

HOUSE COMMITTEE ON NATURAL RESOURCES SUBCOMMITTEE ON AGRICULTURE AND FORESTRY

March 17, 1993 Hearing Room D 3:30 p.m. Tapes 31 - 32

MEMBERS PRESENT: Rep. Liz VanLeeuwen, Chair Rep. Ray Baum Rep. Marilyn Dell Rep. Sam Dominy Rep. Bill Fisher Rep. Tim Josi Rep. Dennis Luke Rep. Bill Markham Rep. Chuck Norris

STAFF PRESENT: Catherine Fitch, Committee Administrator Sue Nichol, Committee Clerk

MEASURES CONSIDERED:

HB 2652 - Public Hearing HB 3095 - Public Hearing and Work Session

WITNESSES: Ginny VanLoo, Legislative Assistant to Rep. Sowa Rod Ingram, Oregon Department of Fish and Wildlife Richard Coreson, Oregon Department of Fish and Wildlife Bob Waddell, Larry's Sport Center Paul Gabalis, Larry's Sport Center Larry Hill, Northwest Sports Fishing Industry Association John McCulley, Tree Fruit Growers Ron Meyer, Fruit Growers League Greg Engrav, Willamete Egg Farms

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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. [--- Unable To Translate Graphic ---]

TAPE 31, SIDE A

005 CHAIR VanLEEuwEN: Calls the meeting to order at 3:40.

PUBLIC HEARING ON HB 2652

017 CATHERINE FITCH: Gives summary of HB 2652 which increases the fee collected by state wildlife license agents from \$.50 to \$1.00 (Exhibit

A).

035 GINNY VanLOO, Legislative Assistant to Rep. Sowa: Supports HB 2652 with amendments which would also supply funding for a needed computer

network. (Exhibit B)

066 CHAIR VanLEEuwEN: What happens to outlets who sell less than 3,000 licenses per year?

068 REP. NORRIS: Amendments are LC 2368 (Exhibit C).

070 ROD INGRAM, Oregon Department of Fish and Wildlife: The individuals who issue less than 3,000 licenses would not be hooked up to the computer

system.

087 REP. MARKHAM: Who issues less than 3,000 tags?

093 RICHARD CORESON, Oregon Department of Fish and Wildlife: There are approximately 800 agents who issue less than 3,000 licenses. They would have the option of whether or not they wanted to be hooked up to the

computer network.

108 REP. LUKE: Asks how this computer system works.

116 CORESON: Affirms that Rep. Luke's description of the process was correct.

123 REP. LUKE: Who's paying for the terminals now?

125 CORESON: Currently staff hand enters this data.

132 REP. LUKE: Who pays for the computers?

134 CORESON: They are owned by the state lottery system, and are leased, costing 5% of gross sales.

140 REP. LUKE: The store selling the licenses will have no additional costs?

144 CORESON: There could be a line fee for the agent. The \$.50 cents should cover that cost.

156 REP. NORRIS: Does the computerized product look like the current license?

160 CORESON: It should be the same size, the type will be different.

167 REP. MARKHAM: So 177 stores will charge \$1, and \$.50 of that will go to computers, is that right? The other 800 stores keep the \$1.

171 CORESON: That's correct.

174 REP. MARKHAM: Can you tell which outlets sell over 3,000 licenses?

175 CORESON: Yes.

177 CHAIR VanLEEUEWEN: Those that sell over 3,000 licenses will be required to go to this computer system?

178 CORESON: Yes.

179 CHAIR VanLEEUEWEN: Do most of them have the capability now to change to this system?

180 CORESON: Most of them do, the only thing they need is a

telephone line.

187 REP. NORRIS: Would they have to have the machine to sell lottery tickets?

190 CORESON: No, this would be a specific use for their machine.

204 People could buy two licenses, but when this happens it would be flagged and action can be taken immediately using the computerized system.

220 REP. DELL: Does the language that has been inserted make it clear that only those who sell less than 3,000 have the option to be included in

the computer network or not?

227 CORESON: I believe that would be the case, perhaps language can be drafted to make that more clear.

241 INGRAM: Submits testimony commenting on HB 2652 (Exhibit D).

245 BOB WADDELL, Larry's Sport Center: Supports HB 2652.

297 PAUL GABALIS, Larry's Sport Center: Supports HB 2652. Each license costs them from \$.84 to \$.98 to hand write, and they only make \$.50.

Less than 10% of licensees buy anything else. There may be up to 14 sales staff writing licenses at one time.

356 REP. MARKHAM: What will automation do for you?

360 GABALIS: It will speed things up. It will eliminate the back room costs almost totally.

363 REP. MARKHAM: If you automate how much will it cost you?

369 GABALIS: About \$.50

375 WADDELL: If employees are writing licenses, the opportunity of shoplifting is greater.

TAPE 32, SIDE A

004 REP. LUKE: You lost \$14,000 so far this year. Has the Department of Fish and Wildlife offered to help you with this loss? If all retail

stores refused to issue licenses, then the Department of Fish and Wildlife would have to issue them.

010 GABALIS: No, my understanding is that the Department has stopped writing licenses.

022 CHAIR VanLEEuwEN: Couldn't you have computerized before?

023 CORESON: That would make them lose more money.

032 REP. LUKE: Can the Fish and Wildlife Department reimburse these stores?

036 CORESON: There's not that money in the budget.

045 REP. LUKE: Is the Department writing licenses?

046 CORESON: No, because of staff reductions.

052 REP. LUKE: Would the amount you collected, pay for this if you did have the staff?

053 CORESON: I don't believe so.

061 LARRY HILL, Northwest Sports Fishing Industry Association:
Testifies in favor of HB 2652. I believe this service can be kept in the private

sector.

062 REP. LUKE: I don't think it should go back to a state agency. I don't think the state should ask private business to subsidize service for the State of Oregon. Their costs should be covered.

089 REP. FISHER: Wasn't there a third increase in license fees a few years ago, none of which went to help out the person writing the licenses.

Why wasn't there some money allocated to the agents?

104 WADDELL: We were told that we were lucky to write these licenses because it brought people into our stores. It costs us money to do

this.

108 REP. FISHER: Why didn't they share this raise?

116 WADDELL: The Department should be able to better answer that.

120 INGRAM: The fee increase was to balance the department's budget in regard to programs. There was a bill last session that didn't pass that would have raised the agent fee from \$.50 to \$1.00.

128 REP. MARKHAM: Where did it die?

131 INGRAM: I believe it was the House Ag Subcommittee.

136 REP. MARKHAM: I believe the Department has had the attitude that retailers are lucky to be able to sell these licenses.

145 REP. LUKE: Will this speed up the drawings for the elk tags and the special hunt tags?

146 INGRAM: Not for the actual drawings. The speed will actually come in writing up the license. 156 REP. LUKE: Rep. Sowa's testimony said that would be sped up.

157 INGRAM: This process will not speed up the process of

entering controlled hunt applications, which is still a hand entered operation.

160 VanLOO: Because these things had to be manually entered, they had to move that deadline from July to March back so they'd have enough time.

183 CHAIR VanLEEuwEN: The Sportsmen's Defense Fund is in opposition.

197 Reads testimony from Oregon Sportsmens' Defense Fund (Exhibit E).

200 Closes public hearing on HB 2652.

221 REP. LUKE: Would those who testified on costs of writing these licenses, write these costs down for us?

PUBLIC HEARING ON HB 3095

242 FITCH: Gives a summary of HB 3095 which would exempt sorting and packaging equipment, used prior to putting farm crops into storage from ad valorem taxation. (Exhibit F)

270 JOHN McCULLEY, Tree Fruit Growers: Testifies in support of HB 309 5. Gives background for the bill.

300 RON MEYER, Fruit Growers League: Testifies in supports of HB 309 5. Distributes copies of testimony (Exhibit G), tax statement for 1992

(Exhibit H), an order that was the result of a case heard in 1984

(Exhibit I), and copy of a letter from Jackson County Assessor's Office (Exhibit J).

350 Explains his situation.

TAPE 31, SIDE B

005 REP. MARKHAM: EPA won't allow oil burners, would they?

010 MEYER: We can still use oil burners for heat, but not wood and straw.

013 REP. MARKHAM: What about the automation equipment at a dairy barn?

018 FITCH: If the machine is stationery, it's treated different than if the machine is mobile within the barn. Only the real property is taxed,

that which is stationery.

028 MEYER: Almost everything we use is exempt.

038 REP. BAUM: Maybe we should just put this inside the similar bill that is being heard in Revenue, HB 3031? 043 McCULLEY: In response to Rep. Baum's comment, we would be prepared to do that.

048 REP. MARKHAM: What's the value of that machinery?

051 MEYER: They valued it at \$116,000. The new cost was \$145,000.

053 REP. MARKHAM: Yes, your value has jumped five-fold?

055 MEYER: They felt it was industrial value.

058 REP. LUKE: You're packing for storage, aren't you?

061 MEYER: It's put into storage and then sold.

065 REP. LUKE: So you are packing it for sale?

067 MEYER: Yes.

070 REP. LUKE: You said, earlier, that this machine was not to prepare the fruit for sale, but for packing.

074 MEYER: We only pack our own fruit. It cannot be sold unless it is packed.

078 REP. FISHER: Now there is an exception for dairy machinery, that is basically no different from what you're doing now. Why do they draw

this distinction?

090 MEYER: I think they're desperate for tax dollars and will do whatever they can.

099 REP. FISHER: What is the difference between an on-site EFU zone and something that you would haul off to an industrial zone?

110 MEYER: We can only use our land for farming. Whether we do the packing or not, we're still the owner of the fruit.

118 REP. FISHER: The custom packers would still charge you for the tax.

122 REP. DELL: You have to be seen as not real personal property and then you need a broader definition. How does this bill solve that problem?

131 MEYER: The exception would have to be defined by the legislature, as in other cases that have been exempted.

137 REP. DELL: But the bill that you have proposed does not get that for you, does it?

138 McCULLEY: By including this equipment under the definition of inventory, it would be covered.

144 REP. NORRIS: Is the equipment permanently installed?

150 MEYER: By its size, it is not readily moveable.

153 REP. NORRIS: Is it connected to permanent connections of plumbing, electricity, or any other utility?

155 MEYER: Electricity.

157 REP. JOSI: Asks Greg Engrav to come up to speak about HB 3031.

158 GREG ENGRAV, Attorney Representing Willamete Egg Farms: HB 3031 is similar to this one. The difference is that this egg producing

equipment has never been taxed before. This past year they have received a tax bill going back five years.

181 All property is taxed unless exempted. There is an exemption in ORS 307.400 for tangible, personal property used for

agricultural/horticultural purposes. The question becomes, certain equipment becomes so affixed to the property that it becomes a fixture and therefore real property. Once that happens you lose the personal property exemption and are subject to tax. Fixtures such as stalls, in a dairy farm, would be fixed and would be subject to taxation as real property.

206 CHAIR VanLEEuwEN: Seed cleaning equipment is regarded as real property and so is taxed.

215 MEYER: Hopefully, the same consideration would be given to packing machinery as wind machines or center pivot irrigation systems.

219 REP. JOSI: How did you get the exemption for wind machines?

221 ENGRAV: In ORS 307.400, there are specific industries have been able to get specific equipment exempted.

239 REP. JOSI: So the equipment mentioned in this bill, may fall into the general category. This may not do the job.

243 McCULLEY: We may have to do some more work on the bill. This is the language legislative council worked up to take care of the problem.

257 REP. JOSI: Do you think this is specific enough to pass? It may not do what this gentleman wants it to.

269 REP. BAUM: That might be true. You may want to put this in HB 3031.

280 CHAIR VanLEEuwEN: Why the language "crops includes, but is not limited to?"

291 MCCULLEY: Legislative Council was attempting to define which crops were considered on line 12. 309 REP. BAUM: Is there a lot of complication in this?

312 ENGRAV: HB 3031 is not trying to expand the general exemption

under ORS 307.400.

319 REP. BAUM: You would like a broad expansion of the statute to cover different sorts of equipment that do storage and sorting.

320 MCCULLEY: That's our real reason for moving this down to Revenue.

325 CHAIR VanLEEuwEN: Closes public hearing on HB 3095.

WORK SESSION ON HB 3095

330 REP. DOMINY: My opinion is to put this down to Revenue. Maybe this bill is the one that would have the broadest definition so maybe the

other one would be included in it.

331 MOTION: REP. DOMINY: Moves HB 3095 to the full committee with a DO PASS recommendation prior to going to the Revenue Committee.

340 CHAIR VanLEEuwEN: Restates motion. Is there any discussion?

358 REP. FISHER: I would like to amend to include "any living creature" (line 14, page 1).

385 REP. DOMINY: I would recommend that we pass it in its current form and that Rep. Fisher make his amendments to the Revenue Committee.

400 REP. FISHER: I respect that advice, I will do that.

403 CHAIR VanLEEuwEN: The only downside is that sometimes it's more difficult to get things done in that committee than in ours.

405 REP. FISHER: I don't want to slow things down.

407 CHAIR VanLEEuwEN: I think it will get the same hearing.

437 VOTE: On a roll call vote, REPS. BAUM, DELL, DOMINY, FISHER, JOSI, LUKE, NORRIS and CHAIR VanLEEuwEN vote AYE. REP. MARKHAM is EXCUSED.

464 CHAIR VanLEEuwEN: The motion CARRIES.

REP. DOMINY will carry the bill.

Meeting adjourned at 5:05

Submitted by:

Reviewed by:

Sue Nichol
Administrator

Catherine Fitch Clerk

EXHIBIT LOG:

A - HB 2652 - Preliminary Staff Measure Summary - Catherine
Fitch - 1 page B - HB 2652 - Testimony - Rep. Sowa - 2 pages C
- HB 2652 - Amendments - Staff - 2 pages D - HB 2652 -
Testimony - Rod Ingram - 2 pages E - HB 2652 - Testimony - Rod
Harder - 1 page F - HB 3095 - Preliminary Staff Measure Summary
- 1 page G - HB 3095 - Testimony - Ron Meyer - 1 page H -
HB 3095 - Information - Ron Meyer - 1 page I - HB 3095 -
Information - Ron Meyer - 6 pages J - HB 3095 - Information -
Ron Meyer - 4 pages