

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

March 5, 1991 Hearing Room F 8:15 A.M. State Capitol Tapes
34 - 36

MEMBERS PRESENT: REP. WALT SCHROEDER, Chair REP. LIZ VANLEEUWEN,
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 2318 - PUBLIC HEARING HB 2319- PUBLIC HEARING
HB 2321 - WORK SESSION HB 2322 - WORK SESSION

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TAPE 34, SIDE A

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

PUBLIC HEARING ON HOUSE BILL 2318 -- EXHIBITS A to D

Witnesses: Bernie Agrons, Retired State Representative Rep. Carl Hosticka, District 40 Joe Misek, Forest Tax Programs Manager, Department of Forestry Alan Maul, Field Coordinator, Service Forestry, Department of Forestry

020 BERNIE AGRONS, Retired State Representative: HB 2318 is a companion bill to HB 2322.

-He describes the bill.

-The Federal Government removed capital gains and expensing costs as tax breaks.

-With these two bills the state is setting an example and saying we think the Federal Government made a mistake and should reinstate the capital gains treatment of timber and the expensing of timber expenses.

-Capital gains and expensing are the fulcrum for investing in timber.

-The Interim Committee on Forest Products Policy wasn't satisfied to memorialize Congress.

-It involves a very small amount of money and in a small way the state is trying to show that the growing of timber and the investment in timber is vital to the future of the state of Oregon.

-HB 2318 says that if someone uses their money to invest in their timber land, those costs can be expensed.

063REP. NORRIS: You addressed two bills?

AGRONS: Also alluded to HB 2322, which would allow capital gains treatment for the proceeds of timber.

REP. NORRIS: Assumes that when we refer to federal taxable income, that applies to state income taxes?

AGRONS: The State of Oregon connects its income taxes to the federal income tax. We're suggesting this piece be disconnected.

CHAIR SCHROEDER: Can we tell the Federal Government that we can deduct that income?

AGRONS: We're only relating to the Oregon income tax. We're trying to show the Federal Government we're willing to do it.

-Federal taxes on the proceeds from timber are very large.

-We only have authority on the state income tax.

090 REP. MEEK: How will this work?

-Is it a deduction, is it a credit; what are mechanics?

AGRONS: As a person adds up their expenses they can take this as an expense in that year.

-He explains the way things work now.

REP. NORRIS: Under current law a person adds the money spent on forestry to his base if it were real property, which would be deducted from the sale price in the future?

AGRONS: They'd be forced to capitalize it instead of taking it as an expense on this year's taxes.

120 REP. CARL HOSTICKA, District 40: Explains why federal taxable income is included in the bill.

-This bill allows someone to make further subtractions from federal taxable income for expenses incurred in reforestation.

-He presents HB 2318-1, Proposed Amendments to House Bill 2318, dated 2/1/91 (EXHIBIT A).

-He supports the bill.

-There is no way forestry can be profitable if expenses have to be carried forward and charged against the proceeds of a harvest.

-HB 2318 allows costs to be expensed, but it doesn't say what they're

going to be expensed against.

-The amendments say that those expenses can be charged against the proceeds of the harvest by allowing you to take your harvest proceeds and average that income over five years.

-In the early years of reestablishing a stand there is some income stream from the prior harvest to charge the expenses against.

-TERRY DRAKE, of the Legislative Revenue Office, has looked at this and has determined that in terms of tax law this would encourage good forest practices.

-This is not an issue for large companies, because they have a continuous income stream.

-The primary benefits of the amendments are to small woodland owners who may have intermittent harvests.

188 AGRONS: Enthusiastically supports the amendments.

-The amendments include some of the elements we discussed during the interim and will aid landowners in making timber investments in the early years of growth.

224 REP. VANLEEUEWEN: Refers to "Forest Tax Comparisons - 1991 Legislative Session" (EXHIBIT B).

-Under HB 2318 it indicates that it requires 12 FTE's. Why should it take 12 employees?

CHAIR SCHROEDER: Save that question for the department.

234 REP. MEEK: That's a great idea; is five years enough?

REP. HOSTICKA: The Department of Revenue and staff thought five years was easier for administration.

-Conceptually, seven to 10 years would be appropriate. He'd have no objection to extending the time period if it worked.

REP. NORRIS: The small woodland owners would benefit, but would it apply to Weyerhaeuser and others?

REP. HOSTICKA: The large owners would be harvesting continually and have an income stream.

-The small owner benefits from the income averaging.

AGRONS: This is restricted to the small woodland owner.

CHAIR SCHROEDER: Refers to page 2, lines 8 and 9.

AGRONS: That issue has been raised.

-It would be beneficial if it applied to major landowners.

295 CHAIR SCHROEDER: We can see if it works and in the future look at that aspect.

REP. DWYER: That's assuming they didn't export their logs.

AGRON: That's a good assumption.

REP. DOMINY: Refers to the Fiscal Analysis (EXHIBIT C). Why is there no impact on the Department of Revenue?

REP. HOSTICKA: The fiscal impact on the Department of Revenue is on how many staff it would take to process the paper.

-There may be some loss of revenue.

REP. DOMINY: It shows there would be additional expenditures to the Department of Forestry.

-It also says there will be no fiscal impact on the Department of Revenue.

315 AGRON: Supposes it means no impact over time.

-The assumption is that the department may be giving up income in the early years, but the results of increased timber growth will result in more income over time.

-It depends on the assumptions made.

REP. HOSTICKA: The departments will have to comment.

-The bill requires the Department of Forestry to inspect stands and certify that investments were made. The Department of Revenue would process those certificates along with the regular tax returns and that wouldn't be an impact on their work load.

-If the bill doesn't reduce revenue to the state, it's probably not working.

REP. DOMINY: Refers to the Impact Statement (EXHIBIT C).

-It seems like it would have to impact revenue one way or another.

358 CHAIR SCHROEDER: There is a possible revenue impact.

REP. HOSTICKA: The no fiscal impact at the bottom refers to work load and not tax collection.

CHAIR SCHROEDER: We're dealing with the principal, whether or not this is a good idea.

REP. HOSTICKA: Has found that the state agencies look for opportunities to do things that they want to do and need to be questioned closely.

425 JOE MISEK, Forest Tax Programs Manager, Department of Forestry: Presents testimony on HB 2318 (EXHIBIT D).

TAPE 35, SIDE A

024 MISEK: Continues with "How The Bill Works".

-He hasn't had a chance to completely review the amendment, but it looks like a good thing.

074 REP. NORRIS: How complicated is a management plan?

MISEK: ALAN has worked on plans with small woodland owners.

085 ALAN MAUL, Field Coordinator, Service Forestry, Department of Forestry: A management plan for a small woodland ownership may only be four or five pages or 50 pages long. We make sure the plan addresses what the landowner wants and needs and can use.

-The bulk of the time is spent with the landowner on the property; the actual office time may only take an hour or two.

-We work with the landowner to get their ideas.

CHAIR SCHROEDER: Soil conservation plans are very elaborate and take quite a bit of time to put together.

-Is there a generic form?

MAUL: There are two kinds of forms.

-One is the service forester's, which has a computerized base format.

-The second form we've been developing is two or three pages with instructions for the landowner to fill out and bring back to the department for review.

120 REP. VANLEEUEWEN: Why does HB 2318 require 12 FTE's?

MAUL: That was what we felt was required to implement the bill. That includes the management planning, processing the certificates and doing follow-up checks.

-Those 12 FTE's would be needed if we did all the management plans ourselves. That would amount to 1,700 plans a year in the first year. That number would drop off in the second year, but we may be recertifying previous plans.

-Some of that work load could be taken up in our existing base. It's not necessarily all new employees.

REP. VANLEEUEWEN: That doesn't match with the Fiscal Statement (EXHIBIT C), which shows 5.32 FTE's for the next two bienniums.

150 REP. MEEK: This is a very simple idea, which has become complicated. Three or four people could go over 1,000 applications. Most landowners could develop plans on their own.

-You don't need more people, you need to do it better. You need to put more responsibility on landowners to get the plans done correctly.

185 MAUL: Initially, we set up this program if we did the plans. There are several ways this could be done.

-If landowners, consulting foresters, master woodland managers or industrial foresters could do the plans it would reduce the department responsibility to certifying the plans and doing some spot checks. That would reduce the field workload to under 3 FTE's.

203 REP. DOMINY: There are two concepts in this bill:

-One is how people would get back capitalized income.

-The other is how you decide who has a good plan.

-Section 3 is where the cost comes in.

-Don't we already have a good management plan?

-Is the cost in developing the plan?

-Could we change section 3 to get the cost down?

216 MISEK: If you no longer wanted to require plans to be approved by the State Forester, you could delete "approved management plan" from section 3.

-The Department of Forestry feels those management plans are important to help landowners take a look at the resource they have.

-We're not the only ones who can develop management plans.

-He is in favor of an approved management plan, but he wants to develop administrative rules where the content of the plan is established.

-The costs could be reduced if the Department of Forestry did not do the plans.

-Our initial estimate was if the department did all the plans.

-We could provide you with a fiscal impact statement that could show you the reductions with other scenarios.

CHAIR SCHROEDER: You're presenting a worse case scenario?

MISEK: It's straight forward--the Department of Forestry has all the responsibility rather than shifting the responsibility to the landowners.

-There will still be department responsibility to go to meetings and work with landowners on how to develop management plans.

262 REP. JOSI: Do you charge the woodland owner if you develop the plan?

MISEK: No.

REP. JOSI: This bill hinges on the management plan.

-In order for this bill to work the plans need to be streamlined for the landowners to be able to develop them.

283 REP. DWYER: Could we charge fees for these services?

MAUL: That is an option.

MISEK: We have to make sure the fee is not so high that it overshadows the tax deduction.

-It wouldn't cost much for the department to review the plans.

REP. MEEK: Doesn't think the department needs to write rules. You need to establish a process where people can check off what needs to be done. You then review whether or not they are meeting the requirements.

-He would like to relieve the department of the responsibility of writing rules.

MISEK: Appreciates the concern about the level of FTE's required.

-In a forest situation no two things are exactly the same. The laws would have to be written broadly enough to take in the exceptions and allow for regional diversity and be able handle each situation differently.

-Administrative rules are responsive to regional differences and allow the foresters flexibility to work things out with the landowners.

-He encourages the committee to put in the law what they intend to do so the department can focus on the intent.

-He likes to work with the landowners and be able to deal with their individual concerns. He wants the law to work for the good of the state.

396 REP. VANLEEUWEN: What if the bill were amended so that on page 2, line 8 we changed the size from 10 acres to 5 acres? What if we changed REP. HOSTICKA's amendment so the deductions can be seven years or 10 years instead of five years?

422 MAUL: Doesn't think going from 10 acres to five acres would affect anything.

-He has no idea on the effect of increasing the deduction to seven or 10 years.

REP. DWYER: If we charged fees for the department's services we wouldn't allow them to get too expensive.

-You must have some idea of the time involved to review management plans for various sized properties.

-Small woodland owners don't have the benefit of professional expertise. Small woodland owners who want to learn the science have the ability to work with the extension agent and department to develop management plans.

-Without this bill aren't the services of the department and Extension Service already available to the small woodland owners?

TAPE 34, SIDE B

026 MISEK: Extension agents could give courses in developing management plans. Small woodland owners probably don't have access to the State Forester for individual assistance.

-The State Forester doesn't have the manpower or ability to visit every landownership and provide management plans. We are not funded nor do we ever want to get funded for that level of assistance.

-Working with the Extension Service is one way to develop management plans on those lands.

CHAIR SCHROEDER: The extension and service foresters are working together.

REP. DWYER: Overseeing the management plans increases your workload. You are concerned that the costs might discourage participation.

-You have the ability to charge graduated fees that wouldn't diminish small woodland owner participation.

-Larger owners may have the technical expertise.

-The state is giving tax breaks to encourage the growing of trees and should not have to support the program.

061 MAUL: We have some standards on what it takes to do a 100 acre plan or a thousand acre plan.

-For a landowner with 10 or 15 acres we give them a basic format of the plan with instructions. To certify them all we do is check to see if the plan is correct. We're only looking at a maximum of one hour for review.

-A 1,000 acre plan by a consulting forester may only take an hour to go through.

-We would not be spending hours to review management plans.

REP. DWYER: Why couldn't you come up with an affordable fee?

MAUL: We could come up with a fee. We want to insure the fee doesn't discourage the landowner.

CHAIR SCHROEDER: This might be a better discussion for a work session.

090 REP. DOMINY: Adopting rules tends to add costs and makes things more complex and exclusive rather than inclusive.

-What's wrong with including a simple statement such as, "must comply with the Forestry Act"?

-Government tends to want to continue to grow.

-Why do we need more rules when it can be tied to the Forestry Act?

-Assume everyone will be honest.

CHAIR SCHROEDER: Page 4, lines 11 and 12 talks about meeting the requirements of the Forest Practices Act.

MISEK: Agrees that we have to take the approach that people are honest.

-He is in favor of making sure this is available to woodland owners.

-There are a number of lands that are not actively managed.

-We want to change the fabric of owners and show them that they have

legal obligations for forestland ownership.

-There are number of ways to remind people that if they own forestland they need to manage it.

-He agrees with REP. DOMINY's point. How that is developed and implemented in the bill is something that needs to be wrestled with.

142 REP. JOSI: What's the incentive for small woodland owners to develop management plans if the department does them for free?

MISEK: The incentive is they can't always get assistance from the State Forester.

-Service foresters and extension foresters are working to the maximum.

-We are referring larger ownerships to the Extension Service.

-Our objective is to get as much management as possible.

-There aren't enough people to go around.

REP. JOSI: Are they put on a waiting list and encouraged to go to the Extension Service or a private forester?

176 MAUL: In some cases that's correct.

-There are a number of options.

-Landowners want to do it themselves and they will ask questions.

REP. JOSI: You're not doing the plans because you don't have the time and are encouraging people to develop their own plans.

-Wouldn't it prudent to develop a policy that you don't produce forest management plans?

MAUL: That would leave out an option for the landowner.

-That is an option, but we would hate to restrict the landowner.

CHAIR SCHROEDER: There is a built in incentive; they don't start expensing until the management plan is completed.

210 REP. NORRIS: If a person can substantiate their expenses, why should we make it so complicated?

CHAIR SCHROEDER: We're dealing with the policy and spending time with the Revenue and Ways and Means aspects.

233 REP. MEEK: The key is section 3. We could delete the entire section or on page 1, line 12 delete, "all as determined ... by administrative rule".

-We want to encourage business and not regulate it so much that they don't want to do it.

REP. NORRIS: Was hammering the process and not the department.

CHAIR SCHROEDER: Closes the Public Hearing.

-He recesses at 9:33 A.M.

-He reconvenes the meeting at 9:44 A.M.

-We will have a Work Session on HB 2318 a week from Thursday.

PUBLIC HEARING ON HOUSE BILL 2319 -- EXHIBITS E, F & G

Witnesses: Bernie Agrons, Retired State Representative Jane Myers, Oregon Forest Industries Council Joe Misek, Forest Tax Specialist, Department of Forestry Rick Main, Manager, Timber Tax Programs, Department of Revenue Gary Carlson, Oregon Small Woodlands Association

279 BETH PATRINO: Describes the bill (EXHIBIT E).

289 BERNIE AGRONS: This bill was drafted at the request of the small woodland owners.

318 JANE MYERS, Oregon Forest Industries Council: Presents testimony in support of HB 2319 (EXHIBIT F).

391 CHAIR SCHROEDER: Is there any change in the revenue to the counties and schools?

MYERS: This is revenue neutral.

REP. NORRIS: Does this tie into the taxation issue that the Committee on Revenue and School Finance are dealing with?

MYERS: HB 2550 does not change the forestland index.

-OFIC has amendments to HB 2550 which deal with the severance tax portion of this law.

REP. NORRIS: This is not incompatible with HB 2550?

MYERS: No.

413 REP. DOMINY: Refers to page 2, lines 18 to 20 of HB 2319.

-What does the change to the assessment year do?

MYERS: It tells the department to calculate the forestland index.

REP. DOMINY: Does it change how the tax year is calculated?

MYERS: No.

453 REP. VANLEEUEWEN: Refers to page 1, lines 14 to 16.

-What is the difference between the forestland index and the adjusted moving average percentage?

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025 MYERS: Some of the changes were made to clarify the language.

-This says the value of the forestland is the 1991 value multiplied by the forestland index calculated by the department.

-It is no longer the moving average percentage change; it's one-half of the moving average percentage change.

047 JOE MISEK: The Department of Revenue will calculate the index. They administer this program.

-He presents testimony on HB 2319 (EXHIBIT G).

097 REP. DWYER: Would like this to apply to home values. We're adjusting the figure artificially to allow for the peaks and valleys. Are we saying that the market value is 50 percent for tax purposes?

MISEK: Home values do not fluctuate as much as timber values.

-He refers to "HB 2319 Example" (EXHIBIT G).

-Depending on the forestland values, it doesn't always result in a tax reduction. It smooths out the curve up or down.

156 REP. DWYER: What's the revenue impact on the counties?

-He thinks there would be a significant impact.

MISEK: Over the long run there would be no impact. Stumpage prices are cyclical and do not strictly increase.

REP. DWYER: It may be cyclical for the short-term, but he doesn't think history supports his argument.

REP. MEEK: Concurs there will be a revenue impact on the counties.

-Pre-Measure 5; it would have no revenue impact.

-Under Measure 5; the counties are limited by the fixed rate.

-If the value is decreased because of the new formula the rate the county can collect is fixed. Previously, they could levy a higher rate to collect the same amount of revenue.

210 RICK MAIN, Manager, Timber Tax Programs, Department of Revenue: There would be a revenue impact on the counties if there were rising stumpage values.

-The counties would be protected when the timber values were on the downward side.

-The bill would smooth out the changes in the forestland values.

-The values have been going up the last two or three years. When that increase is limited by 50 percent the swing is decreased.

239 REP. DWYER: With Ballot Measure 5 we go from a budget-based roll to a rate-based roll.

-He can see a tremendous impact on a rate-based system as opposed to a budget-based system.

MAIN: That is essentially true.

-As we move to a rate-based system the values of property become much more important in determining taxes.

-To the extent that value is decreased by this proposed index, that would have a future effect on the county.

-The forestland index is not a method of determining the market value of property. It is a formula to come up with assessed value.

-Under Measure 5 the limitation on forestland value will be based on real market value (RMV) of forestland property.

-There is a bill to set RMV equal to assessed value. There is a difference between the value computed by an index and RMV, because the rate can go above the limit. The limit will be based on the RMV amount and not based on the index.

277 REP. VANLEEUEWEN: RMV is the real market value?

MAIN: Correct.

281 REP. NORRIS: Is this a property tax paid on the land and the severance tax is a different issue?

MAIN: There is a tax on the bare land.

REP. NORRIS: This removes the trees from the property tax bill?

MAIN: Correct.

REP. NORRIS: When the trees are cut then the severance tax is paid?

MAIN: Correct.

MISEK: The Department of Forestry supports the bill.

303 CHAIR SCHROEDER: We need to look into the impact of Measure 5.

-Did you say it won't impact this?

MAIN: It's a very complicated issue and we have not done a full analysis of what the revenue impact would be.

-The value does become more important on a rate-based system. As values go up more taxes can be collected.

-The effect of the index in HB 2319 is a smaller percentage of the increase in value in a rising timber market.

-There will be a smaller decrease in value in a falling timber market.

-Another aspect of the bill is that it moves away from using young growth douglas fir to measure the index. It moves towards all species and grades of timber harvested in Western Oregon.

336 GARY CARLSON, Oregon Small Woodlands Association: We support the bill.

-He presents a history of forestland values.

-Washington values are less than half of the property values in Oregon.

413 CHAIR SCHROEDER: What impact would this have on the small owners?

CARLSON: That's difficult to predict.

-The bill may not have any impact on the counties in the early stages of Measure 5.

TAPE 36, SIDE A

009 REP. DWYER: There are bills in the Committee on Revenue and School Finance dealing with the policies of Measure 5.

-It bothers me that we have to deal with these issues when we don't know what policy they're dealing with.

CARLSON: This bill has a subsequent referral and he suspects the subcommittee will look at it in the total picture.

CHAIR SCHROEDER: That's why the Revenue Committee wants these bills as soon as possible.

REP. VANLEEUEWEN: Thanks JOE MISEK for his example.

CHAIR SCHROEDER: Closes the Public Hearing.

WORK SESSION ON HOUSE BILL 2322 -- EXHIBITS H & I

CHAIR SCHROEDER: Opens the Work Session.

034 BETH PATRINO: Describes the bill.

-She refers to the Revenue Analysis (EXHIBIT H).

-She refers to the Proposed Amendments to House Bill 2322, HB 2322-1, dated 3/4/91 (EXHIBIT I).

REP. DWYER: Does the revenue impact take the amendment into consideration?

BETH PATRINO: No.

REP. DWYER: Would like to hold action until we consider the amendment.

062 REP. DOMINY: Would like an explanation of the amendments.

BETH PATRINO: The amendments do two things; they reduce the minimum acreage to five acres and they require the timber be held for 48 months.

REP. DOMINY: Would also like to hold action until we see a revised revenue impact.

CHAIR SCHROEDER: Did TERRY DRAKE have the amendments before he did the analysis?

BETH PATRINO: No.

078 REP. VANLEEUEWEN: Does one undo the other?

REP. DWYER: If you take the capital gains from 10 acres to five acres you double the revenue impact.

-It would have an adverse impact.

REP. DOMINY: The other option would be to move the bill in its original form.

MOTION: REP. DOMINY: Moves to adopt House Bill 2322 and send it to the Committee on Revenue and School Finance by prior consideration.

REP. NORRIS: Doesn't remember where the amendments came from.

098 JOE MISEK: The department suggested the timber be held for 48 months to help insure the capital gain benefit was claimed by those people actually investing in and managing the land.

REP. DWYER: Doesn't want to give tax breaks for people who export timber.

-How do we protect the state's interest and see that the incentives don't exist if the logs are exported?

MISEK: Can't answer.

REP. DWYER: Would like that question answered.

134 BERNIE AGRONS: That's a good question. We are interested in encouraging people to invest in timber for the state's interest and benefit.

-This bill is related to HB 2318, expensing. Both are tax incentives that used to be in the tax law. They were withdrawn in 1986 and were a death blow to private investment in forestry.

-The interim committee wanted to provide an example to the Federal Government and put things back where they were.

-There are a number of ways to approach the export issue. That's an important issue, but that doesn't belong in this bill.

-These incentives need to stand alone.

CHAIR SCHROEDER: The bill has a \$3 million impact? If the minimum is decreased to 5 acres and the holding is increased to 48 months, what impact would that have?

204 TERRY DRAKE, Legislative Revenue Office: The total amount of annual harvest from small woodlots is about 20 million board feet. The total estimate for non-industrial owners of 5,000 acres and under is about \$.5 billion.

-By moving the minimum from 10 acres to 5 acres the change is imperceptibly minimal; zero.

-Moving from 24 month to 48 months would decrease the \$3 million a couple of hundred thousand dollars.

-He would have to rerun some assumptions. It would marginally decrease the impact.

-The total harvest from the owners who choose the Western Oregon Small Tract Optional Tax is 20 to 25 million board feet. It appears that most of the volumes are in the 1,000 to 5,000 acreage.

-He was surprised the smaller woodlots did not have a higher proportion of the volume.

248 CHAIR SCHROEDER: The change to five acres is minimal and the change to 48 months would have between a \$100,000 and \$200,000 impact?

DRAKE: Those are estimates driven by the assumptions.

AGRONS: From a policy standpoint he likes the 48 months.

-We're trying to get people to invest in growing timber.

-48 months addresses itself to the timber grower not to the brokers.

REP. VANLEEUEWEN: Wonders if the maker of the motion would take a friendly amendment.

REP. DOMINY: Withdraws the motion.

281 MOTION: REP. DOMINY: Moves to adopt HB 2322-1, Proposed Amendments to House Bill 2322, dated 3/4/91.

REP. JOSI: Likes going from 10 acres to 5 acres. The 10 acre minimum has been written into law in a number of places, would this open things up to changing the law throughout the books?

REP. DOMINY: One change sets no precedents

MISEK: The 1989 session changed the 10 acre standard to a five acre standard for the 30 percent tax credit.

REP. DWYER: The Legislature is not bound by precedent.

325 CHAIR SCHROEDER: Hearing no objection the motion is adopted.

-TERRY DRAKE, could you refer to your comments on the bottom of the impact statement?

DRAKE: You've included the possibility of some corporate ownerships for this tax credit.

-He raises this as a policy issue. Regular corporate ownership wouldn't qualify under the amendment to ORS 316, although they are included in the ownership criteria.

362 AGRONS: For the most part we're talking about small landowners. He would not hesitate to include family corporations.

CHAIR SCHROEDER: Would we have to have additional wording?

DRAKE: You would have to add similar language to ORS 317 and ORS 318.

AGRONS: This could be accomplished by the Committee on Revenue and School Finance.

REP. DWYER: If the Revenue and School Finance Committee wants to make policy and revenue let's not hear these bills.

-He has no objections to the amendments. We ought to do the amending here and then send the bill to the Committee on Revenue and School Finance.

407 CHAIR SCHROEDER: TERRY DRAKE AND JOE MISEK get together with BETH on how this can be done and then we'll take care of this a week from Thursday.

AGRONS: You could do it in concept.

REP. JOSI: Can't see why we need to hang on to this any longer.

CHAIR SCHROEDER: Should we propose amendments to ORS 317 and 318 for Revenue to look at?

435 REP. DOMINY: We'd be better to slow it down and do it right. Waiting a week would do no harm.

CHAIR SCHROEDER: Has told Revenue they'd have this next week.

REP. DOMINY: Is uncomfortable with adopting amendments in concept.

CHAIR SCHROEDER: Get together with BETH and we'll move on this next Thursday.

-He adjourns at 10:53 A.M.

Submitted by: Reviewed by:

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

EXHIBIT LOG:

A - Amendments to HB 2318 - Rep. Hosticka - 2 pages
B - Forest Tax Comparisons - Department of Forestry - 1 page
C - Fiscal Analysis of HB 2318 - Staff - 1 page D-Testimony on HB
2318 - Joe Misek - 2 pages E-SMS/Fiscal/Revenue impacts for HB 2319 -
Staff - 3 pages F-Testimony on HB 2319 - Jane Myers - 2 pages
G-Testimony on HB 2319 - Joe Misek - 3 pages H-Revenue Analysis of HB
2322 - Staff - 1 page I-Amendments to HB 2322 - Staff - 1 page