

**HOUSE COMMITTEE ON AGRICULTURE AND NATURAL RESOURCES**

February 25, 1997 Hearing Room D

08:30 AM Tapes 31- 32

**MEMBERS PRESENT:**

Rep. Charles Starr, Chair

Rep. Terry Thompson, Vice-Chair

Rep. Ken Messerle

Rep. Kurt Schrader

Rep. Judith Uherbelau

Rep. Larry Wells

**MEMBER EXCUSED: Rep. Dennis Luke**

**STAFF PRESENT:**

Judith Gruber, Administrator

Linda Kowal, Administrative Support

**MEASURE/ISSUES HEARD:**

HB 2448 Work session

HB 2479 Public hearing and work session

HB 2498 Public hearing

HCR 7 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.**

Tape/#	Speaker	Comments
TAPE 31, A		
<u>HB 2448</u> <u>WORK</u> <u>SESSION</u>		
003	Chair Starr	

		Opens meeting at 08:34 am. States the committee needs to vote to suspend the rules to bring HB 2448 back for reconsideration.
020	Rep. Uherbelau	MOTION: Moves to SUSPEND the rules for the purpose of reconsidering HB 2448.
022	Rep. Luke	Asks will there be discussion. States for the record "I object."
031		VOTE: 6-1 AYE: 6 - Thompson, Messerle, Schrader, Wells, Uherbelau, Starr NAY: 1 - Luke
	Chair Starr	The motion CARRIES.
039	Rep. Thompson	MOTION: Moves to RECONSIDER the vote by which "we passed HB 2448."
051	Chair Starr	States the motion to reconsider is a debatable motion, asks for any debate.
054		VOTE: 6-0 AYE: 6 - Thompson, Messerle, Schrader, Wells, Uherbelau, Starr EXCUSED: 1 - Luke
	Chair Starr	The motion CARRIES.
061	Chair Starr	Declares HB 2448 back into committee and will hold a work session on Thursday. Closes work session on HB 2448 and opens public hearing in HB 2479.
<u>HB 2479</u> <u>PUBLIC</u> <u>HEARING</u>		
069	John McCulley	Representing Valley Wine Company, wine wholesaler in Beaverton, OR, owned by Gallo Winery. States for the record "that the bill says the requester was the tree fruit growers. I do represent the tree fruit growers, but, they did not request the bill. Valley Wine Company requested the bill". (EXHIBIT A) Also states that the tree fruit industry supports this bill.
114	McCulley	Continues with testimony on the differences between cider, beer and wine. States that cider is produced from fruit, apples or pears. Beer is made from grain and carbonated, wine is most often made from grapes. Cider does not benefit from aging and has a lower alcohol content.
142	McCulley	

		Continues with testimony, states reasons why this bill is before the committee.
184	Rep. Uherbelau	Refers to the letter by Alan Foster. (EXHIBIT A, page 6 )
192	McCulley	For the record, answers the questions in the Foster letter; 1) Cider, as defined in the bill, is made from a base of apples or pears; 2) states that he feels the small producers will benefit .
237	Rep. Uherbelau	Asks if there is a difference between soft cider and hard cider.
241	McCulley	Responds that when refrigerated over time cider will gain an alcohol content.
231	Rep. Wells	Referring to the proposed change in the tax rate, from 67 cents per gallon to 8.4 cents per gallon, inquires about the retail price of cider in relation to wine.
257	McCulley	Responds that six, 12 ounce bottles of cider is approximately \$7.50 and 750 ml of wine sells at various prices. Converts 750 ml to about 28 ounces.
263	Wells	Asks how much a gallon of cider would sell for.
285	McCulley	Responds about \$10 - \$11.
286	Rep. Wells	Asks how much a gallon of wine would sell for. States he is trying to find the relation between the tax and the value of the product.
294	McCulley	Based on 750 ml being approximately 28 ounces, a little over four 28 ounce containers make a gallon. At \$12 a bottle, that equals a little over \$50 a gallon retail. (note: 1 gal = 128 oz = 3785.3 ml)
308	Rep. Wells	States that wine is approximately 5 times the value of cider.
310	McCulley	Affirmative, states there is also a different alcohol content.
316	Rep. Schrader	Asks are there soft ciders.
317	McCulley	Affirmative.
320	Rep. Schrader	States if the volume picks up about 8 times, the amount of tax revenue should be recovered.
325	McCulley	Responds this is a possibility.
328	Rep. Schrader	Comments that it seems to be a good idea.
340	Gary Conkling	Representing The Stroh Brewery Company in support of HB 2479. States that alcoholic ciders are similar to beer products.(EXHIBIT B)
362	Rep. Wells	Asks what a gallon of beer sells for.
367	Conkling	Responds approximately \$7 - \$8 a six pack. (note: six 12 ounce containers equals 72 ounces).
395	Rep. Wells	Asks is that a gallon.
397	Conkling	

		Responds it's more than a gallon. (note: He may have meant to say a twelve pack which is 144 ounces) Rate is based on alcohol content. Ciders are more similar to beer than wine.
397	Rep. Wells	Clarifies that taxing something that sells for \$8 - \$10 a gallon at 67 cents is a lot different than taxing something worth \$40 - \$50 a gallon at 67 cents.
409	Conkling	Responds that the taxation is relative to the alcoholic content.
<b><u>TAPE 32, A</u></b>		
010	Rep. Uherbelau	Asks why cider has been compared to wine.
015	McCulley	Responds, he believes it may have gone into effect after prohibition.
029	Rep. Uherbelau	Asks is there a federal tax on cider.
030	McCulley	Affirmative, it is taxed as wine.
033	Chair Starr	Clarifies that cider and wine are fermented and beer is brewed. Closes public hearing and opens work session on HB 2479.
<b><u>HB 2479 WORK SESSION</u></b>		
041	Rep. Schrader	Comment to revenue for the record, "my understanding is that Gallo has done some recent test marketing and so the revenue may be falsely driven up actually, here, a little bit in the short term. They should take that into account when analyzing this, because in the long term if they decide not to get into this, there would be very little revenue, even less than what we have presented before us and I think the long term potential for revenue is good for the state of Oregon."
042	Rep. Thompson	Refers to the impact statement and states that mental health is losing \$65,000.
053	Rep. Uherbelau	States a shared concern for this with Rep. Thompson.
059	Rep. Wells	Asks why the money is divided up and goes to mental health.
067	Merle Lindsey	Director of fiscal services for the Oregon Liquor Control Commission. States "it is in statute as our distribution formula, that half of all the beer and wine taxes collected in the state go to mental health."
070	Rep. Messerle	Comments that the revenue impact was based on present sales.
078	Lindsey	Affirmative, considered only the cider that is manufactured or brought into the state.
082	Rep. Thompson	<b>MOTION: Moves HB 2479 to the floor with a DO PASS recommendation and BE REFERRED to the committee on Revenue by prior reference.</b>

		<b>VOTE: 6-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b> <b>EXCUSED: 1 - Luke</b>
	<b>Chair Starr</b>	<b>The motion CARRIES.</b>
<b>094</b>	<b>Chair Starr</b>	<b>Closes work session on HB 2479 and opens public hearing on HB 2498.</b>
<b><u>HB 2498</u></b> <b><u>PUBLIC</u></b> <b><u>HEARING</u></b>		
<b>102</b>	<b>Rep. Jim Welsh</b>	<b>District 43, gives testimony on why he is a sponsor of the bill.</b>
<b>155</b>	<b>Rep. Welsh</b>	<b>Continues with testimony and states he would like to see the growers and the retailers come to agreement.</b>
<b>172</b>	<b>Jerry Bieberle</b>	<b>Oregon Fryer Commission. Gives an initial introduction of why we need the bill.</b>
<b>200</b>	<b>Bieberle</b>	<b>Continues with testimony.</b>
<b>248</b>	<b>Bieberle</b>	<b>Continues with testimony. Refers to the second part of the statute concerning fresh or frozen. States it is generally agreed that anything under 0 degrees is frozen, anything that has never gone under 26 degrees is fresh, and there is no comment between 0 and 26 degrees.</b>
<b>293</b>	<b>Bieberle</b>	<b>States they are basically looking to provide information for the consumer.</b>
<b>297</b>	<b>Rep. Uherbelau</b>	<b>Asks how the statute is being changed, are we making it more flexible.</b>
<b>306</b>	<b>Bieberle</b>	<b>Affirmative.</b>
<b>312</b>	<b>Rep. Uherbelau</b>	<b>Discussion about the word "conspicuous."</b>
<b>321</b>	<b>Rep. Uherbelau</b>	<b>Refers to the last paragraph in the rough draft (EXHIBIT C).</b>
<b>347</b>	<b>Bieberle</b>	<b>Comments that if the federal government were to change the definition of "fresh" and "frozen", it would supersede the state statute.</b>
<b>364</b>	<b>Rep. Messerle</b>	<b>States his background in dairy and that he served on the Oregon Beef Council. Asks Bieberle if more time is needed to work on this.</b>
<b>386</b>	<b>Bieberle</b>	<b>Responds the biggest problem the bill does not address is selling an out-of-state bird as an Oregon bird. Second, there is a decline in labeling participants.</b>

<b>TAPE 31, B</b>		
<b>011</b>	<b>Paul Rains</b>	<b>Manager of the Oregon Fryer Commission. Describes what the Commission's role is. (EXHIBIT D)</b>
<b>041</b>	<b>Floyd Henderson</b>	<b>President, Oregon Fryer Commission. States the main reason for proposing the bill is to help the consumer. (EXHIBIT E)</b>
<b>050</b>	<b>Spencer McGuire</b>	<b>Grower. States the current labeling law is working well. States "we need this law to comply with the federal law, and to ensure the Oregon consumers will know what they're buying." (EXHIBIT F)</b>
<b>074</b>	<b>Bill Mattos</b>	<b>President of the California Poultry Industry Federation. States it was his group that started the whole "fresh" issue. Later this year the USDA's standard for freshness will be implemented, which says " poultry that is 26 degrees or higher can be labeled as fresh, anything between 1 - 25 degrees does not have to be labeled at all, and anything 0 or less must be labeled frozen."</b>
<b>093</b>	<b>Rep. Thompson</b>	<b>Asks why the federal standard is not enough.</b>
<b>095</b>	<b>Mattos</b>	<b>States once the poultry enters the supermarket there is no local control.</b>
<b>105</b>	<b>Rep. Messerle</b>	<b>"How does the federal government do their inspections."</b>
<b>107</b>	<b>Mattos</b>	<b>Describes the proposed inspection process.</b>
<b>118</b>	<b>Rep. Messerle</b>	<b>Asks is there anyone to check at the retail level.</b>
<b>122</b>	<b>Mattos</b>	<b>States he is not aware of any mechanism for the USDA to do this.</b>
<b>131</b>	<b>Steve McCoid</b>	<b>Oregon Grocery Industry Association. States the opposition he knows of is from those who do not see why this has to be a state statute.</b>
<b>158</b>	<b>Rep. Uherbelau</b>	<b>Asks how does the state law add more of a burden.</b>
<b>165</b>	<b>McCoid</b>	<b>States he can not answer that question for them.</b>
<b>170</b>	<b>Rep. Thompson</b>	<b>Asks how much time would he need to pull the industry together.</b>
<b>171</b>	<b>McCoid</b>	<b>Responds a couple of weeks.</b>
<b>175</b>	<b>Rep. Messerle</b>	<b>Asks is the federal government developing any way of doing their own spot checking.</b>
<b>180</b>	<b>McCoid</b>	<b>States they are developing protocol at the processing level, not the retail level.</b>
<b>190</b>	<b>Chair Starr</b>	<b>Closes the public hearing on HB 2498. States "I will set this over for a couple of weeks, if we reach some resolution of the problem between the parties we'll bring it back, if we don't we'll not hear of it again." Opens public hearing on HCR 7</b>
<b><u>HCR 7</u></b> <b><u>PUBLIC</u></b> <b><u>HEARING</u></b>		

203	Rep. Thompson	States that many species that live in our estuaries are from other parts of the world and are brought here in ballast water. Describes ballast water and the intent of this memorial.
257	Dr. John Chapman	Oregon State University, Department of Fish and Wildlife. States his professional background and includes that he works at the Hatfield Marine Science Center for the EPA but not as a federal employee. Gives an overview of the goals of this memorial and the problems of invasive species. (EXHIBIT G)
326	Chapman	Continues with testimony. Passes out a white shrimp, in a jar. (note: the jar is labeled; Exopalaemon Modesta, Rind Shrimp 24 Nov. 95 Big McNary Lake, Sauvie Island, Columbia County, OR...) Passes out a crab in a jar called the Chinese Mitten Crab (note: labeled Eriocheir Sinensis, Coll. Coyote Creek CA 10/95)
372	Committee Member	Asks what the Lung Fluke does.
374	Chapman	Responds that the crab is an intermediate host of the Lung Fluke which can infect humans. Continues with related testimony.
420	Rep. Messerle	Asks how is this problem resolved.
TAPE 32, B		
007	Chapman	Responds that fresh ballast water is exchanged at sea. Research is being funded in the Great Lakes to study purging ballast water in fresh water lakes.
028	Rep. Messerle	Asks for the economic standpoint.
035	Chapman	Refers to a report released by the Office of Technology Assessment in 1993 and "they estimated that the damage from introduced pest species in the United States since the turn of the century was a billion dollars". Continues with testimony on related damages.
059	Rep. Uherbelau	States an interest in hydrilla. Asks if the federal legislation he referred to is addressing only coastal problems or is does it include inland lakes.
074	Dr. Mark Sytsma	Adjunct faculty member at Portland State University. Works primarily on projects with Oregon Department of Agriculture and the Department of Environmental Quality. (EXHIBIT H)
077	Sytsma	Gives an overview of aquatic weeds.
110	Sytsma	Continues with testimony on aquatic weeds and states that 43 percent of the lakes and reservoir's in Oregon on DEQ's water quality limited list, is listed due to aquatic weeds.
143	Sytsma	Continues with testimony regarding water management techniques. Refers to Rep. Uherbelau's concern with hydrilla and the high costs associated with managing it.
179	Sytsma	Continues with testimony of other aquatic plants and reference to the Zebra Mussel.
199	Sytsma	

		<b>States support for the resolution and informs the committee of upcoming informative events.</b>
<b>239</b>	<b>Rep. Thompson</b>	<b>States he would like more time to work with Sytsma and Oregon Trout on this resolution.</b>
<b>252</b>	<b>Chair Starr</b>	<b>Agrees to Rep. Thompson's request. Closes the public hearing on HCR 7 and adjourns meeting.</b>

**Submitted By, Reviewed By,**

**Linda Kowal, Judith Gruber,**

**Administrative Support Administrator**

**EXHIBIT SUMMARY**

**A - HB 2479 written testimony, John McCulley, 6 pp.**

**B - HB 2479 written testimony, Gary Conkling, 1 p.**

**C - HB 2498 proposed amendment, Jerry Bieberle, 1 p.**

**D - HB 2498 written testimony, Paul Rains, 1 p.**

**E - HB 2498 written testimony, Floyd Henderson, 1 p.**

**F - HB 2498 written testimony, Spencer McGuire, 1 p.**

**G - HCR 7 written testimony, Dr. John Chapman, 8 pp.**

**H - HCR 7 written testimony, Dr. Mark Sytsma Ph.D., 5 pp.**