

HOUSE COMMITTEE ON NATURAL RESOURCES SUBCOMMITTEE ON AGRICULTURE AND FORESTRY

March 24, 1993 Hearing Room D 3:30 p.m. Tapes 37 - 40

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 - Work Session HB 3252 - Public Hearing

WITNESSES: Rod Ingram, Oregon Department of Fish & Wildlife Richard Coreson, Oregon Department of Fish & Wildlife Rep. Sowa, District 26 Rod Harder, Oregon Sportsmen's Defense Fund Dave Nelson, Oregon Dairy Farmers Association Fred Cockram, Oregon Dairy Farmers Association Peter Jensen Arie Slegers Henry Hazenberg Brad Hazenberg Don Moison Ed Hemenway Bernie Faber Dale Buck Tim Emerson Jeff Adams Neal Kaste Ron Shenk, Shenk's Dairy Arie Jongeneal Scott Faber Bill Cross Mary Faber

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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 ---]

Marshall Christiansen Henry Lautenbaugh Annette Vandervene Gerhard Shurrig Gus Wybenga Jack Pugh Don Randall Don Bailey

TAPE 37, SIDE A

005 CHAIR VanLEEUEWEN: Calls the meeting to order at 3:35.

WORK SESSION ON HB 2652

011 CATHERINE FITCH: Reviews proposed amendment submitted by the Oregon Department of Fish and Wildlife (Exhibit A). HB 2652 would increase the administrative fee charged by licensing agents from \$.50 to \$1.00. The

effect of the amendments would require agents issuing more than 3,000 documents per year to use the state computerized licensing system.

034 REP. LUKE: Costs of the issuing agents should be covered.

046 ROD INGRAM, Oregon Department of Fish & Wildlife: I believe the group testifying last time indicated that the \$.50 would cover their costs for writing the licenses on a computerized system.

046 RICHARD CORESON, Oregon Department of Fish & Wildlife: The additional \$.50 would cover the cost for all agents, whether they're on a

computerized system or not.

051 REP. LUKE: Would this speed up the drawing process?

053 INGRAM: It will speed up the drawing process and will save about a month.

068 ROD HARDER, Oregon Sportsmen's Defense Fund: We would support the bill with the amendment recommended by the Oregon Department of Fish &

Wildlife (Exhibit B).

078 REP. FISHER: None of these increased fees go to the State of Oregon, correct?

094 INGRAM: Yes. The larger agents would use that \$.50 to pay for the automated system. The smaller agents would get the full dollar.

097 MOTION: REP DOMINY: Moves the -1 amendments, LC 2368, dated 3/16/93, to HB 2652.

VOTE: CHAIR VanLEEUEWEN: Hearing no objections to -1 amendments,

they are ADOPTED. 113 MOTION: REP. DOMINY: Moves the amendments, as outlined in the Department of Fish & Wildlife letter dated 3/22/93, on page 2,

inserting the underlined language, be incorporated into HB 2652.

120 CHAIR VanLEEUEWEN: Restates motion.

125 REP. DELL: The -1 amendments make a change to line 10, the -2 amendments make a change to line 10. They do not agree. It's my

assumption by adopting the amendments in Mr. Ingram's letter that those changes supersede -1 amendment.

128 VOTE: CHAIR VanLEEUEWEN: Hearing no objections, the amendments are ADOPTED.

131 MOTION: REP. DOMINY: Moves HB 2652, as amended, to the full committee with a DO PASS recommendation.

135 VOTE: On a roll call vote, all members present vote AYE. REPS. BAUM and MARKHAM are EXCUSED.

140 CHAIR VanLEEUEWEN: HB 2652, as amended, is passed to the full committee with a do pass recommendation.

160 REP. JOSI will carry the bill to the full committee.

PUBLIC HEARING ON HB 3252

172 CATHERINE FITCH: Summarizes HB 3252 which revises existing, but unimplemented, Oregon statute to permit the State Department of

Agriculture to set rules for a milk marketing system, if such a system were endorsed by a majority of Oregon dairy processors and producers.

Summarizes background and chronology of Oregon milk marketing (Exhibit C)

242 DAVE NELSON, Oregon Dairy Farmers Association: Testifies in favor of HB 3252. This bill is about a process that would allow producers to choose their own course of action, be it an Oregon-Washington plan or a

Washington plan.

286 FRED COCKRAM, Oregon Dairy Farmers Association: Reads testimony in favor of HB 3252 which would allow greater flexibility within a state

milk marketing plan (Exhibit D).

379 PETER JENSEN: Testifies in favor of HB 3252. The Washington referendum was accepted by producers and processors.

TAPE 38, SIDE A

044 The intent is to update Oregon law so an agreement with Washington may be made, if desired.

064 Since federal marketing orders have been established, the amount of milk produced in the west has increased substantially.

098 We are at a competitive disadvantage in marketing our milk to other areas because California is not under a federal order and can undercut

our market.

164 NELSON: Explains the bill.

235 CHAIR VanLEEUEWEN: Isn't there concern about how long there will be a federal milk marketing order?

236 JENSEN: At this time, there is no plan to remove the federal plan, but there is uncertainty surrounding it.

254 REP. NORRIS: Is this change in HB 3252 permissive or mandatory?

257 7 NELSON: Permissive.

260 REP. NORRIS: Does this bill specifically say anything about making a bi-state agreement with Washington?

262 NELSON: The two states have been negotiating. There is not a direct reference to Washington, but this would allow that possibility.

269 REP. LUKE: Will the Department of Agriculture set the quota?

270 NELSON: Yes.

270 REP. LUKE: So you would go back to a quota system?

271 NELSON: If the producers voted in large numbers to do that.

271 REP. LUKE: Could new dairy farmers earn quota?

281 NELSON: We're not here to try to keep people out of the system. There is not currently a plan before the Department of Agriculture. There was a plan that was voted out by producers.

290 REP. LUKE: What happened to the cows that were taken away in order to stabilize prices?

300 JENSEN: The whole federal herd buy-out had no provision for restricting production in the future. This bill does not mandate a supply

management feature.

331 REP. FISHER: Is the milk price the only thing that affects the consumer's price of milk?

351 NELSON: Many factors influence the price of the product. The producer is the only one in the process who cannot set their price. The farmers' share of the retail price of milk has declined from about 50% to 30%.

393 REP. FISHER: What percentage of farmers belong to the Oregon Dairy Farmers Association?

402 JENSEN: About 90 to 95%.

TAPE 37, SIDE B

011 ARIE SLEGERS: Testifies against HB 3252. We don't need legislation to ensure a good supply of milk. Submits testimony in Exhibit E.

083 We need to be able to increase production in order to meet rising costs.

117 HENRY HAZENBERG: Testifies against HB 3252. Quotas will be harmful for new farmers.

144 BRAD HAZENBERG: Has nothing more to add.

149 REP. LUKE: How will this prohibit farmers from entering farming and expanding?

155 SLEGERS: It would be tough to get in because they would have to buy the quota which will add to his cost of production.

168 REP. LUKE: This bill does not establish a rule, it just gives farmers the opportunity to negotiate with the Department of Agriculture to

establish a rule.

175 SLEGERS: I think this bill is just a disguise to implement the rule.

194 DON MOISON: Testifies in favor of HB 3252.

254 ED HEMENWAY: Testifies in favor of HB 3252. This will allow faster adjustments for different conditions.

312 Cost is borne by the producers.

349 BERNIE FABER: Testifies in favor of HB 3252. There will be room for other producers to come into the plan. Distributes testimony on

consumer benefits (Exhibit F).

360 REP. LUKE: Is Dairigold a co-op?

362 MOISON: It's a large co-op, primarily in Washington, but there are 200 producers in Oregon.

364 REP. LUKE: How does a new producer get into the co-op?

365 MOISON: We have a closed membership because of oversupply. They must purchase cows from the existing area to enter the co-op.

379 REP. JOSI: What share of the market does Dairigold have?

384 MOISON: In Oregon, between 30 and 40%. In Washington, about 70+%.

388 REP. JOSI: What percentage of the market would Dairigold control if there was a bi-state agreement?

397 MOISON: About 60%.

TAPE 38, SIDE B

005 DALE BUCK: Reads testimony against HB 3252 (Exhibit G). Also distributes testimony from Max Hurliman, Jr. and Max Hurliman, Sr.

against the bill (Exhibit H).

065 TIM EMERSON: Testifies against HB 3252. Reads Exhibit I.

093 JEFF ADAMS: Testifies against HB 3252.

121 NEAL KASTE: Testifies against HB 3252 as it would lay the foundation for a bi-state quota plan. Explains testimony in Exhibit J.

335 RON SHENK, Shenk's Dairy: Expresses support for HB 3252.

349 ARIE JONGENEAL: In favor of HB 3252 because it will bring flexibility to the market and stability to prices.

366 SCOTT FABER: Testifies in favor of HB 3252. The quota plan is not instituted by this bill. There are currently provisions for a

quota

plan in the state laws.

400 This would give us the capability to compete with surrounding markets.

TAPE 39, SIDE A

021 BILL CROSS: Is signed up to testify but will testify later.

030 MARY FABER: Testifies in favor of HB 3252.

045 MARSHALL CHRISTIANSEN: Testifies in favor of HB 3252 so we're covered in case we lose the federal marketing order.

054 HENRY LAUTENBAUGH: In favor of HB 3252 in order to get more stability in pricing of dairy products.

072 ANNETTE VANDERVEINE: In favor of HB 3252 because it will make things simpler if we want to make decisions down the road.

088 GERHARD SHURRIG: Testifies in favor of HB 3252.

090 GUS WYBENGA: In favor of the bill because it will stabilize the industry.

117 REP. FISHER: How does the pool affect the price in California? It looks like the price hasn't done very well in California?

121 WYBENGA: That pool is being watered down. There's no control on production.

133 REP. FISHER: Isn't that what was predicted?

137 WYBENGA: If there's a market for the milk, it won't come here from California.

143 REP. NORRIS: You don't think California milk will be marketed here?

145 WYBENGA: Not from what I've experienced.

155 JACK PUGH: Testifies in favor of the bill.

171 DON RANDALL: Testifies in favor of HB 3252.

218 REP. LUKE: Have you seen the plan that has been drawn up in Washington?

228 RANDALL: No, but I believe I understand it.

229 REP. LUKE: Do you see a problem in new farmers getting into dairy farming?

230 RANDALL: No.

270 DON BAILEY: Oregon Dairy Farmers Association will have a lot less members next year than this year. There's a lot of members in Tillamook County that are against this bill. Testifies against HB 3252.

320 Tillamook County is in a milk deficit.

361 REP. NORRIS: I don't see the word "quota" in the bill? Where is it in the bill?

384 NELSON: That language would give the Department of Agriculture the authority to institute the plan.

405 DALE BUCK: Explains how a quota is inferred.

436 REP. NORRIS: Would the implementation of the quota be dependant upon the passage of this bill?

437 BUCK: Yes.

TAPE 40, SIDE A

026 JENSEN: The idea in coming to this committee was to adopt enabling language to implement a plan. This quota plan would not be implemented

without agreement from co-ops.

044 REP. FISHER: What would the vote need to be?

046 JENSEN: We would hope for at least 2/3 agreement.

052 REP. FISHER: Is this written into your bylaws?

054 JENSEN: No, the ODFA has not sponsored this. The plan that was presented relies on the hearing process with the Department of

Agriculture.

073 REP. FISHER: Who was in charge of the vote here?

076 JENSEN: The Department of Agriculture sent out secret ballots. We had about a 65% return. Out of these, 48% were for it.

110 COCKRAM: Oregon Dairy Farmers Association is in favor of the bill. They are neutral on any implementation of a quota plan. We paid the

bill for the vote.

128 REP. DOMINY: Could we require an amendment requiring a 2/3 vote?

134 COCKRAM: I can't answer that without conferring with our board and some of our membership.

140 REP. FISHER: Can I presume that the market is still controlled?

151 COCKRAM: Yes. We're concerned that we will see the end of the federal marketing order.

161 REP. FISHER: This would be a modified market.

164 COCKRAM: We have historically operated on an artificial market.

177 CHAIR VanLEEuwEN: Closes public hearing on HB 3252.

CHAIR VanLEEuwEN: Meeting is adjourned at 6:07

Also submitted for the record: - Testimony in support of HB 2652 from Kay Juran of the Association of Oregon Food Industries, Inc. - Testimony against HB 2652 from Steven Feldkamp, Vice President of Umpqua Dairy Products Company.

Submitted by:

Reviewed by:

Sue Nichol
Administrator

Catherine Fitch Clerk

EXHIBIT LOG:

A - HB 2652 - Testimony - Rod Ingram - 2 pages B - HB
2652 - Testimony - Rod Harder - 1 page C - HB 3252 - Information
- Catherine Fitch - 1 page D - HB 3252 - Testimony and
Information - Fred Cockram - 21 pages E - HB 3252 - Testimony -
Arie Slegers - 3 pages F - HB 3252 - Testimony - Bernie Faber -
2 pages G - HB 3252 - Testimony - Dale Buck - 1 page H -
HB 3252 - Testimony - Max Hurliman, Jr. and Sr. - 1 page I - HB
3252 - Testimony - Tim Emerson - 1 page J - HB 3252 - Testimony
- Neal Kaste - 4 pages K - HB 2642 - Testimony - Kay Juran - 1
page L - HB 3252 - Testimony - Steven Feldkamp - 3 pages