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PUBLIC HEARINGS SB S1065, 1132, 1058,  
AND 1078  
TAPES 079-080 A/B, AND 81 A

SENATE COMMITTEE ON GOVERNMENT  
FINANCE AND TAX POLICY

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APRIL 06, 1995 - 1:00 P.M. - HEARING ROOM A - STATE CAPITOL BUILDING

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Members Present: Sen. Paul Phillips, Chair  
Sen. Shirley Gold, Vice Chair  
Sen. Tom Hartung  
Sen. Cliff Trow  
Sen. Greg Walden  
Sen. Eugene Timms

Witnesses: Denny Jones, Oregon State Senator District 60  
Robert Skinner, Oregon Cattlemen's Association and Common School  
Grazing Association  
Jeff Davis, Jordan Valley  
Las Mendiota, Common School Grazing Lands Association  
Bill Perry, Oregon Farm Bureau  
Devaughn Crowson, Crowson Farms, Junction City  
Kathy Amundson, Bull Run Community Association and Sandy River  
Property Owners Association  
Beverly Jones, Sandy River Property Owners Association, Corbett  
Nicholas O'Connell, Sandy River Property Owners Association  
Fred Obermiller  
Jim Crawford, Oregon Fire Marshal's Association  
Ken Ruse, City of Portland  
Kenneth Iltz of Preston, Gates & Ellis  
Roger Severson, Office of State Fire Marshall  
Kathleen Dotten, Oregon Metals Industry Council  
Dan Ten Eyck, Reynolds Metals  
Gary Carlson, Associated Oregon Industries

Staff: James Scherzinger, Legislative Revenue Officer  
Richard Yates, Legislative Revenue Office  
Steve Bender, Legislative Revenue Office  
Steve Meyer, Legislative Revenue Office  
Janice DeVito, Committee Assistant

SB 1132 PUBLIC HEARING

010 Denny Jones -Oregon State Senator District 60  
-states positive effect of SB 1132 on the Common School Fund  
-explains purpose of the bill which transfers authority for certain lands programs from the Division of State Lands (DSL) to State Department of Agriculture, State Forestry Department and State Department of Geology and Mineral Industries

064 Chair Phillips -states that SB 1132 is in this committee because of its potential long-term impact on the Common School Fund  
-committee will address appropriateness of agency functions  
-advises intent for proposed amendments to bill

089 Jones -comments about placing lease in the statute, provides history about DSL variance from 1983 policy regarding lease conditions, and gives specific suggestions for improvement of lease situations

126 Sen Timms -comments on SB 1132 as its co-sponsor on the House side  
-"I think the trust of the landowners has really been broken in the process as it existed in '83 that those leases would be in the 20 plus 20"  
-provides history of 1983 court case which provided policy on the 20 plus 20

165 Robert Skinner -Oregon Cattlemen's Association Public Lands Chairman and Common School Grazing Association  
-presents testimony in support of SB 1132 "because it transfers the management of the grazing program to our Department of Agriculture"

225 -states opinion that change is needed and describes direct link between public lands issues and private lands issues  
-expresses concerns about economic forces affecting SE Oregon, lack of public trust in government agencies, and problems caused by Division of State Lands management policies on grazing lands

295 Jeff Davis -Jordan Valley, regarding Common School Land  
-states support of SB 1132 which transfers grazing program from DSL to the Dept. of Agriculture  
-addresses grazing land issue and states that high administrative costs by DSL which reduce revenue to Common School Fund

357 -cites high legal costs paid by lease holders in seeking compliance from DSL regarding lease agreements

385 -explains negative financial impact of lease conditions on lease holders and Common School Fund, and actions forced on lease holders by DSL administrative rules

399 -states preference for Dept. of Agriculture management of leased lands  
TAPE 080 SIDE A

018 -questions and discussion about feasibility of land leases which would establish priority rights to purchase

030 Las Mendiota -Jordan Valley, Malhuer County - Common School Grazing Lands Association Steering Committee  
-expresses support of SB 1132  
-describes historical situation of grazing permit/lease for the EXL23 block (now in excess of 29,000 acres) in his ranch ownership which has been the subject of interest to "environmentalists"

112 -urges passage of this or similar legislation which would support the cattle industry in his area, and states opinion that Division of State Lands has made decisions based on "false information"

130 Chair Phillips -explains committee's role to establish which agencies should be overseeing properties in order to return the most revenue to the state for the longest good and public benefit

140 Mendiota -presents financial data about his costs associated with grazing lease on the EXL23 block alone: \$12,998 for this year, which is a 282% increase "over what we traded away in good faith"

175 Mendiota -in response to question by Sen Timms, explains that to his knowledge no cattle are run on state lands in the Owyhee River Canyon corridor  
-also describes cost of improvements to develop water with an irrigation reservoir in leased land EXL23, and recent proposal by environmental groups to "breach the reservoir"

230 Davis -explains relationship between improvements to land and Common

School Fund revenue  
253 Bill Perry -Oregon Farm Bureau, Director of Governmental Affairs  
-distributes and comments on written testimony in support of SB 1132  
(Exhibit A)  
374 -cites example of problems with navigable waterway issue involving the  
Division of State Lands  
TAPE 079 SIDE B  
020 Devaughn Crowson -Crowson Farms, Junction City  
-speaks in support of SB 1132  
-describes problems regarding compliance with Division of State Land  
directives which he believes are not compatible with farming practice and  
are intrusive to efficient business operation  
085 Kathy Amundson -Bull Run Community Association and Sandy River Property  
Owners Association  
-describes first contact with the Division of State Lands beginning in 1989  
when she received incorrect information regarding trespass and access  
questions that affected property she owns at the Sandy River  
-relates history of problems and confusion about various situations  
involving land ownership/rights and her personal costs incurred in  
attempting to clarify ownership  
-presents documentation of DSL contacts (Exhibit C)  
267 Beverly Jones -Sandy River Property Owners Association, Corbett  
-"with absolutely no notification by the state or the county, we learned  
that the state (through the DSL) had directed Multnomah County to redraw  
our tax lots to indicate 33 acres less than the 150 acres originally  
surveyed and recorded" as part of their land deed  
307 -states that loss of acreage issue has not yet been resolved, and no  
notification or explanation has been received from any government agency  
-supports SB 1132 - "we believe tyranny to the perfect description of the  
DSL and County's action regarding this issue"  
331 Nicholas O'Connell -Sandy River Property Owners Association  
-states that DSL treatment of property owners has been "abhorrent"  
-comments about lack of notification by DSL, and arbitrary taking of  
privately owned lands  
-group has spent approximately \$30,000 in legal fees with no resolution  
(burden of proof is on property owners)  
-sees this as an issue of fairness to constituents and doesn't feel the  
State of Oregon is in agreement with or approves the actions of DSL  
-supports SB 1132 and sees solution as: "throw the rascals out"  
TAPE 080 SIDE B  
007 Fred Obermiller -states credentials and technical expertise in the  
subject of federal/national/state range policy  
-describes historical policy governing State Land Board in regard to  
grazing lands  
040 -states professional opinion about radical change in policy  
053 -"I don't think there has been any science and very little good  
judgement behind the development of the rules as proposed, and it's led (in  
my opinion) to a high degree of public distrust.."  
060 -as a public servant, does not state either support or opposition to  
SB 1132  
-hypothesizes about the effect of national policy (Range Reform '94) on  
Oregon's "experiment"  
088 Chair Phillips -states strong position that he has no conflict of  
interest concerning this legislation  
SB 1065 PUBLIC HEARING  
110 Jim Crawford -Oregon Fire Marshal's Association  
-explains concept of SB 1065 as public-private partnership to provide  
economic incentives for installation of sprinkler systems, particularly in  
older buildings  
-states support for measure  
134 Ken Rust -City of Portland, Debt Manager  
-explains statutory language which does not currently provide clear  
authority for the City of Portland or any fire district to offer a  
financing program  
-distributes written testimony in support of SB 1065 (Exhibit G)  
-asks committee support of measure along with Proposed (-1) Amendments  
(Exhibit H)  
190 Kenneth Iltz -Preston, Gates & Ellis (bond counsel)

210 -states support for SB 1065  
 structures -points out that bill relates to loans made to businesses in older  
 234 -describes bond foreclosure process, tax status, and security consideratons  
 -suggests possibilities for enhancement of bill with "as much additional  
 security as possible"  
 265 Chair Phillips -asks for clarification of buildings eligible for this  
 measure's program  
 -requests that involved parties work together on proposed amendments  
 -questions and discussion about risk factor on bonds and anticipated demand  
 for program state-wide  
 328 Roger Severson -Office of State Fire Marshal  
 -comments on distributed written testimony in support of SB 1065 (Exhibit I)  
 SB 1058 AND SB 1078 PUBLIC HEARINGS (TESTIMONY RECEIVED ON BOTH MEASURES)  
 367 Kathleen Dotten -Oregon Metals Industry Council  
 -presents written and comments on testimony in support of SB 1058 and SB 1078  
 (Exhibit J)  
 TAPE 081 SIDE A  
 (Sen. Gold assumes duties as Acting Chair as Sen. Phillips is briefly  
 excuses)  
 055 Dan Ten Eyck -Oregon Metals Industry Council Vice President and Reynolds  
 Metals Company NW Power and Public Affairs Manager  
 -supports both SB 1058 and SB 1078 as economic incentives needed to  
 "encourage the growth and prosperity of companies in Oregon"  
 085 Gary Carlson -Associated Oregon Industries  
 -states that both measures would be helpful "in terms of encouraging  
 creation of kinds of jobs that we're looking for in this state"  
 -bills have endorsement of AOI tax policy committee  
 106 -questions and discussion about fiscal impact of these measures,  
 pressures on the general fund, and lack of budget flexibility into the next  
 biennium  
 115 Dotten -states that Industry Council tax committee tried to craft "hire  
 tax credit" measure to be revenue neutral  
 136 Sen Trow -recalls help provided to metals industry last legislative  
 session through lottery money and poses question of "how can we help and  
 meet our other responsibilities?"  
 154 Acting Chair Gold -states that SB 687 work session will not be held today  
 -adjourns meeting at 3:08 pm

Janice DeVito  
 Committee Assistant

Kimberly Taylor James  
 Office Manager

Exhibits Summary:

A. SB 1132, Perry, testimony from Oregon Farm Bureau, 4/6/95  
 B. SB 1132, Yates, Revenue Impact Analysis, 3/30/95  
 C. SB 1132, Amundson, documentation of Sandy River/title claim dispute  
 D. SB 1132, Gustafson, testimony from Oregon Division of State Lands, 4/6/95  
 E. SB 1132, Frenkel, testimony from Sierra Club, Oregon Chapter, 4/6/95  
 F. SB 1132, Crowson, documentation of contact with Division of State Lands  
 G. SB 1065, Rust, testimony from City of Portland  
 H. SB 1065, Meyer, Proposed (-1) Amendments to SB 1065  
 I. SB 1065, Severson, testimony from Office of State Fire Marshal, 4/6/95  
 J. SB 1058 and SB 1078, Dotten, testimony from Oregon Metals Industry Council,

4/6/95

K. SB 1058, Bender, Draft Staff Measure Summary  
 L. SB 1058, Bender, Key Industries Development Program Industry Descriptions  
 M. SB 1078, Bender, Draft Staff Measure Summary

N. SB 1132, Page, letter to Senator Walden, 4/5/95