

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 26, 1991                      Hearing Room F 8:15 A.M.                      State Capitol  
Tapes 50 - 53

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 2148 - PUBLIC HEARING HB 2741 - PUBLIC HEARING  
HB 2319 - WORK SESSION HB 2320 - WORK SESSION HB 2243 - WORK SESSION HB  
2245 - WORK SESSION

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TAPE 41, SIDE A

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

PUBLIC HEARING ON HOUSE BILL 2741 -- EXHIBITS A, B & C

Witnesses: Rep. Bruce Hugo, District 1 Carolyn McGreevy, Public Affairs, James River Corporation Don Rice, Supervisor, Fiber Farm, James River Corporation Allen Willis, Manager, Governmental Affairs, Boise Cascade Corporation Chuck Wierman, Cottonwood Project Manager, Boise Cascade Corporation Charlie Stone, Forest Practices Operations Unit Manager, Department of Forestry Phil Ward, Department of Agriculture Scott Ashcom, Northwest Christmas Tree Growers Association Marshall Coba, Oregon Farm Bureau

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

014 REP. BRUCE HUGO, District 1: Presents testimony in support of HB 2741.

-HB 2741 is an extension of a bill we passed last session where we exempted the same kind of trees from the severance tax.

-These trees are really a fiber source.

-We thought we exempted them from the Forest Practices Act, but the

State Forester would like us to clarify that.

-There is a bill in the Committee on Revenue and School Finance which exempts the same trees from the severance tax in Eastern Oregon.

033 REP. VANLEEUEWEN: Page 2, line 1, may not say what you want it to.

-Does it mean it's subject to irrigation or does it have to be cultivated and irrigated?

REP. HUGO: It has to be cultivated and irrigated.

-We're limiting this exemption only to trees cultivated like a crop.

-He was concerned about that, because he was concerned it wouldn't work in eastern Oregon.

-Boise Cascade will be testifying that they will be dealing with this same situation in eastern Oregon and they will be irrigating.

REP. VANLEEUEWEN: What if you have ample rain and don't irrigate?

REP. HUGO: They would not be subject to this bill.

REP. VANLEEUEWEN: We don't always have to irrigate crops on this side of the mountain.

-She thought this language was tighter than you want.

REP. HUGO: It is tight, but not so tight to be restricted for the use.

-Green River and Boise Cascade agree this is fine.

CHAIR SCHROEDER: Most years it would have to be irrigated.

REP. HUGO: Refers to page 1, line 32. These trees are harvested on a cycle of every ten years.

067 REP. MEEK: Instead of identifying hardwoods or Christmas trees wouldn't anything harvested on a 10 year rotation basis be included?

REP. HUGO: The Forest Practices Act is very stringent. We want this to apply to harvested crops. We're only asking for a very narrow exemption.

087 REP. NORRIS: Thought this covered eastern Oregon?

REP. HUGO: This will cover eastern Oregon for exemption from the Forest Practices Act.

-Last session we only exempted these trees from the Western Oregon Severance Tax.

106 CAROLYN MCGREEVY, Public Affairs, James River Corporation: Submits and explains an amendment (EXHIBIT B) adding an emergency clause.

120 REP. DWYER: Why the emergency?

MCGREEVY: We have scheduled a harvest of cottonwoods and would like to have the regulations on the forest practices clarified before harvesting

begins.

REP. DWYER: How will this bill affect your harvest? You're already exempted from harvest taxes.

130 DON RICE, Supervisor, Fiber Farm, James River Corporation: It's a question of clarifying things with the Department of Forestry.

REP. DWYER: You need a law to do that?

CHAIR SCHROEDER: We probably need a clarification from CHARLIE STONE. You're allowed at least one year before you're required to replant. You may not need this if that's the case.

-We'll take the emergency clause into consideration.

RICE: Presents testimony in support of HB 2741 (EXHIBIT C).

-Our understanding about the qualification of irrigation is that the wording is identical to the wording in the bill last session.

-This question was raised in discussion. It was felt this was a list of types of activities and not mandatory activities.

200 REP. DOMINY: What do you do when you harvest?

RICE: He passes around a book of photographs illustrating a harvest and then he describes harvesting techniques.

CHAIR SCHROEDER: Line 28 talks about plowing or turning over the soil. Do you feel comfortable with that language?

-There are other methods of turning over the soil.

RICE: With the "such as", we are comfortable with the term.

250 REP. VANLEEuwEN: You might want to use "cultivation" and some other term.

CHAIR SCHROEDER: You might want to consider alternative wording.

REP. NORRIS: We could have a general application, "prepared by tillage appropriate to the soil conditions". The term "such as" permits that particular thing.

CHAIR SCHROEDER: Do you have any objections to "tillage appropriate to the soil conditions"?

RICE: No, that's a good clarification.

CHAIR SCHROEDER: We'll check with the Department of Forestry and you think about it.

REP. NORRIS: We may need to modify other sections for consistency.

RICE: On page 2, line 1 it might be appropriate to change "and" to "or".

REP. VANLEEuwEN: Thinks page 2, line 1 is okay.

-She is sure you have to fertilize it to make it grow the way you want.

RICE: We have a fertilization program. We don't have to do annual fertilization west of the Cascades.

CHAIR SCHROEDER: What kind of fertilizer do you use?

RICE: We use a variety of things and we have an intensive research program going on.

CHAIR SCHROEDER: There is a concern of putting too much nitrogen into the soil.

RICE: We started with annual fertilization, but backed off to as needed applications.

315 REP. NORRIS: Refers to page 2, line 1.

-He supports the bill, but if we mandate the crop will be irrigated there could be a problem with water rights.

-Is this on land where water rights currently exist?

RICE: The lands we are currently managing are river bottom, flood plain properties. They are irrigated by a natural sub-irrigation process.

-He is not aware of a water right associated with that process.

-Some of the districts have water rights and have inlets from the river system. Most of it is natural seepage water.

-That's a valid question.

REP. NORRIS: Are you running into trouble with wetlands?

RICE: Yes.

REP. NORRIS: Hates to see irrigation mandated.

-Add "where appropriate" or some such words to qualify it.

363 REP. DOMINY: If you don't water you won't get the hybrid you want and the tree won't grow as fast as you want?

RICE: It depends on the site. Water availability is critical.

REP. DOMINY: We don't have to put irrigation into the bill. You'll irrigate anyway, won't you?

RICE: That's correct.

CHAIR SCHROEDER: Irrigation may be a limiting factor.

393 REP. VANLEEUEWEN: Page 2, line 1 could be changed to read, "fertilized" and then "subject to insect and disease control, cultivation and irrigation".

REP. NORRIS: We could say, "irrigated as necessary and permissible".

REP. DWYER: We could delete "and irrigate"?

REP. MEEK: Stop it after "disease control"?

CHAIR SCHROEDER: Let's hold this discussion until work session.

TAPE 51, SIDE A

001 ALLEN WILLIS, Manager, Governmental Affairs, Boise Cascade Corporation: We support the amendment to ensure there is no problem this summer.

-There is identical language contained in SB 799 from last session and in HB 2883, that will come up this session.

-If the committee chooses to adopt the bill as written, there will be no problem.

-If there is a problem, he would be willing to work with anyone to address it at a later date.

037 CHUCK WIERMAN, Cottonwood Project Manager, Boise Cascade Corporation: Presents testimony in support of HB 2741 (EXHIBIT D).

-The only major difference on the east side of the mountains is the question of irrigation. We feel this is important to help us to justify the expense and risk involved in irrigation on lands that already have current water rights.

REP. NORRIS: My concerns with irrigation were more universal.

-If the law says you will irrigate, he's worried about the water right issue.

WIERMAN: You're correct.

059 CHARLIE STONE, Forest Practices Operations Unit Manager, Department of Forestry: Presents testimony in support of HB 2741 (EXHIBIT E).

-The department supports the emergency clause. If we followed through on the Forest Practices Act we'd be requiring notifications and inspections on the operations.

-Suggests language on page 2, line 1, "subject to intensive agricultural management practices such as ...."

CHAIR SCHROEDER: Would that cause a problem with the other bill?

STONE: Doesn't know if it matters or not.

CHAIR SCHROEDER: Thanks him for clarifying the emergency clause.

097 PHIL WARD, Department of Agriculture: Testifies in support of HB 2741.

105 SCOTT ASHCOM, Northwest Christmas Tree Growers Association: Testifies in support of HB 2741.

-The language on lines 24 and 25 should be kept the way it is.

112 MARSHALL COBA, Oregon Farm Bureau: Testifies in support of HB 2741.

REP. NORRIS: There is growing interest in this type of agriculture. It's important this bill passes.

REP. VANLEEUVEN: Why does it exempt Christmas trees? Aren't they already exempt?

STONE: That's correct. Growing Christmas trees was already exempted in the Forest Practices Act.

-We defined forest tree species as a new item and used the Christmas tree definition here.

REP. VANLEEUVEN: It does what's already there.

CHAIR SCHROEDER: It clarifies it.

-He closes the Public Hearing.

WORK SESSION ON HOUSE BILL 2741

CHAIR SCHROEDER: Opens the Work Session.

151 MOTION: REP. NORRIS: Moves to amend House Bill 2741. On page 2, delete line 1 and insert "(D) Subject to intensive agricultural practices such as fertilization, insect and disease control, cultivation and irrigation."

CHAIR SCHROEDER: Hearing no objection the motion passes.

REP. VANLEEUVEN: There's the emergency clause and one other modification on page 1, lines 27, 28 and 29.

178 MOTION: REP. MEEK: Moves to adopt the emergency clause.

CHAIR SCHROEDER: Hearing no objection the motion passes.

REP. VANLEEUVEN: Someone made a suggestion to amend page 1, lines 27, 28 and 29.

REP. NORRIS: Doesn't "such as" relieve them from any specific method of tillage?

REP. VANLEEUVEN: What if we ended it after "intensive cultivation methods" on line 27?

CHAIR SCHROEDER: ALLEN, you indicated the wording was okay.

202 WILLIS: If you amend this there will be a lack of uniformity between the exemption from the Forest Practices Act and the severance tax. We're trying to prevent problems in the future. You may have to amend the statute that contains the language in what was SB 799 and also amend HB 2883.

-These are good suggestions.

-How far does the committee want to go in keeping the language uniform?

REP. VANLEEUVEN: On page 1, line 20, if we put a period after "cultivation methods" it could cover what was in the other language.

Let's not make it any more restrictive than it has to be.

WILLIS: Agrees, we were just trying to keep the language uniform.

246 REP. DWYER: It's been working. It's not a big deal to change it.

-For the sake of consistency he is inclined to leave it alone.

257 MOTION: REP. VANLEEUVEN: Moves amend page 1. On line 27 after "methods" insert a semicolon and delete lines 28 and 29.

CHAIR SCHROEDER: You're going to delete "which is cleared ... after tree planting"? That's crucial language.

270 MOTION: REP. MEEK: Moves to amend the motion. On line 28 delete "such as plowing or turning over the soil".

REP. VANLEEUVEN: That's agreeable.

STONE: We have no problem with that.

CHAIR SCHROEDER: Hearing no objection the motion passes.

MOTION: REP. VANLEEUVEN: Moves House Bill 2741 as amended to the Floor of

the House with a do pass recommendation.

REP. DWYER: We have a policy to see the amendments before we move the bill.

REP. VANLEEUVEN: Withdraws the motion.

PUBLIC HEARING ON HOUSE BILL 2148

CHAIR SCHROEDER: Opens the Public Hearing.

323 BETH PATRINO: Presents an update on the bill.

CHAIR SCHROEDER: Closes the Public Hearing.

WORK SESSION ON HOUSE BILL 2148

Witnesses: Bill Cook, Department of Forestry

CHAIR SCHROEDER: Opens the Work Session.

339 MOTION: REP. DWYER: Moves House Bill 2148 to the Committee on Revenue and School Finance with a do pass recommendation.

REP. VANLEEUVEN: This was where the Department of Forestry bought up land to pay off the debt?

360 BILL COOK, Department of Forestry: Describes the bill.

CHAIR SCHROEDER: It's out of the trust funds that would be going back?

COOK: Correct.

REP. VANLEEUVEN: Who owns these lands?

COOK: They are County Trust Lands deeded to the Board of Forestry. The revenue is sent back to the counties.

REP. DWYER: It's with the counties' permission.

404 VOTE: The motion carries unanimously.

WORK SESSION ON HOUSE BILL 2243 -- EXHIBIT

Witnesses: Jim Brown, State Forester Gary Carlson, Oregon Small Woodlands Association Ray Wilkeson, Oregon Forest Industries Council

CHAIR SCHROEDER: Opens the Work Session.

BETH PATRINO: Updates the bill.

TAPE 50, SIDE B

004 REP. DWYER: JIM BROWN was going to tell us about the 100 percent funding.

008 JIM BROWN, State Forester: HB 2243 provides the funding for the Forest Practices Act.

-The bill retains the 60/40 split, 60 percent General Fund, 40 percent harvest tax.

-He describes the proposed amendments, which would fund the Forest Practices Act and fire protection fund 100 percent out of the harvest tax.

-The amendments make the bill consistent with the Governor's recommended budget.

018 REP. MEEK: What's the recommendation?

BROWN: Explains.

REP. MEEK: What would that shift the percentage to?

BROWN: The current rate is \$.16 per thousand board feet.

REP. MEEK: It would be 100 percent out of the harvest tax?

BROWN: Correct.

REP. MEEK: There are other timber tax bills, what are we dealing with in total?

-The policy issue was raised having harvestable timber supporting forestland protection.

-He can't support the amendments. He doesn't understand why those who have trees to cut down have to pay for all of the fire protection.

054 REP. DOMINY: Where does this go?

BROWN: Ways and Means.



055 MOTION: REP. DOMINY: Moves House Bill 2243 to the Ways and Means Committee with a do pass recommendation.

REP. NORRIS: That's with the 60/40 split?

-If we charge the timber growers 100 percent we should eliminate all public interest in timber and say the growers can do whatever they want with it.

REP. JOSI: Supports the bill and concurs with REP. NORRIS.

-He has concern if the money is not there. He doesn't know what else can be done except fund it 100 percent from the harvest tax.

REP. NORRIS: If we're not willing to fund it, we don't regulate it.

REP. JOSI: We won't be able to do that either.

CHAIR SCHROEDER: Ways and Means has an amendment for a 50/50 split.

REP. DWYER: We can send it with no recommendation and let Ways and Means deal with it.

CHAIR SCHROEDER: They'll fool with it anyway.

REP. DOMINY: It's important that we send a message that the 60/40 split is appropriate.

-Ways and Means has a right to change it if they want.

101 REP. DWYER: The industry has been dealing in the Revenue and School Finance Committee.

-He doesn't think Ballot Measure 5 was a mandate to continue General Fund monies when these people are being given other benefits.

-Ways and Means has the big picture. We ought to let them deal with it.

CHAIR SCHROEDER: The forest industry has a credibility situation.

-We could be in trouble if we don't do a good job administering the Forest Practices Act.

126 GARY CARLSON, Oregon Small Woodlands Association: Ways and Means will do whatever they please, no matter what you recommend.

-The major decision is, are the resources available and what will it take to do the job?

-We don't want the tax burden increased on the timber growers.

141 CHAIR SCHROEDER: Should we continue the 40/60 split?

CARLSON: That's our preference.

143 RAY WILKESON, Oregon Forest Industries Council: Supports the 60/40 funding split.

-The total cost of the Forest Practices Act is going up and we don't know what the cost will be.

-OFIC supports adequate funding for the program.

-There is a good argument for revenue sharing between the harvest tax and General Fund.

CHAIR SCHROEDER: You're still proposing the 40/60 split?

WILKESON: Yes.

169 REP. MEEK: The crux of the matter is preventing forest fires and having a forest management plan to contain the fires.

-We do not have a plan to look at stopping forest fires. What we've done in the past doesn't work.

-He would love to work on a program on how to contain forest fires. There isn't enough money to stop a forest fire.

REP. VANLEEUEWEN: Isn't that the next bill?

CHAIR SCHROEDER: The Industrial Forest Fire Protection Fund is not mentioned in the original bill. Does the relating clause cover the industrial fire protection program?

BROWN: The amendments do.

REP. DWYER: Is it 60 percent General Fund?

BROWN: Yes.

REP. DWYER: How much money does it amount to?

BROWN: It's \$.16 a thousand board feet. The total budget recommendation is about \$9 million.

REP. DWYER: It would be 60 percent of \$9 million?

BROWN: Correct.

CHAIR SCHROEDER: Any comments about what GARY and RAY have said?

BROWN: The recommendation for the amendments was based on two factors:

- 1. Ballot Measure 5 and the reductions the agency was asked to make.
- 2. Landowners who have active operations are causing us to have to inspect for forest practices and industrial fires. We recommended to the Governor that they pay for that inspection program through the harvest tax.

CHAIR SCHROEDER: RAY and GARY, you didn't discuss the fire protection program. That adds a new direction.

CARLSON: Was that in the other bill?

CHAIR SCHROEDER: It might be in HB 2245.

BROWN: It's not in HB 2245.

-It's only in the proposed amendments.

CHAIR SCHROEDER: If we leave it 40/60, could we put in this amendment about the fire protection program?

-He reads the second paragraph of the proposed amendments.

-Could that language be amended without changing the 40/60 split?

BROWN: The policy question is should the General Fund pay for 100 percent of the industrial fire protection or should the harvest tax pay 40 percent and the General Fund pay 60 percent?

CHAIR SCHROEDER: If we don't put that in what happens to the Industrial Fire Protection Fund?

BROWN: It would go away.

REP. VANLEEuwEN: What's the difference between the Industrial Fire Protection Program and the Oregon Forest Land Protection Fund?

BROWN: The Forest Land Protection Fund pays for large catastrophic fires.

REP. VANLEEuwEN: That's all?

BROWN: Yes.

REP. VANLEEuwEN: Where was this taken care of before?

BROWN: It was paid 100 percent by the General Fund.

-We inspect logging sites to make sure they comply with the fire protection laws.

-A lot of forest fires were directly associated with logging in the early 1900's and 1930's.

-A fairly intensive prevention program was put into statute. The General Fund paid for the inspections.

-This program is aimed at that prevention effort.

300 CHAIR SCHROEDER: What percentage of the fires is caused by forestry operations?

BROWN: About 15 percent.

-They tend to be the high cost fires.

REP. VANLEEuwEN: Isn't what you're talking about part of the Forest Practices Act? Why do you have to separate it?

BROWN: They are two different statutes.

322 REP. DOMINY: What happens if we don't put that amendment in the bill?

BROWN: It depends on how Ways and Means reacts.

-The budget is constructed so the industrial fire inspections and forest practices are paid for out of the harvest tax.

REP. DOMINY: If we pass the bill in its current form, things will continue they way they are?

BROWN: Yes.

REP. MEEK: Where does the permit money go?

BROWN: There is no charge for permits.

351 REP. JOSI: The Industrial Fire Protection Program is now funded 60 percent out of the General Fund?

BROWN: It's funded 100 percent out of the General Fund.

REP. DWYER: We have certain responsibilities of government and legitimate expenses out of the General Fund.

-It is a mystery why industrial fire protection has been funded out of the General Fund.

-It should be paid for by those who derive the benefits and cause the problem.

CHAIR SCHROEDER: 15 percent of the fires are caused by logging, 85 percent are from recreation and natural causes.

REP. DWYER: This is the industrial fire protection.

CHAIR SCHROEDER: Do you have an amendment to the amendment?

REP. DOMINY: The bill is on the floor.

REP. NORRIS: Are the privilege tax and harvest tax the same thing?

BROWN: Yes.

CHAIR SCHROEDER: If this is passed without the amendments can you put these amendments in any other place?

416 MOTION: REP. DWYER: Moves to amend the motion by inserting the wording

submitted by the Department of Forestry.

REP. DOMINY: Industrial forest fire protection isn't addressed in the current bill.

-That's a separate issue.

-This bill doesn't refer to that, correct?

BROWN: It doesn't, but deals with the same statute.

REP. DOMINY: Couldn't we put that into another bill?

BROWN: If you found the correct relating clause.

REP. DOMINY: It wouldn't do anything to that particular part.

-We could hold this or attach it to another forest fire bill.

BROWN: This bill and HB 2245 are the only ones left.

REP. VANLEEUEWEN: We could amend subsection 2 of the proposed amendments so those funds can also be used for the Forest Practices Act.

TAPE 51, SIDE B

022 REP. MEEK: There is no language in the Forest Practices Act that allows the department to check fire protection?

BROWN: Not out of the Forest Practices Act.

REP. MEEK: The industrial fire protection program needs to be tied into whatever revenue split there might be?

BROWN: Correct.

-We could work with BETH to come up with an amendment.

CHAIR SCHROEDER: Acknowledges Crane High School students in the audience.

-He recesses at 9:45 A.M.

-He reconvenes at 10:03 A.M.

057 REP. DOMINY: Removes his motion.

REP. DWYER: Withdraws his amendment.

CHAIR SCHROEDER: We'll leave this for a further Work Session.

WORK SESSION ON HOUSE BILL 2245 -- EXHIBITS F to J

Witnesses: Leo Wilson, Administrator, Oregon Forest Land Protection Fund  
Jim Brown, State Forester Ray Wilkeson, Oregon Forest Industries Council  
Gary Carlson, Oregon Small Woodlands Association

CHAIR SCHROEDER: Opens the Work Session.

BETH PATRINO: Updates information on the bill.

-She refers to HB 2245-2, Proposed Amendments to House Bill 2245, dated 3/13/91 (EXHIBIT F) and Hand-Engrossed bill (EXHIBIT G).

080 LEO WILSON, Administrator, Oregon Forest Land Protection Fund:  
Presents testimony on HB 2245 (EXHIBIT H).

Additional information on fire cost is filed as EXHIBIT J.

REP. VANLEEUEWEN: We've got -1 and -2 amendments.

PATRINO: The -1 amendments are also from the Department of Forestry and they've since amended them. That's what the -2 amendments are.

JIM BROWN: We'll explain those.

-He presents a history of the fire protection fund.

-He refers to "Oregon Forest Land Protection Fund Rate Comparisons: HB 224 5" (EXHIBIT I).

-The difficulty is if we have to spend \$10 million a year and we're only collecting \$5 million. Where do we get the extra \$5 million?

-Last time he testified that the General Fund would pay for the insurance. He has to withdraw that recommendation, because it is not consistent with the Governor's budget.

-The proposed amendments would collect the \$10 million.

204 REP. VANLEEUEWEN: The \$10 million is included in the -2 amendments?

WILSON: Yes.

BROWN: We're suggesting a two tiered fee collection system be set up.

REP. MEEK: Isn't sure how it's working.

-The harvest tax is \$.30 for fire?

BROWN: Yes.

REP. MEEK: The original bill recommended increasing that to \$.50?

BROWN: Correct.

REP. MEEK: Is that what you're proposing to levy?

BROWN: Yes.

REP. MEEK: The extra \$.14 would only kick in if costs go over the \$7.5 million?

BROWN: If our costs go over that.

REP. MEEK: Where is that in this pending legislation?

-What assurance can he offer a woodland owner that you will only levy \$.50 unless this fund exceeds that?

238 BROWN: It's on page 3 of the Hand-Engrossed bill, "(4) Notwithstanding ...."

-If the amount of money in the fund is above zero, that extra collection would not take place.

REP. MEEK: Refers to page 2. lines 12 and 13 of HB 2245.

-You currently assess \$20?

WILSON: \$15.

REP. MEEK: On July 1 that would go to \$20.

BROWN: \$5 of that is the minimum lot you can see on the chart (EXHIBIT

I).

-That corresponds to page 3, (c) of the Hand-Engrossed bill.

REP. MEEK: If the fund hits zero it would go from \$20 to \$22 and instead of \$5 it would be \$7?

BROWN: Correct.

288 REP. MEEK: The lot assessment is currently \$20 and would be raised to \$35 and then if the fund reaches zero you would collect an additional \$9?

BROWN: Correct.

-Refers to the chart (EXHIBIT I). This shows the increases if the fund were at zero.

CHAIR SCHROEDER: Is the surcharge presently \$20?

WILSON: The surcharge is currently \$20. HB 2245 as originally introduced (the middle bar graph) shows an additional lot assessment.

327 BROWN: Currently nothing from the minimum lots goes into this fund. The \$5 on page 2, line 13, HB 2245, is the current difference between the \$15 and \$20.

REP. MEEK: Refers to the chart.

-It appears there is an imbalance with the rate of increase and the amount of revenue being collected.

-The percentages don't seem to balance with what the graph is showing.

WILSON: The \$7.7 million estimate is based on a substantial reduction in harvest.

-The harvest was higher than anticipated, but we were instructed to budget at 12.5 billion board feet for the biennium. That's down from 17 billion harvested during the current biennium.

-Everyone is predicting a substantial reduction in harvest.

REP. MEEK: The harvest will be considerably less.

BROWN: All the timber harvested contributes into this.

REP. MEEK: We're increasing the rates, but won't generate the wished for revenues. My feeling is you'll be assessing the full amount in 1992 and 1993.

-He is concerned about the rate increases. They won't be enough, but how much do we increase the rates?

CHAIR SCHROEDER: You have \$35 million insurance on top of the \$7.5 million.

WILSON: We have a \$35 million insurance policy with a \$7.5 million deductible.

-We estimated \$8.3 million would be our average fire cost.

REP. MEEK: The recommended rate is being driven by decreased harvest.

-We won't reach the \$10 million even with the increase of rates, because we won't have enough of a harvest.

TAPE 51, SIDE B

023 REP. DWYER: We don't have any reduced land base. That has to be protected no matter what.

REP. MEEK: Exactly.

REP. DWYER: It's much more difficult to protect that land base and pay for it from a shrinking harvest.

REP. MEEK: That's right.

REP. VANLEEUEWEN: How many privilege taxes do we have?

BROWN: Currently, there are three. We're suggesting a fourth privilege tax?

-They are forest practices, the Oregon Forest Land Protection Fund and research at Oregon State University.

REP. VANLEEUEWEN: Why do we split them up?

BROWN: It's historical and the money goes to different purposes.

-We have one area where we may need help from Legislative Counsel.

058 WILSON: The testimony goes through the amendments step-by-step.

-We discovered the amendment to ORS 477.755 would eliminate the ability of the fund to expend the insurance.

-We're requesting that be withdrawn.

REP. VANLEEUEWEN: Is that the -1 amendments?

WILSON: That shows up in the -2 amendments.

CHAIR SCHROEDER: You're substituting ORS 477.455 in it's place?

WILSON: Yes.

081 REP. VANLEEUEWEN: Are we deleting ORS 477.455 or adding it?

REP. DWYER: We're deleting ORS 477.755 and inserting ORS 477.455.

WILSON: Explains.

REP. MEEK: Now you wouldn't have the \$5 million reserve you talked about at the last meeting?

WILSON: The obligations on the fund for any year are to pay up to the \$7.5 million deductible.



-Our annual expenditure will be limited to \$10 million. The \$15 million ceiling would allow the collection of revenue up to \$15 million and once we reach that ceiling all revenue sources would be terminated.

128 BROWN: Landowners want assurance their responsibilities are limited to \$10 million.

-That's the area Legal Counsel might help us with. We don't have that language with us today.

REP. MEEK: When would you have the next forecast for the timber harvest?

BROWN: April or May.

-He is not sure it will change much.

-Most of the timber that will be harvested is sold and will likely be harvested.

-What will change will be the 1993 to 1995 harvest.

174 WILSON: Continues with a summary of the amendments from page 1 of his testimony.

REP. VANLEEUEWEN: Aren't we talking about the -2 amendments?

BROWN: The -2 amendments sets the base amount. The far right bar of the chart only kicks in when the fund is broke.

WILSON: Continues with section 3.

-He discusses section 4, page 2 of his testimony.

215 REP. VANLEEUEWEN: That assessment is on the acres?

WILSON: On the lot.

-Any lot less than 40 acres will pay the minimum assessment.

-He discusses section 5.

REP. NORRIS: Is the Emergency Fire Fund synonymous with the Oregon Forest Land Protection Fund?

BROWN: Yes. The reason for the confusion is that the committee that provides oversight for this fund is called the Emergency Fire Cost Committee.

REP. NORRIS: The titles are interchangeable?

BROWN: Yes.

241 REP. MEEK: In section 4 were raising the assessment \$20, with \$5 going to the Oregon Land Protection Fund.

-In the -2 amendments, once the fund reaches \$15 million the assessment goes back to \$15?

WILSON: Yes.

-He continues with section 6.

REP. VANLEEUEWEN: Section 6 is now section 5 in the amended bill?

BROWN: Correct.

WILSON: Continues with section 7.

-He discusses section 8.

-He discusses amendments submitted March 12, 1991, page 2 of his testimony.

309 CHAIR SCHROEDER: Which page are you referring to?

BROWN: At the bottom of page 3 of the Hand-Engrossed bill.

REP. VANLEEUEWEN: We're dealing with that in section 8 of the old bill?

WILSON: We talked about that. This is the point it is actually dealt with.

-We are adding complexity to a complex revenue system.

REP. MEEK: What are your options if this bill doesn't pass?

-How much revenue do you expect to raise under the current law and what are your alternatives?

BROWN: We would expect to collect \$5 million a year. We would have to pay for the insurance and have 2.6 million left for fire fighting. If we had \$15 million worth of fires we would have to approach the Emergency Board to make up the difference.

REP. MEEK: What if this passes and you don't generate the \$10 million?

BROWN: It depends on the size of the deficit.

-There are three options.

-1. If there was a revenue stream we could get a loan.

-2. If it was a small amount of money we might be able to cover it through internal cash management.

-3. We'd have to approach the Emergency Board.

WILSON: Continues with amendments on page 3 of his testimony.

403 REP. MEEK: When the fees are cut off are we creating a case where timber won't be harvested to avoid paying the fee?

WILSON: If that became a problem, that would indicate there was money to pay our bills.

BROWN: It goes into effect July 1 of the following year.

-It won't have an impact for most people.

REP. DOMINY: It might help the fire fund even more.

CHAIR SCHROEDER: Would like GARY and RAY to comment.

TAPE 53, SIDE A

011 RAY WILKESON: There is a good argument for the General Fund to pay for the insurance.

-We understand the budget problems.

-We wouldn't oppose the bill if the General Fund payment is removed.

-We don't support the landowner's obligation being increased to \$15 million and don't believe the department is suggesting that.

-The bill should be changed to indicate that the landowners's obligation should not exceed \$10 million.

CHAIR SCHROEDER: Point out where in the bill you are talking about?

WILKESON: The -2 amendments delete section 5.

-He understands why that language needs to be fixed, but we don't want to create another problem.

070 GARY CARLSON: The increases approved last session were substantial.

-Our main concern is the increase in the minimum lot assessment.

120 CHAIR SCHROEDER: Does the minimum lot definition include people that live on the edge of a forest area or does it include the small woodland owner who has 40 acres?

CARLSON: It's a mathematical function of the per acre assessment.

REP. DOMINY: Is the lot described as a forest lot?

CARLSON: Subject to the fire patrol.

REP. DOMINY: Has had constituent concerns about the minimum assessment.

WILKESON: The fees have actually tripled between 1988 and 1989.

160 BROWN: Another part of the policy question is, what mechanism do we use to make sure we have \$10 million in a bad fire year.

-We have suggested we use the traditional landowner assessment.

CHAIR SCHROEDER: Suggests the three of them get a proposal to Legislative Counsel.

-If you disagree we will make the decision.

-He adjourns at 11:09 A.M.

Submitted by: Reviewed by:

Edward C. Klein, Beth Patrino, Committee Assistant  
Administrator

Committee

EXHIBIT LOG:

A - SMS/Fiscal/Revenue impacts for HB 2741 - Staff - 2 pages  
B - Amendments to HB 2741 - Carolyn McGreevy - 1 page  
C - Testimony on HB 2741 - Don James - 3 pages D-Testimony on HB  
2741 - Chuck Wierman - 3 pages E-Testimony on HB 2741 - Charlie Stone -  
2 pages F-Amendments to HB 2245 - Leo Wilson - 3 pages G-Hand-Engrossed  
HB 2245 - Staff - 4 pages H-Testimony on HB 2245 - Leo Wilson - 12 pages  
I-Oregon Forest Land Protection Fund Rate Comparisons - Leo Wilson/Jim  
Brown - 1 page. J-Additional fire cost information - Leo Wilson - 4  
pages.