

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.

HOUSE COMMITTEE ON AGRICULTURE, FORESTRY & NATURAL RESOURCES

February 21, 1991
Tapes 25 - 27

Hearing Room F 8:15 A.M.

State Capitol

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

MEASURES CONSIDERED: HB 2322 - PUBLIC HEARING HB 2320 - PUBLIC HEARING
HB 2419 - PUBLIC HEARING & WORK SESSION

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TAPE 25, SIDE A

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

-We will be meeting at 8:00 A.M. next Thursday the 28.

-We will continue to meet at 8:15, but if we have caucuses or session starting at 10:00 we may have to start at 8:00 A.M.

PUBLIC HEARING ON HOUSE BILL 2322 -- EXHIBITS A & B

Witnesses: Rep. Cedrick Hayden Joe Misek, Forest Tax Specialist, Department of Forestry Gary Carlson, Small Woodlands Association

CHAIR SCHROEDER: Opens the Public Hearing.

031 BETH PATRINO: Describes the bill (EXHIBIT A).

046 REP. CEDRICK HAYDEN, District 38: HB 2322 will provide an incentive for investment in timberland. Perhaps our hope for the immediate future lies in the small woodlot owners.

-You might consider reducing the minimum acreage from 10 acres to five acres. Many small woodlot owners have five acres which would have significant potential for wood fiber production.

072 JOE MISEK, Forest Tax Specialist, Department of Forestry: Presents

testimony in support of HB 2322 (EXHIBIT B).

121 REP. DWYER: What's the revenue loss to the state?

MISEK: The Department of Revenue would be able to supply that information. We do not have access to the confidential records necessary to generate those figures.

REP. DWYER: We should have people here to give us the necessary information.

138 REP. JOSI: Concurs with JOE MISEK's concern that the 24 month period would encourage the possibility of speculation. Forty-eight months is more appropriate.

CHAIR SCHROEDER: Is 48 enough?

MISEK: Because of timber price fluctuation, the department felt 48 months was long enough.

CHAIR SCHROEDER: You could turn that over 10 to 15 times in the lifetime of the stand if you did it every four years.

REP. DOMINY: Enters at 8:27 A.M.

154 REP. MEEK: If a person is on EFC land zoned for timber, why is there minimum acreage to receive the capital gains deduction?

-Will this apply to EFU lands not designated timber land?

MISEK: My understanding was that the Oregon Small Woodlands Association has lobbied Washington for the restoration of capital gains. That effort hasn't been as strong from the industry; possibly because the estimates on the impacts were not that great for the industry.

REP. MEEK: Why is there a minimum acreage?

MISEK: Does not know how the numbers were arrived at. The Western Oregon Small Tract Option Tax defines a small woodland owner eligible for that program as having 10 to 2,000 acres.

CHAIR SCHROEDER: A lot of timber laws talk about 10 acres as the lower limit.

REP. JOSI: Small woodland owners have to develop a management plan; on parcels of two to three acres it is not economical to develop such a plan.

REP. DWYER: The definition comes from ORS 321.257.

208 CHAIR SCHROEDER: This goes to the Revenue Committee. We're talking about whether or not this is good policy. It's up to us to determine whether we want a revenue analysis.

REP. MEEK: There is still my question about the distinction between EFC and EFU lands and whether the capital gains deduction would apply?

MISEK: The reference to forest land in ORS 321.257 talks about lands either designated as forestland by the landowner or highest and best use forestlands.

-To be eligible under the designated forestland program you have to have two acres or more of forestland.

-There is no definition of 10 acres to 2,000 acres in ORS 321.257; that's only found in the Western Oregon Small Tract Option Tax law.

-He doesn't think it restricts it to only lands not found in ORS 321.257. He doesn't think the intent was to limit it to those. You may want to review it from that angle.

CHAIR SCHROEDER: We won't have a Work Session today. That will give us an opportunity to get additional information, check that reference and get a revenue impact.

249 REP. VANLEEUEWEN: It looks like the revenue impact will be the difference on whether we encourage the small woodland owner to produce or not.

262 GARY CARLSON, Oregon Small Woodlands Association: Testifies in support of HB 2322.

-He presents an history of capital gains.

-Capital gains created an incentive to reforest.

-The promised tax relief for small woodland owners was removed in 1986.

-The Oregon Small Woodlands Association joined with California, Washington and Idaho to lobby Congress to reinstate capital gains.

-The best case for reinstatement can be made for a long-term tax incentive for forestry.

-As JOE MISEK mentioned, the State of Idaho provides capital gains at the state level.

-In 1987 the legislature more than doubled the state tax.

-There is national support by environmental groups for the return of capital gains to grow trees.

-This bill is critically important and will send a signal to Congress to help us achieve federal forestry incentives.

CHAIR SCHROEDER: Do you have an idea what the revenue impact will be?

CARLSON: Doesn't know the figure for the state level. Nationally it would be \$200 million, a small amount.

CHAIR SCHROEDER: What about the 48 months?

CARLSON: Has no objection; but don't go beyond that, because it would affect the production of Christmas trees.

382 REP. NORRIS: How would the typical harvests of the 10 acres to 2,000 acres compare to the percentage of the larger private woodlands and federal lands harvest?

CARLSON: Under 200,000 acres covers the vast majority of the small

woodland owners harvest. In 1989 it was about seven percent of the total timber harvest in the state. It's probably about 14 percent of the total private harvest.

412 TERRY DRAKE, Legislative Revenue Office: We don't have the numbers at this time, but will get you the numbers as soon as we can. We have to manufacture the data by making reasonable assumptions. We don't have the hard data on this particular classification of capital gains income.

440 REP. DOMINY: Can't you compare this to what the federal capital gains were? Does this compare at all?

DRAKE: This is comparable. Our problem is not what the impact is once we know the gain, but determining what the gains are of this type of timber sales.

-The old capital gains treatment has a totally different structure of harvest values and volumes of this type of ownership.

-We could get an idea of the tax differential, but the key factor is what are the harvest values and capital gains incomes in this particular ownership class.

CHAIR SCHROEDER: That's why you indicated a possible impact.

TAPE 26, SIDE A

029 REP. NORRIS: We can take a couple of views:

-How much money does the state need, irrespective of what's fair.

-We can look at what's fair and right for the industry involved.

-We're getting hung up on how much money we can get for the state as opposed to what's appropriate.

-We can tax anything, but is it fair?

036 CHAIR SCHROEDER: REP. VANLEEUEWEN made a good point; we can get more income in total by encouraging the growth of timber.

DRAKE: The ongoing discussion about capital gains on the federal level has been promoted as a revenue producer. If you change that treatment you may accelerate some of those capital gains.

-When are you planning a work session?

CHAIR SCHROEDER: Not until after March 5 or 7.

DRAKE: Will get you the impact before then.

CHAIR SCHROEDER: Closes the Public Hearing.

PUBLIC HEARING ON HOUSE BILL 2320 -- EXHIBITS C, D & E

Witnesses: Joe Misek, Forest Tax Specialist, Department of Forestry Gary Carlson, Small Woodlands Association Don Duhrkopf, Small Woodland Owner

CHAIR SCHROEDER: Opens the Public Hearing.

BETH PATRINO: Describes the bill (EXHIBIT C).

066 JOE MISEK: Presents testimony in support of HB 2320 (EXHIBIT D).

136 REP. VANLEEUEWEN: Repeat what you said about the existing situation with the assessors?

MISEK: The existing situation is that the State Forester notifies the county assessor that the lands are deficient and no longer meet the standards. The county assessor would then remove the lands.

-This bill allows us to work with the landowner to get the lands in compliance.

152 REP. DWYER: What if you have a landowner that doesn't want to cooperate? Why should the state penalize them up to 10 times the value of the land, because they don't want to comply?

MISEK: Under existing tax law the landowner has a choice. They can apply to the county assessor to make that land designated as forestland--that they want to grow timber for reduced taxation.

-A person can do what they want with their land.

REP. DWYER: Refers to page 2, lines 8 and 9 and lines 14 and 15 of the bill.

MISEK: The penalties address a problem that exists in tax law. Under existing tax law a landowner can apply to have land designated as forestland. If the landowner applies and fails to meet the standards there is a five- year rollback of taxes, where they pay the difference between market value and the specially assessed value.

-The other lands under this law are highest and best use forestland, primarily industry lands. They do not apply to have those lands designated as forestland. If they choose not to manage there is no penalty. They are afforded a tax rate the Department of Revenue determines for forestland.

-The State Forester believes we are better served if there is a penalty on those lands if they are not managed for timber production.

215 REP. DWYER: That state says land is highest and best use forestland, but the landowner doesn't want to manage it for forestland. A person can be penalized 10 times the amount if they don't want to manage their land. Is that what the bill does?

MISEK: You are overlaying zoning and land use law with tax law.

-This bill only applies to those people who have applied under tax law.

REP. DWYER: Only those people who have applied for the special assessment?

MISEK: For the highest and best use lands they haven't applied.

REP. DWYER: The state feels there is a compelling need to force people to manage the resource.

MISEK: The State Forester feels those lands are recognized by the

counties as highest and best use as forestland and they are considered to be the primary forestlands.

252 REP. VANLEEUEWEN: A landowner chooses if they want to apply for the lower assessment. Other lands don't have to apply for the assessment.

-What's the situation?

MISEK: There are two types of lands:

-Lands which the landowners apply for as designated forestland.

-There are lands within some counties--he can come back with how much highest and best use land is out of the counties.

CHAIR SCHROEDER: It would be good to have that. There is confusion about the designation by zoning and by application.

MISEK: Highest and best use is not necessarily a zoning. It is a designation by the county assessor. You could get into a situation where a landowner has land in highest and best use who did not apply for the special assessment and is penalized for not maintaining their land, because they have an obligation to maintain certain standards on those lands.

CHAIR SCHROEDER: Just because the land is designated on the county map as forest, the landowner does not necessarily apply for the special taxation?

MISEK: Correct.

CHAIR SCHROEDER: There has to be an overt action; the landowner requests their land be designated as forestland?

MISEK: Correct.

288 REP. DWYER: You said if forestland is zoned EFU--whether or not you apply--if you don't manage it properly, penalties apply.

-If a person has a piece of property that a county assessor says is highest and best use for forest and the person does not want or did not apply for timber assessment, the State Forester could penalize the landowner for underproductive lands?

MISEK: The penalties could come in on land that's designated highest and best use. That would not be true for land closer to the cities, where landowners have to apply for the designation.

REP. DWYER: Lane County has lots of forestland no one has had to apply for.

MISEK: No one has to apply for designated forestland, it is an option.

-The counties recognize the forest land as highest and best use farther out from the cities. There is no application for the special assessment.

325 REP. MEEK: A lot of people buy timberland just to live on it without managing it or wanting it designated or having it designated as forestland and they still receive the special designation. That's an

issue that needs to be addressed.

MISEK: Under the designated forestland program, a person originally applies for the designation and that designation is automatically transferred to the next owner. Many people don't know they're under the special assessment. Most people fall under the 5 year rollback.

-A far fewer number are under highest and best use as forestland.

-He continues with page 2 of his testimony, "Directs the State Forester"

TAPE 25, SIDE B

021 REP. DWYER: Refers to page 2, paragraph 3, of the Fiscal Impact Statement (EXHIBIT C). Is the estimated \$60,000 to \$100,000 impact on local government per county assessor?

MISEK: Does not have that information.

034 CHAIR SCHROEDER: It talks about county governments in the plural. He assumes that's the total for the biennium.

REP. DWYER: Would like to know whether or not it's a cumulative amount.

MISEK: This fiscal analysis did not come from the Department of Forestry.

-The county assessors, in their regular business, look at stocking only.

-The way the administrative rules are written it is hard to enforce. He can't imagine the county assessors declassify many pieces of property for failing to meet the stocking standards.

REP. DWYER: This analysis calls for 21.27 additional employees. The additional millions in the "Total Effect on Expenditures" add up.

MISEK: It is a sum of money, but opportunities for growing timber are being lost because the State Forester is not reviewing those lands. The state is losing economic multipliers for Oregon's future.

REP. DWYER: Do you think the state's interests would be best served if we went from highest and best use to current and present use? We tax land on how it's being used rather than having government say what is the best use?

MISEK: Has a concern that there would be a gentrification to Oregon, where lands are held by people who can afford to hold on to them and not manage them to produce those other benefits. He doesn't know if that makes us economically richer as a state.

CHAIR SCHROEDER: That's a good question, but involves more than what we're dealing with.

102 REP. NORRIS: Is there a standard to determine what lands are underproductive?

MISEK: That's tied to and referenced to a statute in ORS Chapter 526, meeting the stocking standards of the Forest Practices Act.

REP. NORRIS: A landowner would have a reasonably objective way to determine whether or not their land was underproductive?

MISEK: Correct. The bill goes farther; if the landowner is not acquainted with forestry, the bill directs the State Forester to work with that landowner to manage the land .

REP. NORRIS: It looks like there would be a lot of field time involved in these inspections.

MISEK: There would be field time involved.

-In determining an implementation strategy he tried to minimize the cost, but there may be other ways to attack it.

-In the non-industrial private sector there was some problem--

137 REP. NORRIS: The department feels they have the capability to do the inspections with the addition of the people shown on the fiscal impact?

MISEK: Correct.

REP. NORRIS: Refers to page 1, lines 24 to 26. Who pays for the forester?

-Is the use of the State Forester a free service, but the landowner has to pay for a private forester?

MISEK: The bill directs the State Forester to assign a forester, at the State Foresters option.

REP. NORRIS: Would a landowner have to reimburse the Department of Forestry?

MISEK: The intent is to push the management planning into the private sector. We would try to pick up that workload where there wasn't a private sector forester available.

-That may or may not be done at the expense of the landowner. The State Forester might work closely with the Extension Service to train woodland owners around the state.

-We used the term "forester" to keep it very broad to try and keep small landowners from having to pay huge fees.

REP. NORRIS: The basic intent of the statute is an either/or situation. The State Forester will assign a forester or the landowner may hire a forester.

-If the forester is an employee of the state is that a free service and if the forester is from the private sector does the landowner have to pay for that service?

-What's the intent?

173 MISEK: My understanding of the intent is that the State Forester shall assign or provide a listing of foresters. There is an option. The fiscal impact is a reflection of the management plan being done outside of the department and is directly aimed at the initial inspection and

the follow up one year later.

REP. NORRIS: If a forester is assigned does the landowner get charged for that service? If the landowner picks a private individual do they have to pay?

MISEK: Under the state it would be free. The other forester may or may not be free, depending on the circumstances.

REP. NORRIS: There's some ambivalence on who pays.

-In regards to the 10 times penalty:

-Is there a typical ratio between the market value for real estate and the market value for forest? Is it usually 10 to 1 or 5 to 1?

202 MISEK: Is not qualified to answer.

-Forestland values are typically in the \$200 to \$300 range.

-Depending where the land is, there is a wide range of actual values.

CHAIR SCHROEDER: If greenbelt land is developed after having the assessment you have to pay back taxes on it. That's what we're referring to here if you avoided paying because of the assessment.

-He recesses at 9:28 A.M.

-He calls the meeting back to order at 9:37 A.M.

233 REP. MEEK: Washington County has a resource district which is utilized for developing management plans. We also have extension agents. Why is the department entering into this when the service is already available?

-It appears to be punitive if the management plan is not put together in one year. What was the thinking that went into this?

CHAIR SCHROEDER: The extension forester's job is strictly educational; they don't design plans, that's a service forester's job.

REP. MEEK: Doesn't think it will take \$2 million to expand the program.

271 MISEK: What's being targeted is for service foresters to inspect the lands.

-The plan comes into play when we determine a property doesn't meet the management standards.

-Currently, the inspection to determine whether or not properties meet the requirements for the tax law is not readily available.

-The management standards were outlined in 1977. Those stands are only inspected by the county assessors for stocking.

-The expertise for developing plans is available in the private sector.

-There are between 22,000 to 25,000 ownerships that would require inspection.

316 REP. MEEK: One of my big concerns is changing the department's good image to one of punitive enforcement like DEQ.

MISEK: The intent is quite the reverse.

-Under ORS 321.367, if the State Forester finds lands are not being managed they notify the county assessor and the property is declassified. There is no working with the landowner, except on lands harvested prior to 1973.

-The Western Oregon Small Tract Option Tax program has a program similar to what we're trying to do here.

-He has worked with landowners in Jackson and Josephine counties. You make this an opportunity. You make this assistance a positive thing.

-Under the optional tax there is a five-year plan for the management plan to be completed.

-HB 2320 provides one year for the plan to begin addressing the problem. It needs to be activated so we're sure the landowner is working on the problem.

-A management plan is not set in concrete. The plan helps the landowner focus on their objectives. The forester tries to lend the landowner the forest management perspective.

-Other resources are not mutually exclusive of timber management.

REP. MEEK: Agrees with him about the department being a service agency. But no service clubs say, "if you don't do it my way, I'll fine you."

414 GARY CARLSON: Has two concerns:

-Lack of definition of "free to grow".

-The 10 times rollback on non-designated forestland (highest and best use forestland) versus a five times tax rollback on designated forestland.

-The county assessors treat best use forestland differently. Some take the position that landowners must apply for designation, even though they might be highest and best use forestland.

-Since there are different tax treatments, we're not sure it makes sense to differentiate whether land is designated or not.

-He refers to the bold language on page 1, lines 17, 18, 19, and 20 to 23. This is probably more definitive in the current law. He's not sure it's absolutely necessary.

-We're not sure the bill is necessary.

TAPE 26, SIDE B

024 CARLSON: When you're talking about brush covered lands, you're talking of a cost to convert of up to \$500 an acre or more to reforest.

-How can you convince a landowner to expend that amount of money to convert land--by the time the trees mature they may not be able to be

harvested.

-One week from today, the State Department of Forestry will have a hearing and adopt or not adopt rules setting aside 70 acres of private forest land for an owl.

-In 60 years we'll have a lot more than 2.7 million people in this state. There is a difficult balancing act trying to get landowners to make an investment for 60 years and having penalties and incentives. We'd like to see more incentives.

047 REP. NORRIS: You mentioned the department adopting rules in one week. Do you foresee a taking case suit coming out of this?

CARLSON: If a landowner is wiped out by the 70 acre rule, there will be a taking case suit.

CHAIR SCHROEDER: Has a forestry advisory committee which thinks the intent of this legislation is good. Are there other ways to encourage landowners to grow timber?

CARLSON: Primarily in the tax area, the land use area and the Forest Practices area.

-Remove the disincentives in the riparian management rules about leaving conifers in the hope they will blow over and create fish habitat.

-Find creative ways to deal with some of the problems by other than the regulatory takings.

CHAIR SCHROEDER: Leaving trees in riparian areas is more than leaving woody structures, it's providing shade and insect drops.

CARLSON: Correct, but the shade provisions can be met with other species. There should be no requirement to leave valuable timber as long as the shade requirements are being met.

085 REP. DWYER: Leaving conifers so they will blow over is an over-statement.

CARLSON: It may be an overstatement, but he found no other viable rationale to leave conifers.

096 DON DUHRKOPF, Small Woodland Owner: Presents testimony on HB 2320 (EXHIBIT E).

-In regards to the first amendment, page 1, lines 5 to 13; restore the bracketed material and on line 7 delete "which were ... 1973". Keep the law the way it is, don't change it.

197 REP. VANLEEUEWEN: You want to change the language on page 2, line 6?

DUHRKOPF: Doesn't know what "designated" means. If there is a definition it should be in this bill.

REP. DWYER: Appreciates his taking the time to testify.

-He also appreciates the reminder, "if it ain't broke, don't fix it."

CHAIR SCHROEDER: Closes the Public Hearing.

PUBLIC HEARING ON HOUSE BILL 2419 -- EXHIBITS F & G

Witnesses:Larry Tuttle, The Wilderness Society Rep. Rod Johnson,
District 45

CHAIR SCHROEDER: Opens the Public Hearing.

-REP. DWYER is excused.

240 LARRY TUTTLE, The Wilderness Society: Presents testimony on HB 2419
(EXHIBIT F).

307 CHAIR SCHROEDER: Refers to page 1, paragraph 3, "... represents
government funding". My understanding this is a self-imposed tax on the
industry. Does it constitute government funding because the state is
collecting it?

TUTTLE: Believes it does in this case. If it were just on the finished
product it fits the commodity commission model. When the tax is levied
on all harvest from private lands it goes beyond the bounds of a
commodity commission model and becomes a public fund tax.

324 REP. NORRIS: Levies imposed by commodity commissions aren't
necessarily on the finished product. The Wheat Commission levy, for
example, is on the bushel of wheat and not the flour. That statement
doesn't hold up.

REP. DOMINY: Your testimony revolved around the appointing authority.
Do you agree with the concept of the bill?

TUTTLE: We believe there is a public benefit from the types of uses
you've described.

-We believe that taxes collected from broad based producers and the
decisions on spending those monies on public relations and promotional
materials is likely to be better received and received with better
credibility if more people have the responsibility for the
administration of those funds.

-Does not want the credibility of the institute to be jeopardized,
because the people running the institute have built in conflicts of
interest.

368 REP. NORRIS: If people are willing to charge themselves with the
interest of helping their own industry, why should they turn that money
over to someone who has no financial responsibility and let them decide
on how to spend it?

-How much money does the Wilderness Society contribute to this activity?

TUTTLE: At the bottom of page 1 of my testimony are a couple of options
for the composition for this institute.

-The reconstitution of the Board of Forestry indicates that public
policy decisions relating to forestry are intended to represent a broad
range of interests.

-In this particular case, given the broad based taxing authority in this
bill, that is also appropriate for the distribution of these funds.

399 REP. DOMINY: Refers to page 1, lines 1 to 15.

-How can people outside of the industry make the policy decisions this section talks about?

-The board you have outlined may not know how to harvest a log. One of biggest concepts that come out of this is how to harvest and get the most use out of the harvest.

-The people you would have involved have nothing to gain except saving more trees.

-Give me an idea how you feel about section 3?

TUTTLE: Concur with how section 3 is stated.

-Additional people benefit and have an interest in forest administration. That's why the State Board of Forestry's appointments were distributed differently.

-There are other non-forest product commodity interests that have an interest in the forests. Those interests ought to be represented where public funds are being spent.

TAPE 27, SIDE A

016 REP. VANLEEuwEN: Has a problem with his last statement.

-You're saying the people willing to assess themselves have no right to decide how this organization is to be run.

-Some of us disagree with the changes to the Board of Forestry. Management of our forests has been put in the hands of people who may not know how to manage the forest lands.

TUTTLE: We have a difference of philosophy.

-My view of resource management includes people beyond the commodity interest. The state has a broad interest in the policies developed out of the expenditure of tax dollars. That's why he has recommended the representative body overseeing the distribution of these dollars be more broadly based.

REP. VANLEEuwEN: You want every person to be a non-industry related person.

TUTTLE: That's one option; it may not be the best.

050 REP. MEEK: You don't support the bill the way it is currently drafted.

-The focus of the bill is outlined in sections 11 and 12 .

-This bill promotes products in the industry. It's to educate the public on the value of cutting timber.

-That would no longer be a relevant issue in your focus?

TUTTLE: If it is a commodity commission and its purpose is to do what

commodity commissions do, the tax should be on the finished product rather than on all the landowners contributing timber.

-As constituted, the body that's represented are the producers, who may or may not be landowners.

-He doesn't believe we should provide a disincentive to the private non-industrial forest owner by taxing the harvest of their trees to promote the finished product.

078 REP. DOMINY: Your third concept addresses another piece of legislation dealing with buyer retention.

-As he interprets the third argument; we shouldn't be funding this program through a severance tax. We should be funding things like forest retention.

-Do you believe the rest of the public has no responsibility for fire suppression; the industry should be the only one responsible?

TUTTLE: No. If the harvest tax is increased, it should be increased to provide full funding of the implementation of the Forest Practices Act and for any increases for fire protection. It should also go to the Research Laboratory.

-He does not think it is the right public policy that the harvest tax has to support the full amount of fire protection. If the tax is to be increased it should be increased for funding fire protection rather than to a special account.

REP. DOMINY: Does not agree, but hears his point.

CHAIR SCHROEDER: Would it better to have people appointed by the Governor or elected by the people who are affected? Which is more democratic?

TUTTLE: The collection of the tax in the form it's proposed creates a responsibility for the state to see those funds are administered in a way consistent with other public funds.

-In this case his recommendation is for the Governor to make the appointments to oversee the distribution of those funds.

CHAIR SCHROEDER: You talk about it being a commission; it's not, it's an institute.

-How would you feel about state employees having a check off for this program?

TUTTLE: Has no problem with that.

127 REP. ROD JOHNSON, District 45: Urges the committee to reject MR. TUTTLE's arguments.

-He anticipated the preservationists would try to have control over how the institute exercises its powers.

-Timber problems were the primary issue in his campaign.

-People outside of Oregon have totally erroneous ideas about what is going on in Oregon's forests.

-A number of facts are not being presented to the rest of the country that need to be presented so there can be balanced, reasonable decisions made on our federal forest land.

-We're getting adverse decisions from the Federal Government affecting the people of Oregon, the future of Oregon, the children of Oregon.

-Congress is not receiving the full facts.

-He urges passage so someone can have an advocacy position for those that depend on the timber industry.

REP. JOSI: Thanks REP. JOHNSON.

CHAIR SCHROEDER: Closes the Public Hearing.

WORK SESSION ON HOUSE BILL 2419 -- EXHIBIT

Witnesses:Ray Wilkeson, Oregon Forest Industries Council

CHAIR SCHROEDER: Opens the Work Session.

175 MOTION: REP. NORRIS: Moves HB 2419-3, Proposed Amendments to HB 2419, dated 2/19/91.

REP. DOMINY: Would like someone to go over the amendments to get their intent on the record.

185 RAY WILKESON, Oregon Forest Industries Council: The bulk of the amendments are to facilitate the changes in the bill as expressed at the previous hearing; changing the appointment process to an election process.

-He describes the amendments.

REP. DOMINY: For the record: "I was the first one to suggest that we add someone representing labor. I had hoped that it would be somebody that labor could select, I suppose this is second best in that category and I am not going to be opposing the selection process. I would like to have seen it a little bit differently.

-"Ray and I had discussed it; there would be no problem with using a retired timber industry hourly person who represents workers There would be no problem with that ...?"

WILKESON: We would not want to preclude such a person from serving.

251 REP. DWYER: These are public monies collected and administered by the state and distributed to your organization and there is no public involvement.

-If you want credibility, one public member should be included.

WILKESON: We have discussed this. The point REP. DWYER makes is a good one.

-OFIC's Executive Committee discussed this last week. He related REP.

DWYER's concerns. It wasn't automatically rejected; they were uncomfortable expanding the board of directors.

-This has to be credible if it's to create a balance between the types of information people are receiving about the forests and some of the disinformation from other quarters.

REP. DWYER: Wouldn't it be more credible with a public member?

WILKESON: Can't go beyond his membership in terms of their official position.

REP. DWYER: Objects to the amendment.

-The program has merit; the only way he can show his displeasure that the public was not included is by voting no on the amendment.

VOTE: The motion passes 6 to 1.

AYE: REP. DOMINY, REP. JOSI, REP. MEEK, REP. NORRIS, REP. VANLEEUEWEN, REP. SCHROEDER.

NAY: REP. DWYER.

333 MOTION: REP. NORRIS: Moves to approve HB 2419 as amended and refer it to the House Committee on Revenue by prior reference.

VOTE: The motion carries unanimously.

CHAIR SCHROEDER: Will follow through with the Revenue Committee.

-He adjourns at 10:41 A.M.

Submitted by: Reviewed by:

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

EXHIBIT LOG:

A - SMS/Fiscal/Revenue impacts for HB 2322 - Staff - 3 pages
B - Testimony on HB 2322 - Joe Misek - 2 pages
C - SMS/Fiscal/Revenue impacts for HB 2320 staff - 4 pages
D-Testimony on HB 2320 - Joe Misek - 4 pages E-Testimony on HB 2320 -
Don Duhrkopf - 2 pages F-Testimony on HB 2419 - Larry Tuttle - 2 pages
G-Amendments and Hand Engrossed Bill on HB 2419 - Staff - 7 pages