

SENATE COMMITTEE ON AGRICULTURE AND NATURAL RESOURCES

DATE: February 3, 1993 TAPES: 18 - 19 PLACE: Hearing Room C TIME:
8:00 AM

MEMBERS PRESENT: Senator Ron Cease, Chair Senator Jim Bunn,
Vice-Chair Senator Joyce Cohen Senator Bob Kintigh Senator Bob Shoemaker
Senator Gordon Smith MEMBERS EXCUSED: Senator Dick Springer STAFF
PRESENT: Peter Green, Administrator Chris Warner, Research Associate
Kus Soumie, Clerk

MEASURES HEARD: SB 12 PUB SB 63 WRK SB 64 WRK SB 188 WRK
SB 11 WRK SB 13 WRK

AGENCY OVERVIEW: Department of Parks and Recreation

THESE MINUTES CONTAIN MATERIALS WHICH PARAPHRASE AND/OR SUMMARIZE
STATEMENTS MADE DURING THIS SESSION. ONLY TEXT ENCLOSED IN QUOTATION
MARKS REPORTS A SPEAKER'S EXACT WORDS. FOR COMPLETE CONTENTS OF THE
PROCEEDINGS. PLEASE REFER TO THE TAPES.

TAPE 18 SIDE A 005 CHAIR CEASE CALLS MEETING TO ORDER 8:15 AM Senate
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PUBLIC HEARING ON SB 12

WITNESSES: Mike Graine, ODOE Larry Grey, ODOE Bill Nesmith, ODOE

010 MIKE GRAINEY, Oregon Department of Energy, offers testimony on SB
12, and presents overview of EXHIBIT A (a).

- overview of technical and other changes to ODOE's Small Scale Energy
Loan Program outlined in SB 12 - introduction and overview of EXHIBIT A
(b) -1 amendments to SB 12 - transfer of duties outlined in SB 12 and -1
amendments

095 GRAINEY: - continues testimony on SB 12 and -1 amendments.

- overview of section by section summary attached to EXHIBIT A (a)

103 SEN KINTIGH: What are your total funds and the average size of
loans made under this program? - 105 GRAINEY: Our annual limit is set
by the omnibus bond authorization bill that is passed each session. For
this biennium it is \$35 million. However we don't always hit that
ceiling, and that has been comfortable for us. The loans have varied
from a few thousand dollars to \$5-10 million for industrial
co-generation and some small hydro, so there is quite a range.

- we do not want to see the tax credit program eliminated entirely -
under current law businesses can use both the tax credit and the loan -
loan program will help but won't meet all needs for small businesses

120 CHAIR CEASE: To my knowledge, there is no opposition to this bill,
is that correct?

130 GRAINEY: That-is correct.

WORK SESSION ON SB 11 (Provides mechanism to continue grants for those

heating with oil or wood)

WITNESSES: Mike Graine, ODOE Senate Agriculture and Natural Resources February 3, 1993 Page 3

140 GRAINEY: - overview of SB 11 provisions.

- petroleum industry and Oil Heat Commission support this bill - no amendments proposed for this bill MOTION: Sen Cohen moves SB 11 TO FLOOR DO PASS VOTE: In a roll call vote MOTION CARRIES 6 - 0 (Sen Springer excused) ACTION: TO THE FLOOR DO PASS (Sen Cohen carries) WORK SESSION ON SB 13 (WITH -2 AMENDMENTS)

170 GRAINEY: - overviews provisions of SB 13 and -2, -3 amendments.

- 16 percent reduction in cap of business energy tax credit programs - consistency with general fund reductions required of all general fund agencies

180 CHRIS WARNER, Committee Research Associate, offers testimony on SB 13 - 2 and -3 amendments to SB 13, and overviews provisions of SB 13, (EXHIBIT B).

227 GRAINEY: Offers overview of -2 (proposed amendments to SB 13) - reduction from \$1500 to \$1260 on solar residential tax credit - technical changes needed - tax credit based on performance and efficiency of each given system - higher tax credits given as kilowatt hours saved increases

247 CHAIR CEASE: Asks if there are any objections to lowering the amount from \$1500 to \$1260.00, reminding members this bill has subsequent referral to Revenue Committee.

MOTION: Chair Cease moves changes to lines 10 and 50 in proposed . . . amendments VOTE:Hearing no objection MOTION to accept \$1260 amount for the residential side PASSES.

252 WARNER: - gives overview of line 2 changes in -2 amendments Senate Agriculture and Natural Resources February 3, 1993 Page 4

MOTION: Chair Cease proposes adoption of proposed changes to -2 VOTE: Hearing no objections MOTION CARRIES

282 GRAINEY: - discussion of changes in -2, -3 proposed amendments to SB 13.

- these amendments do not change the business energy tax credit program, but reduce only the residential tax credit program

288 CHAIR CEASE: - clarifies changes to lines 6, 7, 13, 17 and 22 of the proposed amendments to SB 13 - asks for objection to leaving the BETCI cap at the current \$40 million 297SEN BUNN: I assume from earlier testimony you are saying, we can cut credit to home owners and they will participate in the program anyway? If we cut credit for business, we will reduce the amount of business participation. By making this change, what is the difference in what we were reducing in revenue and what we will be reducing in revenue?

300 GRAINEY: It is estimated that reductions in each program would be

about \$300,000.00 for the 1993-95 biennium, making a \$300,000.00 reduction rather than a \$600,000.00 reduction. In the 1995-97 biennium most of the reduction would have been in the business tax credit due to the sunset of residential tax credit in 1995.

317 SEN BUNN: - How will you offset these reductions in revenue?

322 GRAINEY: That does not come in to our budget. That is a general fund problem.

355 BILL NESMITH, Administrator of Conservation Resources, Oregon Department of Energy, presents testimony on SB 13.

- ODOE conducted a series of focus groups with industry representatives variety of options examined - program focus on customer service thought as the best way to go - set asides within the \$40 million cap allowing continuation of credits throughout the year for certain projects such as rental weatherization

390 SEN SHOEMAKER: Did you specifically explore, during these meetings, changing the method from a flat grant to a portion of the cost and spreading Senate Agriculture and Natural Resources February 3, 1993 Page 5 - it over a larger number of applicants? 391 NESMITH: Yes, we did. There was no support within the industry for that. the program is user-friendly and without excess bureaucracy. Industry folks were reluctant to give that up at this point. We will, however, revisit that option if the program survives this (1993) session. 401 GRAINEY: We also looked at changing the percentage of the tax credit and spreading it out further. The feeling in the industry is that the current formula is important for getting over that break even point for investment.

408 CHAIR CEASE: We are back with the proposal to leave the amount at \$40 million. MOTION: Chair Cease asks for any objection to the \$40 million cap. VOTE: Hearing no objection the MOTION CARRIES - discussion on proposed -3 amendments to SB 13 MOTION: Chair Cease moves acceptance of -3 amendments VOTE: Hearing no objection the MOTION CARRIES

TAPE 19 SIDE A

007 NESMITH: - continues discussion on proposed amendments and changes to - 2 -3 amendments to SB 13

038 WARNER: Gives clarification on proposed amendments changes. 045 SEN SMITH: I keep hearing from Sen Cohen and yourself, Mr. Chair, that this bill is going to die in Revenue Committee.

043 CHAIR CEASE: I do not think that it will necessarily die, it will be competing with other credits programs. Revenue committee will look not only at the money side, but the policy question.

051 SEN SHOEMAKER: I would like to be on the record as saying that I have no quarrel with any of these tax credits and think that they all make good sense, but, I am terribly troubled about our abilities to make revenues and expenditures Senate Agriculture and Natural Resources February 3, 1993 Page 6

match. And no matter how worthy these may be, they may have to die because we are wrestling with troubles, with how to take care of developmentally disabled people and when you start ranking these things, I am not sure they will survive.

MOTION: Chair Cease moves SB 13 as amended with -3 to Revenue Committee
DO PASS

VOTE: In a roll call vote MOTION PASSES 6 - 0 (Sen Springer excused)
ACTION: SB 13 AS AMENDED TO REVENUE COMMITTEE DO PASS

WORK SESSION ON SB 63 (Increases fees for mining permits)

062 CHAIR CEASE: These fees allow DOGAMI more field support. There is no opposition to SB 63.

062 RICHARD ANGSTROM, Managing Director Oregon concrete and Aggregate Producers Association, Inc., "That is correct, in fact we support the bill.

MOTION: Chair Cease moves SB 63 to Ways and Means DO PASS

VOTE: In a roll call vote the MOTION CARRIES 6 - 0 (Sen Springer excused)

ACTION: TO WAYS AND MEANS WITH DO PASS RECOMMENDATION

WORK SESSION ON SB 64

100 PETER GREEN Presents overview of SB 64 and -1 amendments, with attention to page 1, lines 24-26, removing some civil penalty authority.

118 ANGSTROM: - clarify SB 64 -1 amendments, which make the civil penalty authority clearer than original language proposed.

MOTION: Chair Cease asks for objections to proposed changes to SB 64 147
SEN BUNN: Asks questions on proposed changes to SB 64 -1 amendments.

- committee members clarify proposed amendments Senate Agriculture and Natural Resources February 3, 1993 Page 7

MOTION: Chair Cease moves acceptance of revised -1 amendments to SB 64
VOTE: Hearing no objections the MOTION CARRIES MOTION: Sen Cohen moves SB 64 as amended to JUDICIARY COMMITTEE DO PASS

VOTE: In a roll call vote the MOTION CARRIES 6 - 0 (Sen Springer excused) ACTION: SB 64 as amended TO JUDICIARY COMMITTEE DO PASS

WORK SESSION ON SB 188

MOTION: Sen Cohen moves to TABLE SB 188 VOTE: In a roll call vote the MOTION CARRIES 6 - 0 (Sen Springer Excused) ACTION: SB 188 TABLED

AGENCY OVERVIEW: Department of Parks and Recreation 200 NANCY ROTHWELL, Deputy Director Oregon State Parks and Recreation Department, offers testimony on and presents overview of EXHIBIT D. 300 ROTHWELL: - continues overview of EXHIBIT D TAPE 18 SIDE B 005 ROTHWELL: - continues Department of Parks and Recreation overview (EXHIBIT D) 305 - continues overview of EXHIBIT D and discussion with committee members TAPE 19 SIDE B Senate Agriculture and Natural Resources February 3, 1993 Page 8

005 ROTHWELL: - continues overview of EXHIBIT D and discussion with committee members

060 PETER GREEN: Gives overview of future committee meeting (Friday Feb 5, 93) 094 CHAIR CEASE ADJOURNS MEETING AT 9:45 AM

EXHIBIT LOG:

Aa - Proposed amendments to SB 12 - Committee Staff - 1 page Ab - Testimony on SB 12 Mike Grainey - 3 pages B - Proposed & engrossed amendments to SB 13 - Committee Staff - 8 pages C - Proposed & engrossed amendments to SB 64 - Committee Staff 2. pages D - Agency overview Parks and Recreation Department - Nancy Rothwell - 8 pages E - Testimony on SB 64 -1 amendments - DOGAMI - 1 page

Submitted by:

Reviewed by:

Kus Soumie Peter Green Assistant Administrator .