

House Committee On Agriculture, Forestry, & Natural Resources January 17, 1991 Page

House Committee On Agriculture, Forestry & Natural Resources January 17, 1991 Page

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.

Public Hearing: HB 2142, HB 214 3, HB 2145 Work Session: HB 2143

HOUSE COMMITTEE ON AGRICULTURE, FORESTRY & NATURAL RESOURCES

January 17, 1991 Hearing Room F 8:15 A.M. State Capitol
Tapes 03 - 05

MEMBERS PRESENT: REP. WALT SCHROEDER, Chair REP. LIZ VANLEEUEWEN,
Vice-Chair REP. SAM DOMINY REP. BILL DWYER REP. TIM JOSI REP. JOHN MEEK
REP. CHUCK NORRIS

STAFF PRESENT: BETH PATRINO, Administrator EDWARD C. KLEIN,
Assistant

WITNESSES: FRED ROBINSON, Assistant State Forester, Forest Protection
Division, Department of Forestry DON SHULTS, Fire Prevention
Coordinator, Department of Forestry JOHN CHRISTIE, Chairman, Oregon
Hardwood Forest Products Resources Committee DAVE STERE, Director of
Forest Resources Planning, Department of Forestry DOUG COYLE, Fire
Protection Director, Department of Forestry GARY CARLSON, Oregon Small
Woodlands Association

These minutes contain material which paraphrases and/or summarizes 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 03, SIDE A

001 CHAIR SCHROEDER: Calls the meeting to order at 8:15 A.M.

ROLL: REP. DOMINY, REP. DWYER, REP. JOSI, REP. MEEK, REP. NORRIS, REP.
VANLEEUEWEN, REP. SCHROEDER

CHAIR SCHROEDER: Refers to a proposed Committee Bill, which was adopted in the State of Illinois (EXHIBIT A). It refers to animal research and production facilities.

-We'll decide if we want to introduce it next Tuesday.

017 REP. DOMINY: Why do we need to introduce it as a Committee Bill,

you could introduce it individually.

CHAIR SCHROEDER: There are advantages to a Committee Bill. It indicates there is some support by a wider group of individuals.

PUBLIC HEARING ON HOUSE BILL 2142 -- EXHIBITS B & C

028BETH PATRINO: Describes HB 2142 (EXHIBIT B).

CHAIR SCHROEDER: It says there may not be a need for special permits at certain times of the year.

041 FRED ROBINSON, Assistant State Forester, Forest Protection Division, Department of Forestry: Presents an overview of the department's bill introductions.

084 REP. NORRIS: Restate your position with the department.

ROBINSON: Restates.

087 DAN SHULTS, Fire Prevention Coordinator, Department of Forestry: Presents testimony on HB 2142 (EXHIBIT C).

124 REP. DWYER: This bill leads from comments during the last two sessions. Why don't we just put in the exclusion of road maintenance? You won't need a rule to do that.

SHULTS: There may be other low risk operations that we would also include.

REP. DWYER: Give some examples.

SHULTS: Builders clearing home sites. Administratively, it's very expensive and difficult to keep track of all those permits. We still want to require those individuals to have fire prevention equipment.

147 REP. DWYER: How can you do it if you don't know they're out there; if they've been exempted from having a permit?

-This is a bad idea.

152 REP. DOMINY: Somebody has to make a decision of what is and what is not exempt. The rules will never be able to cover every possibility thing. You'll be involved in an administrative nightmare. Now it is clear cut.

-Some smaller outfits use the same equipment for roads as they do for logging.

-Permits are so the State Forester knows what activities are going on. We haven't had any problems so far.

177 SHULTS: We're talking about road maintenance not construction.

-We're not exempting from any fire protection requirements.

-All we want is to reduce administrative burdens.

-We were only considering routine road maintenance as an exemption, but we wanted some flexibility.

CHAIR SCHROEDER: When someone applies for a permit do you go out and inspect?

SHULTS: We inspect those operations that are fire risks. Due to the number of operations and limited personnel we have to prioritize what we inspect. Routine road maintenance hasn't been routinely inspected.

201 REP. DWYER: Define routine road maintenance.

SHULTS: We don't have a specific definition. It's road grading activities, brushing, ditching. There would have to be a specific definition in the Administrative Rules.

CHAIR SCHROEDER: The fire classification overrules this, doesn't it?

SHULTS: Correct. All those restrictions still apply as the fire danger increases.

CHAIR SCHROEDER: Is there any problem in adding road maintenance as was suggested?

-What are other examples might you be considering?

SHULTS: Can't think of any others.

-There's no problem including that in the bill.

221 REP. VANLEEUEWEN: What does time of year have to do with the permit?

SHULTS: Nothing at all. Permits are required year round.

REP. DWYER: Fire suppression costs are increasing.

-Dangers to the forest are becoming more evident.

-We're being impacted by the lack of available lands.

-Put road maintenance in the statute and define it.

-We end up paying if the resource is gone, because someone didn't want to get a permit.

REP. NORRIS: It appeals to me that a state agency is trying to make things more simple for the public. Will there be any testimony from the public?

CHAIR SCHROEDER: No one else has signed up. We'll ask if anyone has anything to say.

REP. NORRIS: I share REP. DWYER's concerns about lowering our guard on fires.

CHAIR SCHROEDER: Does any one else want to testify?

261 REP. VANLEEUEWEN: Half the people involved haven't gotten notice of the hearing.

ROBINSON: I think REP. VANLEEUEWEN is correct. We did pass the word, but it came quickly. There probably are people who would want to

testify at a later date.

-This is a totally different concept than we dealt with last session.

-The bill last session dealt with extending the requirements for fire prevention measures on equipment to agricultural land adjacent to forest land.

REP. DWYER: You argued the other way last session. You said machinery adjacent to forest land posed threats.

293 SHULTS: That bill doesn't require permits for agricultural lands, it requires fire prevention equipment to be on the machinery.

REP. DWYER: Your arguments were that farmers started fires.

CHAIR SCHROEDER: Would the committee be satisfied if they put road maintenance in the bill?

-That might be appropriate, then bring it back.

313 REP. VANLEEUEWEN: What are you classifying as forest land?

SHULTS: For purposes we're talking about here; any land within a Forest Protection District. It includes timber land, brush land, cut over land. The law defines what forest land is. Those boundaries have been defined administratively over the years.

CHAIR SCHROEDER: Would it be land classified in zoning ordinances as forest land?

SHULTS: That's generally true. There are some minor exceptions.

REP. VANLEEUEWEN: I want more specifics. What does this really do?

CHAIR SCHROEDER: Closes the Public Hearing.

PUBLIC HEARING ON HOUSE BILL 2143 -- EXHIBITS D & E

352 JOHN CHRISTIE, Chairman, Oregon Hardwood Forest Products Resources Committee: Presents biographical information.

-HB 2143 would repeal the July 1, 1991 sunset date for the Oregon Hardwood Forest Products Resources Committee.

-We have accomplished several things in our existence and we have things to cover in the next few years.

-We have begun and would like to oversee the continuance of an inventory of Oregon's hardwood forest land.

-We'd like to encourage the industry and act as sounding board for the industry.

-Education in the importance of hardwoods is important.

-Alder had a stigma attached to it.

-Need to educate forest managers in the process and techniques of growing and managing.

- Some regulations that discourage hardwood forestry need amending.
- We need to provide incentives in enhancing the role of hardwoods.
- We need to encourage research on processing, culture and marketing.
- Hardwoods will be of major importance in our future economy.
- Demand is increasing dramatically and could exceed current production capabilities.
- He encourages the committee repeal the sunset so the Hardwood Forest Products Resources Committee can continue to act as advisors to the Board of Forestry.

TAPE 04, SIDE B

014 REP. DWYER: You've done a great job.

- Has no doubt demand will exceed supply.
- The job you've done demonstrates the need that you continue.

020 REP. MEEK: There are a variety of committees. Are there other committees, organizations or groups that could be combined? The more committees, the more staff time it takes.

048 CHRISTIE: Staff time is consumed. We feel we are self-sufficient and put a minimal demand on the Department of Forestry. This does involve people who have other responsibilities, Measure 5 could be a problem.

-The Western Hardwoods Association has provided us with encouragement and helped fund a study. I'm sure they'd be willing to take on some of the role if we asked them to.

-You're right that this will put a demand on the department staff.

REP. NORRIS: Refers to the current statute and the future establishment of a Hardwoods Resource Commission. Commodity commissions are self-sufficient, because they impose a fee. Is this industry mature enough to impose a fee per board foot? This would obviate publicly-funded staff time.

CHRISTIE: The State of Washington just instituted a hardwoods commission. We are monitoring that commission's progress. We've opted to wait and see how they fare.

-The industry and Western Hardwoods Association indicated they'd be willing to have their people contribute.

088 REP. NORRIS: Are there significant stands of hardwoods or are they scattered?

CHRISTIE: Yes to both parts. Alder is site specific.

-Weyerhaeuser is conducting considerable genetic, reforestation and nursery practices research.

-Alder has a sanitizing effect in areas that have root rot.

-Existing stands are site specific on wetlands and riparian zones. These areas are locked up to a degree.

-With research and education we can provide the resource.

-Most of our volume in western Oregon is mixed with conifers.

REP. NORRIS: What's the typical harvest age of alder?

125 CHRISTIE: It's relatively fast growing. Harvest age is typically 40 to 50 years. The life span is 80 years and it goes down hill after 60 years. This may change with genetic engineering research

REP. NORRIS: Are there any critters that can't live without alder?

CHRISTIE: Nothing that devastates stands. Once on the ground it needs to be processed quickly; it's susceptible to decay.

-Very little is exported as logs, because they can't stand the temperatures or humidity in the holds of a ship.

152 CHAIR SCHROEDER: You can get two to two and one-half to three alder rotations for every one doug fir. Do you have any idea how much income can be obtained from alder as opposed to doug fir?

155 CHRISTIE: Alder doesn't have the volume per acre as conifers do.

-We're too new to say. Yield tables will go up 25,000 to 28,000 board feet per acre at age 60. That may be high; those yield tables are old. That is one thing we need to encourage and have carried through.

-The evidence seems to be that rotations from conifers to hardwoods is a good way to go; they enhance one another. You can't raise a doug fir seedling in an alder stand; the alder will outgrow it in the first 8 to 10 years. With intensive management you might be able to do it, but that would be expensive.

CHAIR SCHROEDER: Another benefit is that alder fixes nitrogen in the soil.

CHRISTIE: True.

176 REP. JOSI: Isn't there very little profitability for hardwoods growers?

CHRISTIE: That has been one of the main problems.

-Alder values are increasing. The study we had done a year and one-half ago, showed that while there were fluctuations for conifers, alder was increasing gradually and continuously.

-Interest is growing in alder, because Europeans are refusing to buy tropical rain forest hardwoods.

095 REP. JOSI: It seems many of your problems will be taken care of once the price increases.

-Your role is to advise the State Forester?

199 CHRISTIE: Advisors to the State Board of Forestry.

REP. JOSI: You see a continuing need?

-Is part of your role to do research?

CHRISTIE: Encourage research.

REP. JOSI: Could you be more specific about the type of research?

CHRISTIE: Weyerhaeuser is carrying out considerable research in genetic studies, nursery work.

-There needs to be research in manufacturing.

-There is need for pallets and manufacturing has improved.

-There will be more and more research.

241 CHAIR SCHROEDER: There are other hardwoods besides alder.

CHRISTIE: There are a number of hardwoods.

CHAIR SCHROEDER: Any time you buy birch plywood the chances are it's alder.

CHRISTIE: It could be.

253 REP. DOMINY: What's the budget line?

REP. DWYER: Refers to the Fiscal Analysis (EXHIBIT D); it's \$60,000.

REP. DOMINY: What are your thoughts if we come up with an amendment to repeal the sunset and ask you to come up with some recommendations?

CHRISTIE: This is in keeping with our philosophy. That has come up in our meetings a number of times and would be acceptable.

REP. DOMINY: As REP. NORRIS points out, it is one of your duties to make recommendations on a commission; it might help passage if we draft an amendment that it would require you to come before the next legislative session with that proposal. Could you support that?

CHRISTIE: Yes.

299 CHAIR SCHROEDER: Another way would be to have an extended sunset or have you come up with something in six years.

REP. DWYER: I've watched the evolution of this process. They've met their commitments in trying to make the hardwood industry into a legitimate primary industry. The evolution would come in the next session whether or not we put it into the bill.

-The \$60,000 is a research and development investment. A lot of line items in the budget give us no return; this isn't one of them. I'm confident they will perform.

339 REP. VANLEEUEWEN: If you become a commission you will charge a fee on any harvest of hardwoods?

CHRISTIE: Correct. The commission would be a regulatory group over the industry.

REP. VANLEEUVEN: There are so many regulations on logging our cottonwood by the river that it's more nuisance than it's worth.

377 CHRISTIE: You're talking about environmental constraints rather than economic.

REP. VANLEEUVEN: You still have to pay fees.

CHAIR SCHROEDER: That may be specifically because of your greenway situation.

383 REP. NORRIS: Commodity commissions are more dedicated to promotion than regulation. They are typically self-supporting; they wouldn't become regulatory. They might create jobs.

REP. VANLEEUVEN: Expresses her concern about all of the small incidental groves and patches and the nightmare that might arise in the collection of fees.

410 CHAIR SCHROEDER: They don't have a commission yet.

REP. MEEK: Supports a hardwood commission.

-He is interested in evaluating whether or not a commission is formed next session or the one after that.

-It's not my intent that your duties be eliminated. We need to look at ways to economize.

TAPE 03, SIDE B

016 REP. JOSI: This is important in my district.

-My concern is having your committee financed by the state in perpetuity. I would like to put the sunset back on for a number of years and see you come back next session and talk about forming a commission.

CHAIR SCHROEDER: How many years?

REP. JOSI: Leave it on until next session.

CHAIR SCHROEDER: We'll talk about that in Work Session.

-This is an industry that is continuing to grow. This is justified.

-We included hardwoods in reforestation in the Forest Practices Act.

-There will be an hardwood plant in my district.

-We need to encourage this as much as we can.

045 DAVE STERE, Director of Forest Resources Planning, Department of Forestry: He refers to testimony (EXHIBIT E).

-This bill was requested by the Board of Forestry.

-This is a valuable advisory aid to the Board.

-We provide the committee with a meeting place and minute and note taking services. Members receive no compensation.

-The recommended budget is Other Funds, an expenditure limitation not an allocation of funds. This allows the committee to accept or expend grants or donations. There is no money in the budget specifically allocated.

-The department and board feel good about the advice and council we've received from the committee and that is the rationale behind the introduction of the bill.

078 REP. JOSI: Your testimony on the budget was important.

REP. DOMINY: There is an expense in staff time. Is the \$60,000 what it costs in staff time?

STERE: The \$60,000 is an expenditure limitation. We don't have an estimate of staff time; we feel it's quite minimal.

REP. DOMINY: That's different than what I thought. Can you estimate what the committee costs?

STERE: No; it's minimal.

REP. DOMINY: This is a limitation on how much grant money is spent. How close have they come to spending \$60,000?

109 CHRISTIE: We've received no receipts. The Western Hardwood Association study on hardwoods in Western Oregon cost about \$50,000. That was a one time expenditure in the Fall of 198 8.

REP. VANLEEUEWEN: Is the cost in the recommended budget figured on a percentage? The \$192 threw us.

STERE: Can't answer, but will provide you with the information on where the \$192 came from and how much money has been expended from previous limitations.

135 REP. NORRIS: Are there any other members of the committee here?

CHRISTIE: One other.

REP. NORRIS: It's been worthwhile and you are willing to continue?

CHRISTIE: Is enthusiastic about continuing.

CHAIR SCHROEDER: Closes the Public Hearing.

PUBLIC HEARING ON HB 2145 -- EXHIBITS F & G

153 BETH PATRINO: Refers to the information supplied to members.

-She describes HB 2145 (EXHIBIT F).

173 DOUG COYLE, Fire Protection Director, Department of Forestry: Presents testimony on HB 2145 (EXHIBIT G).

203 REP. DWYER: The assessor can only combine lots if they're contiguous and co-owned. This goes beyond that and allows combinations of lots if they're in the same tax district whether or not they're contiguous?

COYLE: They have to be contiguous and owned by same entity.

-He continues with paragraph 3, page 1, "Members of the Small Woodlands Association"

REP. DWYER: What are the minimum lot fees?

242 COYLE: The minimum is \$15.

REP. DWYER: What is the expected revenue loss?

COYLE: It's dependant on the number of contiguous parcels. Our gross estimate is that about 10,000 of the 170 ,000 parcels could be combined, which would result in a loss of \$150,000.

REP. DWYER: How do you expect to make up the lost revenues?

COYLE: These would be scattered throughout the state. It would result in a minimal reduction of service or the funding of the total land base would be shifted slightly.

REP. DWYER: How will this affect fire suppression efforts?

COYLE: The impact would be very slight. There would be no reduced level of protection.

REP. DWYER: It seems odd that we're going to make adjustments when we lose revenue. When we need revenue we can't make adjustments.

COYLE: We made major adjustments in where the funds were going.

-What you're suggesting is that on a day-to-day basis we would not be flexible.

-From our perspective in fire control, we've made major adjustments in contingency moves up, etc. on a day- to-day basis. We don't have that flexibility with funding sources.

REP. DWYER: Could you provide more information on the number of parcels and the expected loss?

295 COYLE: We've prepared a fiscal impact statement in which we anticipate there will be 10,000 minimum parcels affected during the first biennium.

305 REP. MEEK: This is only a change in the assessment for fire protection purposes and not for the county assessment practices?

COYLE: Correct. The county assessor is the collection agency for the bulk of our revenues, with some exceptions.

REP. MEEK: You notify the county of the fire assessment changes?

COYLE: We notify the assessor to remove forest patrol assessment from his records and then we would develop a direct billing.

342 CHAIR SCHROEDER: This is the fire patrol tax charged by the fire protection district in either grazing or forest land or a combination?

COYLE: The true definition is a fire patrol assessment, but it is a tax.

REP. DOMINY: Who is going to get the reduction; the timber companies or the small woodlot owners? We'll eventually run out of money and have to increase the minimum. Who gets the break now and who will gain?

COYLE: We've attempted to draft the criteria so small woodlot owner will get the benefit.

-It's possible large owners will have some contiguous parcels, but we're suggesting that only minimums can be combined.

REP. VANLEEUEWEN: Could 200 acres contiguous to 500 acres be put under the one fee?

COYLE: They would not translate into a minimum parcel. You'd have to have a 30 acre or smaller parcel to be classified as a minimal parcel.

CHAIR SCHROEDER: The language is limiting all ready?

COYLE: Yes.

405 REP. NORRIS: What's the main objective; why are we doing this?

COYLE: It's our support for people combining and managing parcels for timber purposes.

REP. NORRIS: Would it make life simpler for the small owner?

COYLE: This is the message we've received.

-He continues with the next to last paragraph, page 2 (EXHIBIT G), "At this time"

-Our recommendation is to put this on hold until you hear HB 2245 next week.

REP. DWYER: This has a subsequent referral to revenue.

BETH PATRINO: It doesn't have a subsequent referral.

TAPE 04, SIDE B

032 REP. NORRIS: Is it truly free of a Measure 5 limitation? He refers to the next to last paragraph of the testimony.

COYLE: The laws require land owners to provide protection and then the law provides landowners alternatives to do that. That process is what the AG's office has indicated relieves it from Measure 5.

REP. NORRIS: We're not creating a new fee, we're simplifying one that already exists.

COYLE: Yes.

CHAIR SCHROEDER: You're suggesting we put this on hold.

COYLE: Until you hear HB 2245.

047 REP. VANLEEUEWEN: If 2245 holds true, wouldn't a similar thing hold true for the local fire protection districts?

COYLE: We're proceeding under the assumption that our forest patrol assessment is not impacted. If they are, the impact of proportioning will take place.

REP. VANLEEUEWEN: If it applies to that it would apply to our rural fire protection districts; what's the difference?

COYLE: It's related to specifics of the law for forest fire protection. Under rural protection there is no mandate that you provide your protection.

CHAIR SCHROEDER: A fire patrol assessment is somewhat voluntary.

COYLE: Yes.

069 GARY CARLSON, Oregon Small Woodlands Association: Describes the association.

-HB 2145 is a result of concerns of equity raised by landowners who have become affected by the minimum lot assessment.

-The minimum lot money generated is a significant proportion of the base for fire suppression activities.

-The association objected to increase the \$15 fee. We arrived at a compromise last session. Improved lots have more at risk and carry a greater responsibility to carry the overall costs.

-This bill is a compromise. It does not encompass all minimum lots. It requires they be contiguous and be in the same tax code area.

-These compromises were arrived at in discussions with assessors. They were concerned with increased administration expenses.

-We support HB 2145.

-We will have discussions about the emergency fire fund; revenues are not sufficient to meet expected needs.

135 CHAIR SCHROEDER: Is this a problem with revenue loss or is it to create fairness and equity in taxation?

CARLSON: It's equity.

REP. DOMINY: If this passes will we increase all the categories or just the upper categories?

CARLSON: The proposal will be to increase the minimum lot and the per acre.

-We testified before the Board of Forestry on their early deliberations on the proposal for 1991. We think there needs to be a careful look at the equity of the total sharing of the cost burden.

-The state has appropriated money to meet that responsibility.

-The people we represent hold about 40 percent of the total private forest land. The total contributions to the private portion of fire protection budgets should not exceed 40 percent.

CHAIR SCHROEDER: Closes the Public Hearing.

-He recesses at 9:54 A.M.

-He calls the meeting back to order at 10:01 A.M.

WORK SESSION ON HB 2143

175 MOTION: REP. DWYER: Moves to amend HB 2143 and extend the sunset to July 1, 1995 and require the Hardwood Forest Resources Committee to submit to the 1993 Legislature, a proposal for implementing and funding a Hardwoods Commodity Commission.

-This will enable the committee to move towards their goal of funding and implementing a commodity commission and give them another biennium to work, in case something goes wrong.

VOTE: The motion passes unanimously.

238 BETH PATRINO: Legislative Counsel can draft the amendments and you can act on it next week.

CHAIR SCHROEDER: REP. DWYER talked about how he kept his records and it looks very good.

REP. DWYER: I'll be glad to show it to everyone.

REP. DOMINY: Do we have a list of what we'll do Tuesday?

CHAIR SCHROEDER: The Committee Administrator has one; we'll add HB 2143.

BETH PATRINO: Lists the bills for the next meeting.

282 CHAIR SCHROEDER: Adjourns at 10:09 A.M.

Submitted by: Reviewed by:

Edward C. Klein, Beth Patrino, Committee Assistant Committee
Administrator

EXHIBIT LOG:

- A - State of Illinois SB 2038 - Rep. Schroeder - 5 pages
- B - SMS, Fiscal and Revenue impacts on HB 2142 - Staff - 3 pages
- C - Testimony on HB 2142 - Dan Shults - 2 pages

- D - SMS, Fiscal and Revenue impacts on HB 2143 - Staff - 4 pages
- E - Testimony on HB 2143 - J. Michael Beyerle - 2 pages
- F - SMS, Fiscal and Revenue impacts on HB 2145 - Staff - 3 pages
- G - Testimony on HB 2145 - Doug Coyle - 2 pages