eastern Oregon. Describes scaling processes.
084	Rep. Thompson	Asks Rep. Corcoran how many jobs would be created by reverting to scaling process.
089	Rep. Corcoran	Answers that it wouldn't create new jobs. States that funding schools and roads is the crux of the issue.
101	Rep. Thompson	Asks if log scalers are organized.
103	Leonard	Answers that local bureaus are loosely organized in a federation. Mentions a board managing log scaling.
115	Rep. Thompson	Asks if there is a union.
116	Leonard	Responds that some scalers are members of unions and that others are not.
117	Rep. Thompson	Asks if the same is true of cruisers.
118	Leonard	Responds that there is not a cruiser union but that some cruisers belong to unions.
124	Rep. Luke	Asks if the Fir/Snake salvage sale included different species of trees.
133	Leonard	Answers that the harvest total included all species of trees.
134	Rep. Luke	Asks if the estimate included only the most valuable timber.
135	Leonard	Answers that that is possible.
136	Rep. Schrader	Asks about the relative cost of scaling versus cruising.
137	Leonard	

		States that the costs vary by volume. With scaling, more volume means lower relative costs; and with cruising, more volume means higher relative costs.
140	Rep. Luke	Describes tree marking in the cruising process and offers that their estimates "must be close."
167	Leonard	Clarifies that tree marking determines which trees will be removed, but doesn't determine volume. Notes that the process is "evolving."
182	Rep. Schrader	Asks if the witness' organization does "cubic scaling" or "board scaling."
186	Leonard	Responds that his organization does both.
194	Rep. Schrader	Notes that cubic scaling is more accurate. Asks if the resolution addresses only cubic scaling.
196	Leonard	Responds that all current cases use cubic scaling.
198	Leonard	Briefly describes the -1 amendment.
200	Chair Starr	Thanks witness. Calls next witness.
227	Brad Witt	Secretary Treasurer of the O AFL-CIO. Introduces Ralph Groener. Briefly explains HCR 4 and problems associated with cruising.
274	Witt	Reports that the average variance for cruising estimates is ten percent. States that the states citizens deserve to benefit fully from federal timber sales in the state, and that said citizens should be fully informed of such sales.
290	Ralph Groener	Lobbyist for the American Federation of State, County, and Municipal Employees (AFSCME). States that the AFSCME is the nation's largest public employees union not involved in timber issues. Cites correlation between public employment and federal forest management. Mentions funding shortages.
340	Groener	Continues discussion on funding shortages. Expresses fondness for the public health agency, and notes its dependence on timber receipts.
TAPE 17, B		
005	Rep. Luke	Asks that testimony address the content of the bill.
010	Groener	States that if scaling means more funding for his county he will support it.
018	Rep. Luke	Asks about BLM sales and their use of cruising.
020	Groener	Cites annual figures for BLM sales.
023	Rep. Luke	Asks the witness if he thinks cruising has decreased timber revenue for his county.
025	Groener	Answers in the negative.
026	Rep. Wells	Asks the witness if they use cruising or scaling in his county.
032	Groener	Answers that they use both. Notes that scaling is more accurate. States that scaling seems to increase revenue.
046	Witt	

		Notes that the decline in revenue cannot be blamed solely on cruising, mentioning environmental considerations. Talks about the study finding an average of a 10 percent variance with cruising. Adds that if the study is accurate that cost the state \$17 million in 1996 for BLM and forest service.
061	Rep. Luke	Asks if there is a possibility of overestimating.
065	Witt	Defers to Dennis Leonard.
070	Leonard	States that there is a provision in the standard contract which rectifies variances hurting the purchaser, but that there is no such provision rectifying variances "going the other way."
078	Rep. Schrader	States that the committee needs more information. Asks if state forestry can come testify.
085	Chair Starr	Notes that the state forestry representative is not available.
093	Rep. Luke	Interjects that he would like to have a BLM/federal forestry representative testify.
098	Chair Starr	Answers that it's a possibility.
099	Witt	States that the "vast majority" of cruising sales are losses to the counties. Mentions that federal forestry's cruising methods are inferior to the state forestry's cruising methods.
117	Rep. Wells	Refers to table (EXHIBIT E). Points out that the table doesn't include prices and so is incomplete.
135	Witt	Answers that in the actual sale process the price will self-adjust. Remarks that the counties have an interest in investment profitability.
141	Lon Holston	Association of Western Pulp and Paper Workers. Expresses support for the resolution (EXHIBIT F).
151	Rep. Uherbelau	Asks from where the report comes.
153	Leonard	Answers that it comes from the Hood River County Forestry Department
154	Rep. Uherbelau	Asks for the total dollar figure of the Grizzly sale.
159	Leonard	Responds that he doesn't know. Notes different prices for different species.
180	Rep. Uherbelau	Agrees with the resolution's motive. States that the committee needs to see dollar figures relating to the issue.
193	Rep. Luke	Asks if the BLM is doing cruising estimates exclusively.
195	Leonard	Answers affirmatively. Yet mentions that the BLM's cruising procedure includes some scaling.
200	Rep. Luke	Asks if a cruise's accuracy depends on who does it.
201	Leonard	Answers that "to a certain extent" it does, but notes difficult terrain and other factors effecting a cruise's accuracy.
217	Chair Starr	Calls next witness.

225	Jim McCauley	Asks to defer testimony until a later hearing.
226	Chair Starr	Agrees. Calls next witnesses.
235	Mike Linkof	Road Maintenance Worker with Marion County Public Works.
237	Evelyn Pech	Road Maintenance Worker and Equipment Operator with Marion County Public Works.
238	Pay Murry	Drainage Foreman with Marion County Public Works.
240	Linkof	States that his county's officials are all affected by the same income and that they buy in volume. Notes that his division scales everything, claiming it creates better accounting. Supports resolution
266	Evelyn Pech	Discusses Marion County's Public Works budget. Mentions Measure 47 and recent rain damage. Supports resolution.
320	Rep. Wells	Welcomes the witnesses.
328	Pat Murry	Reports that the county's money is "flattening out." Supports resolution.
340	Rep. Luke	Notes that the scaling mentioned by Mr. Linkof is different than the scaling done in timber sales.
348	Linkof	Agrees. Cites experience regarding estimate inaccuracies; states general preference for scaling.
370	Rep. Uherbelau	Expresses agreement with the witnesses. Asks if there will be further hearings.
380	Chair Starr	States that there will be more testimony and that the resolution will be brought back for a work session. Closes public hearing on HCR 4, opens public hearing on HB 2069.
<u>HB 2069</u> <u>PUBLIC</u> <u>HEARING</u>		
400	Gruber	Refers to hand-engrossed amendment, -1 amendment, and -2 amendment (EXHIBIT G). Passes out final fiscal and revenue statements.
410	Chair Starr	Calls witness.
TAPE 18, B		
013	Ray Craig	Oregon Department of Forestry. Explains conditions governing timber sales over \$25,000. Discusses issues raised during previous meeting and cites that the department's policy allows "either party" to propose modifications. Discusses -1 and -2 amendments.
043	Rep. Schrader	Asks about time and geographic scope of the contract.
056	Craig	Responds that the normal length of a contract is two years, and notes that either party can propose modifications. Discusses area limitations.

061	Rep. Uherbelau	Asks if the witness is going to address the -2 amendments
066	Craig	Discusses the -2 amendments. Agrees with Rep. Uherbelau's concern that the conditions are too broad.
084	Rep. Wells	Asks why the -2 amendments remove lines 21 and 22 (EXHIBIT G, p. 8).
091	Craig	Notes the department's authority to sell timber bided at over \$25,000. Cites that the original proposal addressed the possibility of "other conditions" arising. Yet states that the amendment is satisfactory and that it doesn't pose any problems.
105	Chair Starr	Thanks the witness. Calls Jim McCauley.
110	Jim McCauley	Representative for the Oregon Forest Industry Council. States that the amendments are "acceptable."
120	Rep. Luke	Asks if Chair Starr intends to move both amendments. Asks for the witnesses reaction to the -1 amendment.
124	McCauley	States that there is no problem with the -1 amendment.
127	Chair Starr	Closes public hearing on HB 2069, opens work session on HB 2069.
<u>WORK SESSION ON HB 2069</u>		
136	Rep. Thompson	MOTION: Moves to ADOPT HB 2069-1 amendments dated 2/3/97.
137	Chair Starr	Hearing no objection, declares the motion CARRIED.
138	Rep. Thompson	MOTION: Moves to ADOPT HB 2069-2 amendments dated 2/4/97.
139	Chair Starr	Hearing no objection, declares the motion CARRIED.
145	Rep. Thompson	MOTION: Moves HB 2069 to the floor with a DO PASS AS AMENDED recommendation.
155		VOTE: 7-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Starr	The motion CARRIES. REP. MESSERLE will lead discussion on the floor.
160	Chair Starr	Opens work session on HB 2219.
<u>WORK SESSION ON HB 2219</u>		
165	Gruber	Mentions -1 amendments (EXHIBIT H) and its fiscal statement.

172	Rep. Luke	Notes that ORS 498.202 referred to in the amendments is not referred to in the original bill. Asks to look at the statute.
174	Gruber	Briefly describes the statute.
179	Rep. Luke	Asks staff to read the statute for the record.
194	Kay Brown	Oregon Department of Fish & Wildlife. Mentions two existing statutes that are identical, adding that the amendments seek to harmonize said statutes.
208	Rep. Luke	Asks if Section 2 is added to the bill, and if Section 2 will repeal ORS 498.202. Reads ORS 498.202.
240	Brown	Answers that that is correct..
245	Rep. Uherbelau	Asks for an explanation of the amendments.
255	Brown	Responds.
257	Rep. Uherbelau	Mentions a particular amendment that doesn't make sense.
258	Brown	Clarifies the amendment.
260	Chair Starr	Asks for further questions.
272	Rep. Luke	Asks the witness to read the bill as amended.
278	Brown	Reads the bill as amended.
300	Rep. Luke	Asks if the commission is satisfied that using the language "may" instead of "shall" will be effective.
305	Brown	Answers affirmatively.
314	Rep. Wells	Asks about required action.
318	Brown	Talks about permits which control contests but don't create unnecessary work. Gives example of a bass tournaments.
334	Rep. Luke	Asks about the advisory capacity of the commission.
335	Brown	Responds.
340	Rep. Schrader	Asks about sections 279 and 284.
344	Brown	Responds.
351	Rep. Luke	MOTION: Moves to ADOPT HB 2219-1 amendments dated 1/1/31/97.
352	Chair Starr	Hearing no objection, declares the motion CARRIED.
359	Rep. Luke	MOTION: Moves HB 2219 to the floor with a DO PASS AS AMENDED recommendation.
365		VOTE: 7-0 AYE: In a roll call vote, all members present vote Aye.
		The motion CARRIES.

	Chair Starr	REP. THOMPSON will lead discussion on the floor.
375	Chair Starr	Adjourns meeting.

Submitted By, Reviewed By,

Linda M. Kowal, Judith Gruber,

Administrative Support Administrator

Transcribed By,

Coben Tistadt,

Administrative Support

EXHIBIT SUMMARY

A - HB 2070, written testimony, Lorena Buren, 1 p.

B - HCR 4, proposed amendments, staff, 1 p.

C - HCR 4, written testimony, Rep. Corcoran, 2 pp.

D - HCR 4, written materials, Dennis Leonard, 12 pp.

E - HCR 4, table, Dennis Leonard, 1 p.

F - HCR 4, written testimony, Lon Holston, 1 p.

G - HB 2069, hand engrossed bill, including -1 and -2 amendments, staff, 9 pp.

H - HB 2219, proposed amendments, staff, 1 p.