

These minutes paraphrase and/or summarize statements made during this meeting. Text enclosed in quotation marks reports the speakers exact words. For complete context of proceedings, please refer to the tape recording.

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Public Hearing HB 2004

House Committee on
State and School Finance
March 27, 1995 Page

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HOUSE STATE AND SCHOOL FINANCE COMMITTEE

MARCH 27, 1995 8:30 AM HEARING ROOM A STATE CAPITOL BUILDING

Members Present: Rep. John Schoon, Chair (excused at 8:45 am)
Rep. Ron Adams
Rep. Lee Beyer (left at 9:40 am)
Rep. Tony Federici, Vice Chair
Rep. Tim Josi
Rep. Jane Lokan
Rep. Anita Rasmussen
Rep. Ken Strobeck
Rep. Jim Welsh

Witnesses Present: Randy Hildebrand, Chief of Staff, Speaker's Office
Jonathan Mielenz, Northwest BioProducts Coalition (NWBC)
Teresa Hogue, Northwest BioProducts Coalition
Tom Koehler, Northwest BioProducts Coalition
Kenneth Wearstler, Jr., Poplar Intensive Culture Technologies, Inc.
Tim Raphael, Oregon State Public Interest Research Group
Dave Nelson, Oregon Seed Council
Bill Perry, Oregon Farm Bureau
Ken Yates, Oregon Food Processors Council
Bob Cantine, Association of Oregon Counties (AOC)
David Barenberg, League of Oregon Cities
Jane Ames, Portland
Neil Koehler, Parallel Products

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Staff: James Scherzinger, Legislative Revenue Officer
Dick Yates, Legislative Revenue Office
Rhonda Wehler, Committee Assistant

TAPE 129 SIDE A
004 Chair Schoon -calls the meeting to order at 8:30 am and conducts
administrative business
010 -OPENS PUBLIC HEARING ON HB 2004

HB 2004
012 Dick Yates -explains HB 2004 grants an ethanol exemption when blended
with gasoline from Motor Vehicle Fuel tax
-refers to Revenue Impact, Exhibit A
-refers to HB 2456, Exhibit B
083 Randy Hildebrand-encourages support to stimulate rural investment,
economic development, energy crop production on marginal lands
112 Tom Koehler -testifies regarding NWBC promoting use of plant matter
-clarifies bill exempts only renewable portion of fuel from waste products
or cellulose
177 Teresa Hogue -testifies supporting passage of HB 2004
-stresses positive results
-adds 15 cents bushel to market price of grain
-for each 1 million bushels of grain used to produce ethanol, 2,205 new
jobs are created
-decreases dependency on foreign oil
-decreases emissions
220 Jonathan Mielentz -discusses Oregon potential for -bio-mass ethanol
industry
-one of few states in west with no ethanol productivity, but large amount
of natural residues, paper and pulp mills, grass straw 1 million tons in
Willamette Valley, sludge from paper mills, forestry and wood waste,
dedicated poplar crops
-transportation costs at advantage in Oregon

-eliminates large amounts of agricultural residue
312 Rep Welsh -asks what exemption means to consumer or dealers
321 Koehler -explains market based incentive rather than a mandate to dealers
341 -explains ethanol has low volatility, but is flammable
-ethanol production would allow straw to sell
-cellulose is new technology
TAPE 130 SIDE A
014 -most effective ethanol added to gasoline allows for cleaner combustion,
so is effective year round
-uncertainties with dealing with ethanol on regulatory framework, dealing
with mass emissions
059 Koehler -reaffirms market based incentives greatly needed to allow
consumer use
134 -all three major car companies recommend use of, with older cars,
ethanol does better with combustion than regular fuel
154 -says midwest states are greatest producers of ethanol, due to large
corn production
169 Hogue -replies current ethanol site is at Boardman on Columbia River
-will operate year round, 24 hours/day, and will hire 52 employees
185 Mielenz -affirms growing number of regions using ethanol because of
perceived health problem with fumes
250 Koehler -explains costs \$1.05/gallon to produce as opposed to .60/gallon
for gasoline
350 Mielentz -clarifies with incentive ethanol gas would cost slightly less
than regular gas at pump
360 Rep Strobeck -refers to Exhibit C, -1 Amendments
TAPE 129 SIDE B
013 All -questions and discussion
037 Mielentz -explains goal to make ethanol cost competitive with gasoline by
2001
046 Kevin Wearstler -testifies in support of bill, Exhibit E, Written
Testimony
-stresses significance of bill
-encourages national energy self sufficiency, goal following Arab oil
embargo in late 1970's
air quality, forest resources, crop subsidies
- cost barrier to production
094 -major goal of Vice President Gore to develop bio-mass for energy
-dedicated energy crops have mainly been east of Rocky Mountains
-lands west have not been considered viable for Department of Energy
-poplar farming operations are being developed in I-5 corridor
-poplar provides farmers with alternative crop
190 All -questions and discussion
210 Wearstler -growing dedicated products for farmer is cost effective
262 Elsa Coleman -refers to Exhibit F, opposing HB 2004
371 Tim Raphael -refers to Exhibit G, supporting HB 2204
404 Bill Perry -supports HB 2204
-affirms left-over silage is high in protein to be used as feed for dairy
products
TAPE 130 SIDE B
012 Ken Yates -expresses support by Oregon Food Processors Council for HB
2204
066 Perry -stresses Oregon considered good site for processing plants
081 Rep Rasmussen -recommends addition to language specifying only Oregon
manufacturer and bi-products receive incentive
194 Jane Ames -expresses opposition to HB 2004, because it is a new tax
credit, which removes \$ from revenue stream
228 Bob Cantine -refers to Exhibit H, Written Testimony, in opposition to HB
2004 encourages sunset with tax credit, grant only if plant cited in Oregon
304 Dave Barenberg -refers to Exhibit I, Written Testimony, opposing HB 2004
TAPE 131 SIDE A
023 Neil Koehler -reaffirms last incentive when removed after two years
discouraged developers from building plants
-have designed a bill that is more precise way to support environmental
protection
-Oregon legally cannot say this applies only to ethanol produced in Oregon,
will not result in importation of ethanol from other states or outside
country, benefits small business in Oregon
Koehler -98% ethanol produced in midwest from corn, which doesn't qualify
for definition of waste products as stated in this bill
-market level incentive would encourage his company to build a plant
116 All -questions and discussion
127 Vice Chair Federici -CLOSES PUBLIC HEARING ON HB 2204
130 -adjourns meeting at 10:37 a.m.

Rhonda Wehler, Committee Assistant

Kimberly Taylor James, Office Manager

Exhibit Summary

A. HB 2004, Yates, Revenue Impact, 3/26/95
B. HB 2004, Yates, Proposed Amendments, 3/17/95
C. HB 2004, Yates, B Engrossed HB 2456, 7/6/93
D. HB 2004, Snodgrass, Proposed Amendments
E. HB 2204, Wearstler, Written Testimony, 3/27/95
F. HB 2204, Coleman, Written Testimony 3/27/95
G. HB 2204, Raphael, Written Testimony 3/27/95
H. HB 2004, Cantine, Written Testimony, 3/27/95
I. HB 2004, Barenberg, Written Testimony, 3/27/95