

SENATE COMMITTEE ON
AGRICULTURE, NATURAL RESOURCES AND ENVIRONMENT

May 12, 1995 Hearing Room
1 :00 P.M. Tapes 104, 105

MEMBERS PRESENT:

Sen. Bob Kintigh, Chair
Sen. Rod Johnson, Vice Chair
Sen. Bill Dwyer
Sen. Brenda Brecke
Sen. Marylin Shannon

MEMBER EXCUSED: Sen. Tom Hartung

STAFF PRESENT:

Bruce McIntosh, Committee Administrator
Catrina Victor, Committee Assistant

MEASURES HEARD: HB 3403, Work Session
HB 3444, Work Session
HCR6, Work Session
SB 6, Work Session
SB 7, Work Session

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE 104A,

03 CHAIR KINTIGH: Meeting called to order- 1:20 PM

05 Opens PUBLIC HEARING on HB 3444

10 REP. TERRY THOMPSON: Explained purpose of bill. Expressed importance of bill to the fishing industry. In favor of HB 3444.

25 BOB JACOBSON, Oregon State University, Marine Extension Agent, Oregon Fish and Wildlife Commission,: Explained process of research used to determine consensus of the fishing industry, which was determined to be "very good." In favor of HB 3444.

53 SEN. DWYER: References permit transferring vs. the size of the vessel. Request clarification from Jacobson.

67 JACOBSON: Responds. Provided background of permit transferring. A compromise was reached by the interested parties to reach the 5 foot requirement.

87 REP. TERRY THOMPSON: Further explained that the reason for the 5 foot

requirement was to prevent catcher processors from buying an Oregon permit and bringing in a 300 foot boat. Since the fishing industry is mostly confined to vessels between 50 and 80 feet, and there are very few people that own two boats.

98 SEN. DWYER: Will this allow a processor to purchase a small boat that has a license and switch the permit to a large boat?

101 REP. TERRY THOMPSON: Acknowledged that the way that the motion is worded would allow that to happen.

103 SEN. DWYER: Expressed concern over this clause.

105 JACOBSON: Clarifies. You may wish to amend this bill to exclude this section.

108 SEN. BRECKE: What was the intent of the clause 1 question?

110 JACOBSON: The bill is much more important than this portion. I would not be against deleting this area for the good of the bill.

120 REP. TERRY THOMPSON: Expressed belief that the bill was more important than just his section. Expressed willingness to have section deleted.

125 SEN. BRECKE: Requested if there was a way that we could say what needed to be said to the folks who were concerned and wanted the clause without having the clause be as broad as it is?

129 JACOBSON: Suggested a clause for vessels under 100 feet or another specified length that would exclude some of the large catcher processors from fishing our coasts.

135 SEN. DWYER: Suggested under 80 feet.

137 REP. TERRY THOMPSON: Said there was one vessel that participates in Brookings that is only 104 feet. Can't imagine that he would want to transfer licenses since he already exists in the fishery.

139 SEN. DWYER: Since he already exists in the fishery, he would have to transfer his license.

140 REP. TERRY THOMPSON: Agreed.

140 SEN. JOHNSON: (Page 5, Section 12) Believe this bill will conflict with SB 1059 we have worked on. It would create a replacement provision for 508-808. We would like that language to be the law, not the extent of lines 6-10. We will need a conflict amendment for this bill.

163 REP. TERRY THOMPSON: Admitted that if SB 1059 passed that Section 11 effectively would drop.

169 SEN. JOHNSON: Expressed concern that the language from HB 3444 would replace work that he had attempted in SB 1059.

182 REP. TERRY THOMPSON: Requested that he be excused due to a conflict in schedule.

187 JACOBSON: The committee would drop Section 12 if SB 1059 passed. If it passes, a conflict amendment would be needed.

199 NEIL CONNAN, Oregon Department of Fish AND WILDLIFE:. Proposed conflict amendments. [EXHIBIT B]

227 SEN. DWYER: Why is there no refundable fee?

229 CONNAN: It is non-refundable because it is to pay costs and if the appellant prevails, the fee is applied towards their permit.

235 JACOBSON: That recommendation came directly out of all those small fisherman's groups and the overall advisory committee.

243 Close PUBLIC HEARING on HB 3444

245 SEN. DWYER: (Page 9, Line 22) Recommended "not exceeding 80 feet in length." regarding permit transfers.

263 CHAIR KINTIGH: Asks JACOBSON and CONNAN is either of them saw SEN. DWYER'S request as being a hardship on legitimate operators.

264 JACOBSON and CONNAN: Both stated, "No."

267 SEN. DWYER: Requested that the amendment just referred to as HB 3444 provided by the departments. Requests that permitting transfers be altered to include the smaller boats.

274 CHAIR KINTIGH: Asked for a conflict amendment and for suggestions on how to remove Section 11.

276 JACOBSON: If SB 1059 passes, the language in SB 1059 would replace Section 11 of HB 3444.

283 MOTION: SEN. DWYER Moves that HB 3444, AS AMENDED, be sent to the Floor with a do pass recommendation.

VOTE: In a roll call vote, all members present vote AYE. SEN. HARTUNG is EXCUSED.

CHAIR KINTIGH: The Motion CARRIES.

SEN. BRECKE will carry the bill.

291 Closes the WORK SESSION on HB 3444

293 Opens PUBLIC HEARING on HCR6

301 SEN. RON CEASE: Introduced Mike Rainey, State Department of Energy and Tom Byler, Legislative Assistant for Rep. Norris. In support of HCR6. Urges support in favor of HCR6, which would request that US Congress would recognize the State of Oregon's need for participant status in decisions affecting the Hanford Nuclear Reservation. The Columbia River flows right through the Reservation which is obviously one reason why some of us along the river have an interest in it. There has always been some concern that any leech or drainage of those facilities into the river could affect the aquifer which is on both sides of the river in Eastern Washington and Eastern Oregon. In addition to the nuclear clean-up issues, there are about 1500 Superfund Sites (hazardous waste sites) that are also questions about clean-up. What happens there vitally affects the State of Oregon as well as the State of Washington even though the Reservation is in that State (Washington.) Urges the Committee's support.

342 TOM BYLER, Legislative Assistant for Rep. Norris: Presents testimony on behalf of Rep. Norris. [EXHIBIT D]

382 MIKE GRAINEY, Department of Energy: Federal law that currently limits

the state involvement to the state where the federal facility is up for review by Congress this year (the Superfund Law.) Members of our Congressional Delegation in both the House and the Senate are pushing an amendment that would give Oregon legal standing. This resolution is very timely and would be very helpful for the members of Congress who are trying

to get legal standing for Oregon. Urges the Committee's support. [EXHIBIT E]

399 Closes the PUBLIC HEARING on HCR6

399 Opens the WORK SESSION on HCR6

401 SEN. DWYER: Reminded the Committee that Rep. Norris was the Commanding Officer for the Umatilla Army Depot. That being so made Rep. Norris very knowledgeable about the content of HCR6.

408 MOTION: SEN. DWYER: Moves that HCR6 be sent to the Floor with a DO PASS recommendation.

403 VOTE: In a roll call vote, all members present vote AYE. SEN. HARTUNG is EXCUSED.

CHAIR KINTIGH: The motion CARRIES.

SEN. CEASE will carry the bill.

Tape 105A,

02 Closes WORK SESSION on HCR6

05 Opens PUBLIC HEARING on SB 7

11 DON HULL, DIRECTOR, OREGON Department of Geology and Mineral Industries: In favor of SB 7. It is designed to anticipate prospective changes in the Federal Mining Law of 1872. Would provide for some funds to clean up abandoned mine lands and provide support for future mineral supplies.

24 JOHN BRENNEMAN, Newmont Mining Company,: In favor of SB 7. A consensus was reached by all interested parties to reach the current bill.

36 Closes PUBLIC HEARING on SB 7

36 Opens WORK SESSION on SB 7

MOTION: SEN. DWYER Moves that SB 7 be sent to the Floor with a DO PASS recommendation.

38 VOTE: In a roll call vote, all members present vote AYE. SEN. HARTUNG is EXCUSED.

40 CHAIR KINTIGH: The motion CARRIES.

SEN. TIMMS will carry the bill.

45 Closes WORK SESSION on SB 7

46 Opens PUBLIC HEARING on HB 3403

56 ROD INGRAM, Deputy Director, Oregon Department of Fish and Wildlife: In favor of HB 3403. This bill limits the amount for prizes for fishing tournaments. It would attract tourists.

85 Closes PUBLIC HEARING on HB 3403

85 Opens WORK SESSION on HB 3403

86 MOTION: SEN. DWYER: Moves that HB 3403 be sent to the Floor with a DO
PASS recommendation. [EXHIBIT H]

93 VOTE: In a roll call vote, all members present vote AYE. SEN. HARTUNG is
EXCUSED.

95 CHAIR KINTIGH: The motion CARRIES.

95 SEN. DWYER will carry the bill

98 Closes WORK SESSION on HB 3403

100 Opens PUBLIC HEARING on SB 6

101 JOHN BRENNEMAN, Northwest Bioproducts: In favor of SB 6. Reviews
proposed amendments by section. Believes it will stimulate jobs and good
for the environment. Discussed some of the previous criticisms and how
those criticisms have been addressed in SB 6. [exhibit J]

205 SEN. DWYER: How many companies exist that have sold not more than 10
million gallons of it's own manufactured fuel in the prior calendar year?

209 BRENNEMAN: Could not answer the question. Deferred to one of the
panelists. [EXHIBIT J]

212 NEIL KOCLER, Parallel Products: Probably less than 10 companies.

224 BILL PERRY, Director, Governmental Affairs of the Oregon Farm Bureau:.
In favor of SB 6. Feels it would be beneficial to the farming community.

260 TERESA HOGUE, Oregon Ethanol Corporation,: In support of SB 6. It
provides a safe product for vehicles to run on. Surplus farm goods may be
used to produce ethanol. The nation is going towards the use of ethanol
and Oregon should also head in that direction. This will have positive
long term effect on the environment.

358 SEN. SHANNON: Is Oregon Ethanol out of Portland?

361 HOGUE: Oregon Ethanol is located in Bend.

364 SEN. SHANNON: Who will pay for the roads if people begin to use this
product?

376 BRENNEMAN: Clarifies the taxes for the blended fuel.

394 SEN. SHANNON: Are we talking about blended fuel for Eastern Oregon?

395 HOGUE: Yes. But we are talking about a range of communities in Oregon.

401 SEN. SHANNON: Some of the communities might not be apt to buy the blend
because it won't be cheaper at the pump.

406 KOCLER: The mandated period of time is in the four county part of
Portland and Southern Oregon for four months per year. During that time,
all of the gasoline contains Ethanol. Those air quality benefits then
become available to people in those areas.

426 SEN. SHANNON: Is there a time when we actually can produce enough of
this so that we will not be dependent on the middle eastern oil?

431 HOGUE: The projections are the demand here in Oregon will far exceed

the supply for a number of years.

440 KOCLER: It will take a long time to transition to a renewable sustainable resource (Ethanol, methanol, electricity, biodiesel.) Reinforced the fact that SB 6 is a renewable effort.

Tape 104B,

28 SEN. BRECKE: There is also another tax break given by the Federal government.

30 KOCLER: There was a bill that provided open-ended incentive for ethanol blends that did end up costing quite a bit of money to the state. It was railroaded. As the last incentive was removed, we did not ask for but were

given a 50% property tax exemption for building ethanol production facilities. That incentive amounts to \$0.02 to the gallon and it doesn't address the central need here in Oregon which is to provide a year round market.

48 SEN. SHANNON: Are we having trouble meeting a need for ethanol in the months that it has been mandated?

51 KOCLER: It is all imported into the state from other areas of the country.

52 SEN. SHANNON: But is there a shortage of it?

53 KOCLER: It is a commodity market. Sometimes it is tighter, sometimes it is shorter. The industry has been growing very quickly in other parts of the country.

58 SEN. SHANNON: Since we mandated those months, did we give some kind of a tax break to those companies that had to supply it?

62 KOCLER: That was one of the key problems of the last Senate is that it was passed before the mandates were implemented. When the mandates were implemented the tax incentive was available and it was the problem that we are avoiding in this bill.

69 SEN. BRECKE: There is also a federal tax break?

71 KOCLER: That is correct.

78 SEN. BRECKE: When I read the bill, what I read is on Page 6, Line 13... "Is capable..." is such loose language. Is there a plant that "...is capable."

84 KOCLER: There is no such plant today.

90 CHAIR KINTIGH: Would it be an economic size plant?

91 KOCLER: Yes.

94 CHAIR KINTIGH: Would it also be true that building a real large plant in Oregon might have supply problems. Would two or three small plants dispersed geographically be better?

98 HOUGE: That is correct.

102 SEN. SHANNON: Did you try to get the \$7 million from lottery dollars?

108 BRENNEMAN: No. We think it is important to create the market-based incentive.

114 SEN. SHANNON: How do you think the rural counties will get their products to market if the roads are not maintained? Who will pay for their roads?

117 PERRY: I don't understand how the road fund works necessarily, however, I do know that the costs per square mile of roads, these counties aren't necessarily getting a lot of money out there, Portland is getting the majority of money per square mile.

129 SEN. SHANNON: The cities and counties have been here requesting assistance.

134 SEN. JOHNSON: We need to push for the reconstruction of roads in this state.

144 KOCLER: We are sensitive to the need to build new, safe roads and maintain them. The larger picture needs to be looked at economically and environmentally.

191 SEN. JOHNSON: Would it be beneficial to have less land fills because the items stored in them would now be used for fuel?

192 KOCLER: Yes, it would be beneficial.

199 SEN. JOHNSON: Compare the processes in specifically the types of waste that are good for the processes of reducing waste problems.

208 KOCLER: There is a synergy because there is an incentive to look for a cleaner and dryer way to reduce waste.

230 SEN. JOHNSON: In the expense of waste separation, would this bill be a benefactor to the waste management areas?

244 KOCLER: Yes.

251 CHAIR KINTIGH: Can cellulose and manure be used for ethanol?

254 KOCLER: Yes.

265 MARK FORD, OREGON DEPARTMENT OF TRANSPORTATION: In favor of SB 6. Though a plant could be built there would still be a need to import from other states. Relating to the highway fund it is not consistent and that there would be a financial impact if a plant was built.

288 CHAIR KINTIGH: Clarified that the financial impact section was taken out of the bill.

290 FORD: Oregon Department Of Transportation estimated that they would not meet the \$7 million limitation continually through the entire biennium.

324 CHAIR KINTIGH: Requested clarification about the possibility of going out of state later in the testimony.

327 DAVID BARENBERG, LEAGUE OF OREGON CITIES: In opposition to SB 6. It drains money from cities and counties. This bill would cost tax payers 30 million a year. [EXHIBIT K]

Tape 105B,

30 MIKE SIMS, OREGON GASOLINE DEALERS ASSOCIATION: The dealers are in opposition to SB 6. Feels all road users should pay. Worried about the competitive disadvantages to small business this may have is passed.
[EXHIBIT L]

45 BILL PENHOLLOW, ASSOCIATION OF OREGON COUNTIES: In opposition of SB 6. Oregon roads are already in poor condition and this bill would take even more money from them. This bill will heavily impact our roads and urges the committee to oppose SB 6. [EXHIBIT M]

129 SEN. JOHNSON: Needed clarification that a plant is not built yet.

132 CHAIR KINTIGH: That is correct.

138 SEN. BRECKE: You said there would be an immediate economic impact?

141 PENHOLLOW: Yes. But with the amendments this will be delayed a year (July 1, 1997.)

153 KEN YATES, EXECUTIVE DIRECTOR, OREGON FOOD PROCESSING COUNCIL: Urges your support in SB 6. Pleased to have come to a consensus with environmental groups like OSPiRG. [exhibit N]

179 TIM RAPHAEL, PROGRAM DIRECTOR, OREGON STATE PUBLIC INTEREST RESEARCH GROUP: In favor of SB 6

208 TOM NOVAC, NORTHWEST BIOPRODUCTS: Innovative way to address waste. This bill was drafted to be as narrow as possible. Pleased that OFB and large groups like OFPC and OSPiRG can work together. Bill sponsor.

264 Glenn Zirkle, AstRO Western Stations Co.: In favor of SB 6. (Also represents a coalition of 13 other distributors who market both branded and unbranded fuels.) Our coalition roughly supplies 20% of the total fuel sold in Oregon. This group supports this bill and the use ethanol. This will have a positive impact on the air and environmental quality. [EXHIBIT O]

325 Close PUBLIC HEARING on SB 6

336 Opens WORK SESSION on SB 6

390 MOTION: SEN. JOHNSON: Moves to adopt SEN. JOHNSON'S conceptual amendments to SB 6.

408 VOTE: CHAIR KINTIGH: Hearing no objection the amendments are ADOPTED.

All members are present. SEN. HARTUNG is EXCUSED.

410 MOTION: SEN. JOHNSON: Moves that SB 6, as AMENDED, be sent to the Floor with a DO PASS recommendation.

418 VOTE: In a roll call vote, all members present vote AYE. SEN. HARTUNG is EXCUSED.

418 CHAIR KINTIGH: The motion CARRIES.

430 SEN. TIMMS will carry the bill

433 Closes WORK SESSION on SB 6

433 CHAIR KINTIGH: Calls meeting adjourned 3:10 PM

Submitted by, Reviewed by,

Catrina Victor Bruce McIntosh
Committee Assistant Committee Administrator

EXHIBIT SUMMARY:

A- Measure Summary on HB 3444 - Staff - 1 page
B- Testimony on HB 3444 - Neil Connan - 1 page
C- Measure Summary on HCR6 - Staff - 1 page
D- Testimony on HCR6 - Rep. Chuck Norris - 2 pages
E- Testimony on HCR6 - Mike Graine - 2 pages
F- Measure Summary on SB 7 - Staff - 1 page
G- Measure Summary on HB 3403 - Staff - 1 page
H- Testimony on HB 3403 - Rod Ingram - 2 pages
I- Measure Summary on SB 6 - Staff - 1 page
J- Testimony on SB 6 - John Brenneman - 3 pages
K- Testimony on SB 6 - David Barenburg - 3 pages
L- Testimony on SB 6 - Mike Sims - 1 page
M- Testimony on SB 6 - Bill Penhollow - 4 pages
N- Testimony on SB 6 - Ken Yates - 1 page
O- Testimony on SB 6 - Glenn Zirkle - 1 page