

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

May 23, 1991 Hearing Room F 8:15 A.M. State Capitol Tapes
114 -115

MEMBERS PRESENT: REP. WALT SCHROEDER, Chair REP. LIZ VANLEEUVEN,
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: SB 364 A - PUBLIC HEARING SB 519 A - PUBLIC
HEARING SB 900 A - PUBLIC HEARING SJM4 - PUBLIC HEARING

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TAPE 114, SIDE A

003 CHAIR SCHROEDER: Calls the meeting to order at 8:19 A.M.

PUBLIC HEARING -- A-ENGROSSED SENATE BILL 364

Witnesses: Rep. Ray Baum, District 58 Joe Cortright, Executive Officer,
Trade and Economic Development Committee George Brown, Dean of the
College of Forestry and Director of the Forest Research Laboratory,
Oregon State University Ray Wilkeson, Oregon Forest Industries Council

003 CHAIR SCHROEDER: Opens the Public Hearing.

009 REP. RAY BAUM, District 58: Describes the impetus for SB 364 A.

-Because of the background of the House Trade and Economic Development
Committee, we would like this bill referred to us.

037 CHAIR SCHROEDER: We would like to hear testimony and make
recommendations and if the committee is amenable, send it to you.

REP. VANLEEUVEN: We have a letter (from GEORGE BROWN, Dean of the
College of Forestry (EXHIBIT A) that refers to SB 366.

047 JOE CORTRIGHT, Executive Officer, Trade and Economic Development
Committee: SB 364 includes elements of SB 366.

CHAIR SCHROEDER: SB 364 is the vehicle that includes both?

CORTRIGHT: Yes.

059 REP. DOMINY: Doesn't this duplicate programs that are already in existence? What makes this different?

CORTRIGHT: There are a couple of small scale regional efforts to address the secondary wood products industry.

-There is no single entity working with the secondary wood products industry trying to make it more competitive.

074 REP. MEEK: Could we replace the Forest Products Commodity Commission with this?

CORTRIGHT: To my knowledge there is not a commodity commission for any forest product.

REP. VANLEEUEWEN: Assumes this would go to Ways and Means. How would this fit into the scheme of things?

REP. BAUM: There is an allocation of \$2.5 million for this program in the lottery bill.

092 REP. NORRIS: Is this something the Forest Institute should take up?

CHAIR SCHROEDER: This does not necessarily tie in with that.

REP. VANLEEUEWEN: The funding for that institute would come from the producers.

107 REP. DOMINY: Does not see any cooperation with the community colleges or federal agencies in this.

REP. BAUM: You will see an amendment that puts an emphasis on the existing extension services.

-He is not aware of any community colleges doing anything in secondary wood processing.

-He's not aware of any federal programs.

120 CORTRIGHT: There is some federal funding for the Wood Products Information Center at the World Forestry Center.

-In the section on coordination there is a reference to that type of activity.

REP. DOMINY: Refers to the list of groups that should be involved, section 4, SB 364.

-Is there a problem with including the Wood Products Information Center?

CORTRIGHT: Does not believe there is.

REP. DOMINY: Does not want us to get into something that's already being done.

142 REP. MEEK: What's the difference between creating this and another

department of the state?

CORTRIGHT: The Senate committee discussed that and settled for a corporation that is a state agency with a private sector board of directors.

-The focus groups held with the industry during the interim indicated they wanted something composed of people in the industry as opposed to our Economic Development Department.

REP. MEEK: We're creating a new division of the state?

CORTRIGHT: Yes.

CHAIR SCHROEDER: Could you go over this section by section?

CORTRIGHT: Yes.

171 REP. MEEK: Who are the stock holders?

CORTRIGHT: It's a corporation in name only.

CHAIR SCHROEDER: Is it like SAIF?

CORTRIGHT: In some ways.

-The Senate committee believed it should be up to the industry to have an important role on deciding the activities of the corporation.

-He describes the bill section by section (See the Staff Measure Summary, EXHIBIT B).

-On page 3, lines 14 and 15, is a reference to the Wood Products Information Center.

-It was the intent of the Senate committee to be inclusive and charge the corporation with working with those that have an interest and involvement in related issues.

-He continues with section 5.

266 REP. VANLEEuwEN: Sees a close tie-in with the Oregon Marketplace.

CORTRIGHT: There was discussion of a connection with Oregon Marketplace.

REP. VANLEEuwEN: They're doing a major project dealing with secondary wood products.

CORTRIGHT: Is unfamiliar with that project.

-He continues with section 5.

356 REP. VANLEEuwEN: A group of small processors could form and buy workers' compensation insurance?

CORTRIGHT: That could happen and then could lead to further work together.

384 REP. MEEK: With Measure 5 and all the budget cuts, how do we

respond to the public when we are creating a new division of the state?

CORTRIGHT: The Senate spent time discussing this issue.

-He elaborates.

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020 CORTRIGHT: Continues with section 13.

055 REP. VANLEEUEWEN: Why did SEN. HAMBY vote against this?

CORTRIGHT: She thought a smaller amount of money could be spent on this. She had other concerns, but he can't articulate them.

069 REP. NORRIS: What's the funding mechanism?

CORTRIGHT: The allocation is contained in HB 2614, the lottery allocation bill.

REP. NORRIS: It's lottery seed money, then self-financing?

CORTRIGHT: Yes.

REP. NORRIS: Section 8 might be a potential for an anti-trust investigation.

CORTRIGHT: That question has come up.

-The activities listed don't violate anti-trust laws per say.

REP. NORRIS: Acquiring and disseminating market information is on the edge of collusion.

-Some care needs to be taken.

CORTRIGHT: The intent is to operate something like the Western Wood Products Association.

-Anti-trust is a concern.

106 REP. NORRIS: Have we concluded that the industry is no longer competitive?

CORTRIGHT: No.

-Large firms tend to be in primary processing. This bill is aimed at the small secondary wood processing firms.

REP. NORRIS: Refers to page 7, line 5. Which Legislative Assembly will receive the report?

CORTRIGHT: The intent was the Sixty-Seventh in 1993.

130 REP. DOMINY: Why is the University of Oregon missing, should it be in here?

CORTRIGHT: There was no intent to exclude it.

147 REP. DWYER: Why did we change it from a commission to a

corporation?

148 CORTRIGHT: Explains.

REP. DWYER: Does not want to create another public corporation.

-Who's idea was that to change it to a corporation?

CORTRIGHT: SEN. DUFF's.

164 GEORGE BROWN, Dean of the College of Forestry and Director of the Forest Research Laboratory, Oregon State University: He refers to testimony presented before the Senate (EXHIBIT A).

-He discusses the "extension service" in section 9(2).

-He presents an alternative: The Oregon State University Extension Service as the mechanism for the technology transfer program.

234 REP. VANLEEUEWEN: Our county has a very good extension forester.

BROWN: He discusses that extension forester.

-We have one extension specialist who works with manufacturers.

254 REP. DWYER: The government is getting more involved in the private sector.

-He is worried about forming another corporation vying for lottery funds.

BROWN: That is an important consideration.

-We can provide an educational component.

REP. DWYER: Do we need a commission or corporation to do that?

BROWN: Not the extension-education part.

-He can't comment whether this mechanism would help these small firms get together more effectively.

REP. DWYER: He worries about the state getting involved in the private sector.

REP. NORRIS: Does not think DR. BROWN is a proponent of this bill.

305 REP. MEEK: Do you ever do public or private research or work with other research agencies?

BROWN: Yes.

REP. MEEK: Do you work on capitalization or financing?

BROWN: No, but we provide information.

REP. MEEK: Is there any product testing and certification?

BROWN: We do it if it can't be done in the private sector.

-He presents an example.

REP. MEEK: Any automation technology?

BROWN: We do some of that. We are not involved in machine design.

-He presents an example.

361 REP. MEEK: Could you take over this function?

BROWN: We could do parts of this.

-An intent of the bill is to provide an organizational mechanism for getting small businesses organized together.

-We hope they would contract with us for a lot of the educational-extension activity.

-We would not be able to provide the organizational aspect.

397 REP. DWYER: A private organization could provide this function.

BROWN: There are industry organizations.

409 CHAIR SCHROEDER: Could the Extension Service do everything in this?

BROWN: No. We could help with the research and educational functions.

REP. MEEK: This is resource driven--to be the coordinating agency to get the various functions done.

-Do you have access to publishing, advertising or research companies?

BROWN: We do.

-We could not come up with the most effective way to get industry groups together.

-They need to want to work together.

-We can assist in many things useful to the industry, but not the organizational function.

TAPE 114, SIDE B

028 REP. VANLEEUEWEN: This organization could operate under the current Economic Development Department and then work in cooperation with OSU.

-The Extension Service has a very effective information dissemination system.

-How can we take this bill and make it work without creating a new government entity?

053 CORTRIGHT: The Senate discussed having the Economic Development Department appoint and maintain an advisory committee like the board of directors in the current bill.

-The committee decided against this approach, because the industry didn't have confidence in the Economic Development Department.

REP. VANLEEUEWEN: Could that coordinating committee be set up under the Extension Service?

CORTRIGHT: They don't feel their strength is in the organizational end.

BROWN: Because of the broad scope of activities, it would not be appropriate to give the whole thing to the Extension Service.

REP. VANLEEUEWEN: Do you have a Forest Marketing Department?

BROWN: We don't have a department; we have one person who deals with marketing issues.

-We deal with information about the nature of markets.

REP. VANLEEUEWEN: Maybe you need to be updated?

BROWN: Possibly.

-There are many functions that we would not be able to do as well.

093 REP. VANLEEUEWEN: OSU's agriculture marketing section has a few people who really get involved in marketing.

BROWN: That is true. It is a broader information activity than what is in the bill.

-This prescribes a more pro-active approach than the informational, analytical work the university provides.

-We can and should provide information into that process.

109 REP. VANLEEUEWEN: Does this fit within the realm of the Oregon Marketplace?

CORTRIGHT: They could conceivably carry out some of these functions.

-The Legislature has no statutory ability to assign a function to a quasi-private organization. We could ask them to contract for this.

123 REP. DWYER: Did the Senate committee consider taking people from the various existing commissions dealing with wood products and using them to coordinate the activities?

CORTRIGHT: Does not think they did.

-This is a different segment of the industry than is represented on those entities.

REP. DWYER: Is not sure if setting up a corporation is a good idea.

CHAIR SCHROEDER: Would you prefer they go into an existing organization?

REP. DWYER: Would like to see the commission comprised of people actively engaged in promoting forest by-products.

-Even the Oregon Market Place could be used, rather than using lottery money and putting more people on the public payroll.

CORTRIGHT: If the Senate committee could have found such an entity they would not have proposed this.

With the sunset and the initial capitalization of funds and the direction for this corporation to set up industry associations, the hope is these functions and activities will go to private sector associations.

REP. DWYER: The sunset is just an excuse to get things going.

176 REP. NORRIS: Does not think the Oregon Marketplace covers this.

REP. VANLEEUEWEN: The Oregon Marketplace would be the ideal group to take this on.

-She would like JOE to help her put this concept into language.

206 RAY WILKESON, Oregon Forest Industries Council: We have no direct benefit in this bill.

-We have no problem if this passes.

-We will have to do more with less in relation to wood products.

-Secondary wood products is a global market.

-It is appropriate to help this industry.

-Whether government should have a role in this is a good question.

-This is a modest attempt to see if government can be a catalyst.

-If it doesn't work or the people who it's designed for don't want it, it will go away.

-This bill is the culmination of a lot of hard work. We hope something can be put together.

248 REP. DOMINY: Do you think we should remove lines 16, 17 and 18 on page 3? Don't they create an anti-trust problem?

WILKESON: Knows that is a concern. He does not think this language crosses that line.

REP. VANLEEUEWEN: This bill needs to pass.

CHAIR SCHROEDER: Asks DR. BROWN, JOE CORTRIGHT and REP. VANLEEUEWEN to work on language.

-He closes the Public Hearing.

PUBLIC HEARING -- SENATE BILL 519 -- EXHIBITS C & D

Witnesses: Terry Witt, Oregonians for Food and Shelter Phil Ward, Department of Agriculture

CHAIR SCHROEDER: Opens the Public Hearing.

292 TERRY WITT, Oregonians for Food and Shelter: Describes the bill

(Also see Staff Measure Summary EXHIBIT C).

320 CHAIR SCHROEDER: Is that within 60 days of notice of loss?

WITT: Yes. He explains.

CHAIR SCHROEDER: It could be more than 60 days?

WITT: Correct.

331 REP. MEEK: What is the problem we are trying to fix?

WITT: The concern was over notification of the legal system.

-There is a special requirement pertaining to civil suit involving a pesticide claim.

-It's a communication problem and not a problem with pesticide claims.

REP. NORRIS: Does not see much difference in the new language.

WITT: The proposed changes makes the intent of that section a little clearer, but does not change the way the law is administered.

366 PHIL WARD, Department of Agriculture: We have no problem with the bill.

CHAIR SCHROEDER: Closes the Public Hearing.

Testimony on SB 519 from MARK TWEDT, Attorney, is filed as EXHIBIT D.

PUBLIC HEARING -- SENATE BILL 900 A-ENGROSSED -- EXHIBITS

Witnesses: John McCulley, Oregon Cattlemen's Association Phil Ward, Department of Agriculture Dr. Leroy Coffman, State Veterinarian

392 JOHN MCCULLEY, Oregon Cattlemen's Association: Presents testimony in support of SB 900 A (EXHIBIT E).

425 PHIL WARD, Department of Agriculture: We strongly support this bill.

438 DR. LEROY COFFMAN, State Veterinarian: Presents testimony in support of SB 900 A (EXHIBIT F).

451 REP. DWYER: Does the fee bill on veterinary pharmaceuticals (HB 3571) have anything to do with this bill?

WARD: It isn't directly related.

TAPE 115, SIDE B

017 REP. NORRIS: Section 4 implies that there are circumstances where the owner of livestock will be paid.

MCCULLEY: Page 3, lines 19 through 21 describes when they won't be paid.

REP. NORRIS: No, he is referring to page 2, line 38 on.

MCCULLEY: One of those circumstances is found on page 3, lines 19 through 21.

-The indemnity applies if they are vaccinated.

REP. NORRIS: That's an implication, not a clear statement?

MCCULLEY: Yes.

REP. NORRIS: Is that contestable?

MCCULLEY: Has not heard complaints from the industry.

036 REP. VANLEEUEWEN: How does this relate to the infected herd from Idaho that came into the state?

WARD: Animals in the state illegally are not eligible for indemnity.

-There are qualifications for which indemnities are not available.

CHAIR SCHROEDER: The vaccination program has been going on for a long time.

DR. COFFMAN: It was recommended in 1934 and initiated in 1950.

-The indemnity clause is covered in more detail in ORS Chapter 596.

060 REP. VANLEEUEWEN: Are slaughtered animals safe to be used for meat?

DR. COFFMAN: Yes.

REP. VANLEEUEWEN: The reason for the program is undulant fever?

DR. COFFMAN: Yes. There is also a problem with goats.

-The vaccine controls the disease, but does not eradicate it. The disease is eradicated by slaughtering any exposed animals.

079 REP. NORRIS: Will this facilitate the interstate movement of cattle?

MCCULLEY: One of the reasons for the bill is to improve that situation.

WARD: This is a step towards moving the state towards brucellosis free status.

REP. DWYER: Didn't the brucellosis infected cows come from California and not Idaho?

DR. COFFMAN: Correct.

REP. DWYER: They came into the Klamath County area?

DR. COFFMAN: Yes.

-He describes the shipping patterns of those cattle.

102 CHAIR SCHROEDER: There's an article about this in the recent Department of Agriculture bulletin.

-Weren't bison vaccinated in that same general area?

DR. COFFMAN: There were 98 head of bison on that same pasture.

-He describes what is being done with the bison.

122 REP. DWYER: Are deer and elk infected by brucellosis?

DR. COFFMAN: The wildlife are monitored.

-We've never detected it in wildlife in Oregon.

-There is more risk that wildlife would get brucellosis from the cattle than the other way around.

REP. DWYER: Do you work with the Oregon Department of Fish and Wildlife. Do they do more accelerated testing, because of this situation?

DR. COFFMAN: We are working with them as much as possible.

-Our relationship needs improvement.

151 WARD: A subcommittee of the Board of Agriculture and the Fish and Wildlife Commission have begun meeting to address items of mutual interest. This topic is part of that discussion.

CHAIR SCHROEDER: Isn't there a problem with brucellosis infected buffalo in the Yellowstone area?

DR. COFFMAN: Yes. He explains.

CHAIR SCHROEDER: Closes the Public Hearing.

PUBLIC HEARING -- SENATE JOINT MEMORIAL 4 -- EXHIBIT G

CHAIR SCHROEDER: Opens the Public Hearing.

BETH PATRINO: Describes the bill (EXHIBIT G).

CHAIR SCHROEDER: He closes the Public Hearing.

-We will bring these bills back next Tuesday.

-He adjourns at 9:57 A.M.

Submitted by: Reviewed by:

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

EXHIBIT LOG:

A - Letter and Testimony on SB 364 A - George Brown - 6 pages
B - SMS/Fiscal/Revenue impacts for SB 364 A - Staff - 5 pages
C - SMS/Fiscal/Revenue impacts for SB 519 A - Staff - 2 pages

D-Letter on SB 519 A - Mark Twedt - 2 pages E-Testimony on SB 900 -John
McCulley - 1 page F-Testimony on SB 900 - Leroy Coffman - 1 page
G-SMS/Fiscal/Revenue impacts for SJM4 - Staff - 2 pages