

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.

Work Session: HB 2146 Public Hearing: HB 2419

HOUSE COMMITTEE ON AGRICULTURE, FORESTRY & NATURAL RESOURCES

January 31, 1991 Hearing Room F 8:15 A.M. State Capitol
Tapes 10 - 11

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: JAMES BROWN, State Forester GARY CARLSON, Oregon Small
Woodlands Association JOHN HAMPTON, Chairman, Oregon Forest Industries
Council RAY WILKESON, Oregon Forest Industries Council JIM GEISSINGER,
President, Northwest Forestry Association MIKE MILLER, Executive Vice
President, Associated Oregon Loggers IRV FLETCHER, President, Oregon
AFL-CIO

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 10, SIDE A

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

WORK SESSION ON HOUSE BILL 2146 -- EXHIBIT A

006 BETH PATRINO: Describes HB 2146-1, Proposed Amendments to House
Bill 214 6, dated 1/28/91 (EXHIBIT A)

024 CHAIR SCHROEDER: Opens the Work Session on HB 2146.

026 REP. VANLEEUEWEN: What voice do the County Trust Lands have in this?

030 REP. NORRIS: Would like a summary of what the bill does.

PATRINO: A summary might address REP. VANLEEUEWEN's question.

REP. VANLEEUEWEN: Maybe someone from the Department of Forestry knows?

037 JAMES BROWN, State Forester: The only reference to County Forest
Trust Lands is in section 8.

-In 1978 when the Legislature amended the Forest Practices Act and changed the Board of Forestry to seven members with no designated seats, the counties felt they wanted some formal vehicle to provide input to the board. An advisory committee to the Board of Forestry was made up of the trust land counties. When the bill was written, the advisory committee was put into Chapter 527, the Forest Practices Act.

-When HB 2146 was drafted we inadvertently referenced Chapter 530, the state land statutes. We believe it should be in Chapter 526, the broad authority of the State Forester and the Board of Forestry.

060 REP. VANLEEUEWEN: What proportion of the lands you manage are county trust lands?

BROWN: About four-fifths, 630,000 acres out of 786,000.

REP. VANLEEUEWEN: They have no vote or voice on the board?

BROWN: Not directly, but through the advisory committee.

065 REP. MEEK: As a former President of the Council of Forest Trust Lands--the council has been pleased with the agreement.

-As I understand the bill; this is a long version of notifying the state and county assessors of the types of forest practices that will go on during harvest. The biggest change is on lines 15 through 18, page 3, notification. He supports better notification to counties than what the bill previously provided.

089 BROWN: This bill is largely housekeeping.

-You're correct that the key parts are trying to straighten out the notification process and who gets copies.

-The bill drafted in 1987 said that everybody required to get notification would get one in 15 days. The Department of Revenue and county assessor would prefer we send them packages. We send the Department of Revenue the information on computer tape, which can't be done on a 15 day interval. Where trying to straighten the law out.

102 CHAIR SCHROEDER: REP. MEEK, do you feel the amended part protects the county trusts?

REP. MEEK: Yes; a concern was getting that notification and this bill clears it up.

REP. VANLEEUEWEN: You referenced Chapter 527 when talking about the advisory committee; this is Chapter 526.

BROWN: Currently the advisory committee reference is in Chapter 527. We're recommending moving this to Chapter 526.

-This is a change of reference not policy.

REP. DOMINY: Enters at 8:22.

127 MOTION: REP. DWYER: Moves HB 2146-1, Proposed Amendments to House Bill 214 6, dated 1/28/91.

VOTE: The motion passes unanimously.

MOTION: REP. DWYER: Moves House Bill 2146 as amended to the Floor of the House with a Do Pass recommendation.

VOTE: The motion carries unanimously.

CARRIER: REP. MEEK.

CHAIR SCHROEDER: Closes the Work Session.

PUBLIC HEARING ON HOUSE BILL 2419 -- EXHIBITS B, C, D, E, F & G

CHAIR SCHROEDER: Opens the Public Hearing on HB 2419.

155 BETH PATRINO: Describes HB 2419 (EXHIBIT B).

-There is a fiscal impact, but we haven't received it yet.

176 GARY CARLSON, Oregon Small Woodlands Association: Testifies in support of HB 2419.

-People want reassurance that landowners are replanting the land. People are unaware of the laws regulating forest lands.

-This institute is something all of the producers are prepared to contribute to in order to protect their economic interests and investments in their forest land for the future.

-Without this the industry will become restricted and will become an inviable economic activity.

213 REP. NORRIS: Do you think this institute will result in seeking the cooperation of the U.S. Forest Service and the Bureau of Land Management to conduct the same sort of campaigns? Have we discussed this with them?

CARLSON: If you're asking whether we can bring them into a community of effort in communicating to the public what's going on in our forest lands--that's probably dependent on their budget. The agencies can't do much beyond the public relations resources they already have.

-He doesn't know if discussions have taken place; you can ask WARD ARMSTRONG.

234 REP. DOMINY: Refers to HB 2419-1, Proposed Amendments to HB 2419, dated 1/30/91 (EXHIBIT C). You've increased the size of the original board and have designated some to be elected, representing different parts of the industry.

-Have you given any consideration to a worker's slot? Would you have a problem with one member being elected from unions representing the timber industry? Someone who works in the timber industry and works in timber lands.

CARLSON: The workers are a key component of the industry. He personally doesn't object to that change and doesn't think the Small Woodlands Association would.

-The makeup and selection of the board members is somewhat fluid and we're willing to participate in that discussion.

263 CHAIR SCHROEDER: Have you seen the amendments?

CARLSON: Has just looked them over.

CHAIR SCHROEDER: Does the Oregon Small Woodlands Association support the bill in concept?

CARLSON: Yes.

270 REP. DWYER: How many members do you have?

CARLSON: 2500 members statewide and 22 local chapters.

REP. DWYER: What's the percentage in the state?

CARLSON: Approximately 10 percent. There are estimated to be 25,000 small woodland owners in the state.

REP. DWYER: Have any of the independent people been notified what we're doing?

-What do you think their reaction will be to levying a tax of \$.75 per thousand?

286 CARLSON: Our 2,500 members represent the core of landowners most interested in managing their property.

-We communicate with all landowners in a county when we invite participation. Generally only 10 or 20 percent get involved and participate.

-It's a physical and financial impossibility to communicate with 25,000 people.

REP. DWYER: Refers to the amendments. Would any of the 90 percent not represented by our association be represented on this board?

CARLSON: They would be represented by the small, non-industrial representative.

CHAIR SCHROEDER: Will every small woodland owner participate in the election?

CARLSON: Is not sure how that would be accomplished. That would be difficult.

CHAIR SCHROEDER: There must be a list of all small owners somewhere?

338 JOHN HAMPTON, Chairman, Oregon Forest Industries Council (OFIC): Presents testimony in support of HB 2419 (EXHIBIT D).

TAPE 11, SIDE A

015 RAY WILKESON, OFIC: Presents an analysis of HB 2419 (EXHIBIT E).

111 REP. VANLEEUEWEN: Aren't the Dean of the School of Forestry and the State Forester ex officio members on the Board of Forestry?

WILKESON: Not since the make up of the Board of Forestry was changed in

198 7.

-He continues with section 12, page 2.

127 REP. DWYER: Is this body under the state liability limits?

WILKESON: Section 15 deals with liability.

REP. DWYER: We have liability limits. Suits are not uncommon in forestry.

-What are the liability limits applicable to this?

WILKESON: Is not sure. My understanding is that there would be no limit. The language is taken directly out of the commodity commission statutes.

-He believes the intent is for liability if there are any financial irregularities.

149 REP. DWYER: The Treasurer holds the money.

-What are the institutes liability limits as a quasi-state agency?

CHAIR SCHROEDER: That is in statute someplace. BETH will inform us before we take action.

158 REP. NORRIS: Isn't the defense provided by the Justice Department?

WILKESON: Believes it is, like any other commodity commission.

REP. DWYER: What would happen if the state takes a position that this commission is detrimental to their interests and sue? Both parties are represented by the Attorney General.

WILKESON: Can't answer. Structurally this is not different than other commodity commissions.

REP. DWYER: The only relationship to commodity commissions is that it's a single product.

-The state could make determinations in regards to it's land base or recommendations that might conflict with this commission. Who would represent whom and how would it be resolved?

WILKESON: This strikes me as a policy disagreement and not something that would lead to litigation. We'll look into it.

195 CHAIR SCHROEDER: Would there be a parallel in a conflict between LCDC and the State Highway Department?

WILKESON: Doesn't see how the administrative function of the institute would be affected by that section.

REP. VANLEEUEWEN: Refers to Section 12(2). She assumes there is something in existing law. Our administrator could find out how that's related

CHAIR SCHROEDER: Would like the Committee Administrator to work with RAY WILKESON to address these issues.

212 REP. DWYER: Supports the concept. He wants to be constructive in raising these issues.

WILKESON: The board of directors would decide what the institute does; communications is a key priority.

-The purposes and authorities are broad-based. The industry felt we should remove marketing and promotion.

252 REP. NORRIS: What relationship do you see between the separate private organizations and the institute?

WILKESON: All forestry associations have interests in the institute. He's sure they will all communicate with the board of directors.

REP. NORRIS: You see no danger of philosophical gridlock?

WILKESON: No; the idea was spread throughout the industry.

282 REP. DOMINY: Could the institute operate an advertising campaign against the "Big Green" movement?

WILKESON: Supporting or opposing a ballot measure would be prohibited by law.

REP. DOMINY: Could they hire an attorney for a law suit on the spotted owl?

WILKESON: Does not believe that would be impermissible.

REP. DOMINY: Do you have a problem with adding a member that represents the working people?

319 HAMPTON: Labor has a fundamental stake in the industry. The absence of a labor representative was not deliberate.

-He thinks the industry would welcome a labor representative.

-He chairs the Northwest Forest Resource Council and it's his perception they would welcome labor's participation.

351 REP. MEEK: Supports the concept.

-How do you see the public, institute and State Board of Forestry working together?

WILKESON: Hopes that all involved would be supportive and participate in setting the institute's agenda and goals.

-We envision the education would be very broad based. We would make sure the public knows there are regulations and laws to protect the environment and require reforestation.

-I'm sure a small percentage of people know private forest land is state regulated.

-We hope the institute would be able to overcome the misconceptions.

427 REP. DWYER: Would the institute hire lobbyists and be able to get

political contributions?

WILKESON: They would be prevented from receiving contributions by state law. We intend they have nothing to do with lobbying.

-The rest of the sections are extracted from commodity commission law (Chapter 576) and relate to financial administration. They are safeguards, fiscal controls.

-He refers to section 17.

TAPE 10, SIDE B

015 WILKESON: Refers to sections 19 through 22.

051 REP. DOMINY: What rate of tax would make \$4.5 million?

WILKESON: It's \$.75 and fluctuates by harvest.

REP. DOMINY: What do you estimate the first fee to be?

WILKESON: It's up to the board of directors.

-In discussions it's generally been less than half of that.

REP. DOMINY: Any estimate what was spent last year?

073 HAMPTON: There are a number of industry programs taking place state-wide. The numbers here are not far off what the industry is currently spending.

REP. DOMINY: You're spending about \$6 million?

HAMPTON: It's more like \$2 million. No one really knows. Some of those industry programs could be taken over by the institute.

REP. DOMINY: After this passes the individual companies would not do separate educational programs; it would all done by the institute?

HAMPTON: Individual companies will continue their own advertising and public information programs.

-The institute would benefit the entire state by informing people of what's going on in forestry. There's no reason the institute couldn't tell about what an individual company was doing.

116 REP. VANLEEUEWEN: Works in an industry where fees are automatically assessed. We accept that those fees for commodity commissions are there.

REP. DWYER: What's the land base of the 22,500 small woodlot owners not members of the Oregon Small Woodlands Association? How does that compare to rest of industry?

HAMPTON: Doesn't have the acreage. Historically, about five percent of the harvest has come from small woodland owners. They have the potential to produce 15 percent.

REP. DWYER: Refers to section 19. Can't the legislature opt out anytime it wants?

WILKESON: Yes

148 CHAIR SCHROEDER: He refers to section 2. The harvest tax is assessed to the person that buys the timber?

WILKESON: Correct; it applies to every harvest public and private.

CHAIR SCHROEDER: The Federal timber pays its share?

WILKESON: Yes.

REP. VANLEEUEWEN: The current tax is collected from the owner of the land, the seller.

162 JAMES BROWN: It's collected from the owner of the timber at the time it's harvested.

CHAIR SCHROEDER: Who determines whether it's factual information or propaganda?

WILKESON: The board of directors. We hope that it will be clear to the board that the key to this is credibility.

189 JIM GEISSINGER, President, Northwest Forestry Association:
Describes the Northwest Forestry Association.

-He supports HB 2419.

-There is a large degree of mistrust and perceptions of poor stewardship by the forest industry.

-We believe our forests are the most heavily regulated in the world and we are doing a good job of managing the resource.

-We're on the verge of making crucial political decisions based on less than scientifically credible information. A lot of these decisions will be based on political issues and rhetoric rather than factual information.

-The general public is not knowledgeable about forestry.

-The institute has the potential to deliver credible information.

-There is an opportunity for the industry to police itself and fund itself to try and inform the public and key decision makers.

-The products of the institute will be valuable to the State of Oregon.

-People don't talk enough about the counties in this state receiving \$250 million from the Federal Government for the sale of timber administered by the U.S. Forest Service and the Bureau of Land Management. That funding could be cut by half or more depending on decisions about future resource management issues.

-He looks to the institute to do things that go well beyond public relations. To do research, to try and find some factual basis to make decisions about interrelationships between resources and to try and find the proper balance between managing the environment and timber production.

-What is credible or factual is in the mind of the public. This institute has a chance to deliver another scientifically credible point of view.

-We urge your passage.

294 REP. JOSI: Would research on your industry's effect on the spotted owl be paramount?

GEISSINGER: Not necessarily, it's a subject to be considered. There are a lot of issues such as water, and fisheries that will get equal attention.

308 MIKE MILLER, Executive Vice President, Associated Oregon Loggers: Describes the Associated Oregon Loggers.

-We need to make well balanced and informed decisions. People are unfamiliar with the use, management and care of the forests.

-There is a problem of getting accurate information to the public.

-Providing this information is a prime objective of this institute.

-Few understand the regulations and laws that protect the forests.

-Few understand that new plans by the Federal Government propose that over 65 percent of forest lands be set aside for purposes other than timber production.

-Few are aware of the global implications for an increasing demand and a decreasing supply. The supply of timber will come from third world countries that have no environmental protection.

-We can provide sound protection.

-Our association believes the concepts of HB 2419 provide for an opportunity to provide appropriate, sound and accurate information to allow our decision makers and citizens to make decisions about the balance of our forests. We urge passage.

408 CHAIR SCHROEDER: Recesses at 9:40 A.M.

-He calls the meeting back to order at 9:45 A.M.

419 IRV FLETCHER, President, Oregon AFL-CIO: Presents testimony in support of HB 2419 (EXHIBIT F).

-Both the Western Council of Industrial Workers and the International Woodworkers of America support this concept.

TAPE 11, SIDE B

014 CHAIR SCHROEDER: People in the east can't relate to timber as much as they can to labor.

FLETCHER: On February 18, the AFL-CIO Executive Council will take a position on this issue.

022 REP. NORRIS: Will you be addressing any concerns of the Endangered

Species Act?

FLETCHER: The major wood products union joined with the American Forest Resource Alliance to form the Timber Industry Labor-Management Committee. They've hired a major national firm to lobby Congress on the timber issues.

REP. NORRIS: That's a good idea.

-With labor's national base, can't you translate the impacts of the Endangered Species Act into the impact on people?

FLETCHER: Will be meeting with the Tennessee AFL-CIO in March about the Northwest's labor concerns and needs.

056 REP. DOMINY: Could you explain what your environmental committee is doing?

FLETCHER: There doesn't seem to be public sympathy unless and until you talk about how it affects them.

-There will be a presentation to the representatives of our major public employee unions by the O and C counties about timber receipts from Federal forests.

-We maybe a lawsuit or two away from a complete shutdown on housing timber on the O and C.

CHAIR SCHROEDER: JIM, please explain who pays the harvest tax.

085 JIM BROWN: Presents testimony on HB 2419 (EXHIBIT G).

-He supports the amendments.

-In law, the harvest tax is termed a privilege tax and is paid by the owner of timber at the time after it is severed.

-Within the law there is a separation of the landowner and timber owner. It's the timber owner who pays the tax.

120 REP. VANLEEUEWEN: Refers to Section 2(2). She thought we needed clarification on who pays the tax.

BROWN: Who pays the tax is defined in section 22.

REP. VANLEEUEWEN: What line addresses the purchaser of public timber?

BROWN: Line 6, page 4.

- "Taxpayer" is defined elsewhere in Chapter 321.

REP. NORRIS: If a mill owner has a contract with the U.S. Forest Service to harvest timber and a contract with a logging company to cut the timber and the logging company hires independent contractor log haulers; who pays the harvest tax?

BROWN: The mill that buys the timber from the U.S. Forest Service pays the tax.

REP. NORRIS: This applies regardless of the ownership of the forest

land? It applies to the ultimate owner of the logs prior to processing or export?

BROWN: It applies to the owner of logs at the point between where they're severed and first milled.

158 CHAIR SCHROEDER: Isn't it also the way the contract is prepared?

BROWN: If it's private timber, it's the contract between the landowner and the purchaser of the timber. That's spelled out in the contract.

CHAIR SCHROEDER: In some cases it's the landowner and other cases it's the purchaser of the timber.

BROWN: It depends on how that transfer occurs.

CHAIR SCHROEDER: We need to look at this and come back to a Work Session later.

REP. NORRIS: Will this be our last chance to ask OFIC any questions?

CHAIR SCHROEDER: I would ask them to be back at a Work Session. We can bring them back now.

REP. NORRIS: Please.

175 REP. DWYER: Hopes BETH would answer the legal questions he raised.

REP. NORRIS: Do you think you can encourage the Federal timber managers to participate in putting signs up to inform the public that clearcut land has been replanted?

198 HAMPTON: The industry has been in contact with the U.S. Forest Service and BLM. To a limited degree, there has been an exchange of information between the private and public sector. It's imperative the public agencies maintain their independence from the forest industry.

-It would be useful to disseminate to the public the common message of what is going on in the forest. We hope to encourage that type of cooperation.

214 REP. DWYER: Depending on where your forest is, all units have signs when they've been harvested. The problems are along the highways.

REP. NORRIS: If this institute is created an effort needs to be made to communicate.

-Have you communicated with the Department of Education to integrate some of this information into their curriculum?

237 HAMPTON: That's an appropriate place to disseminate information. Our previous attempts to do this have not been successful.

REP. NORRIS: Are there any current satellite photos of Oregon's forest?

251 MIKE MILLER: In early February the U.S. Forest Service will release a study which is aimed at inventorying the old growth resource using state of the art satellite imagery techniques. Hopefully it will settle the debate about old growth.

REP. NORRIS: Will your organization be receiving that?

MILLER: We've been trying, but it's not yet public.

269 REP. VANLEEUEWEN: The textbook, Get Organized has an excellent section on forestry.

CHAIR SCHROEDER: "Tim Bear" is a good educational tool for kids.

-He closes the Public Hearing.

296 BETH PATRINO: Summarizes Tuesday's meeting.

CHAIR SCHROEDER: Adjourns at 10:07 A.M.

Submitted by: Reviewed by:

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

EXHIBIT LOG:

A - HB 2146-1, Proposed Amendments to HB 2146, dated 1/28/91 -
Staff - 1 page B- SMS, Fiscal and Revenue impacts on HB 2419 -
Staff - 2 pages C - HB 2419-1, Proposed Amendments to HB 2419 -
Rep. Schroeder - 2 pages D-Testimony in support of HB 2419 - John
Hampton - 3 pages E-Analysis of HB 2419 - Ray Wilkeson - 2 pages
F-Testimony in support of HB 2419 - Irv Fletcher - 1 page G-Testimony on
HB 2419 - Jim Brown - 1 page