

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 ENVIRONMENT AND ENERGY

April 15, 1991Hearing Room E 1:00 p.m.Tapes 119 - 122

MEMBERS PRESENT:Rep. Parkinson, Chair Rep. Whitty, Vice-Chair Rep. Burton Rep. Courtney Rep. Naito Rep. Norris Rep. Repine Rep. Van Leeuwen Rep. Watt

VISITING MEMBER:Rep. Cease

PRESENT: Kathryn VanNatta, Committee Administrator Andy Sloop, Committee Assistant

MEASURES CONSIDERED: HB 3347 (PUB) SB 270 (PUB) HB 3071 (PUB) HB 2602 (WRK)

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TAPE 119, SIDE A

06CHAIR PARKINSON: Calls the meeting to order at 1:35 p.m. Representatives Burton, Repine and Courtney not present and excused.

(Tape 119, Side A) PUBLIC HEARING - HB 3347 Witnesses:Phil Ward, Department of Agriculture Tom Fuller, Department of Economic Development John Loewy, Department of Environmental Quality Alex Siffort, Department of Energy Mark Powell, Oregon Seed Trade Association Steven Anderson, Pope and Talbot Jim Gorlick, Pope and Talbot Joe Mackey, CH2M Hill

29REP. VAN LEEUWEN: Explains the bill.

(Rep. Repine arrives 1:37)

(Rep. Courtney arrives 1:38)

53REP. VAN LEEUWEN: Some blanks left as far as what agencies would receive money appropriated under this bill. Advocates \$5 million appropriation for cogeneration facility.

59REP. WATT: How are you going to make all of these agencies work

together?

62CHAIR PARKINSON: Rep. Watt may be suggesting that there should be a lead agency.

65REP. VAN LEEUWEN: The Economic Development or Agriculture departments most appropriate lead agencies.

69REP. WHITTY: Is this going to be a publicly owned and operated facility located near straw?

75REP. VAN LEEUWEN: That is my hope. Not just looking at straw. In area where most straw grown, there is also a pulp and paper plant. The facility proposed under this legislation also could be fueled with sludge left over from paper production.

85REP. WHITTY: If this was a public facility, it could qualify for lottery and strategic reserve funds.

91REP. VAN LEEUWEN: Because of costs, this probably will have to be a quasi-public facility.

96REP. WHITTY: If going to have lead agency, should be the Economic Development Department to take advantage of lottery funds.

101 REP. VAN LEEUWEN: Acknowledges Rep. Whitty's suggestion.

104 REP. VAN LEEUWEN: Reviews myriad of alternative straw uses being developed (EXHIBIT C).

138 REP. NAITO: What type of federal funds might be available for projects like this?

141 REP. VAN LEEUWEN: Some energy funds that were going to be terminated might be extended because of the Gulf War. Advocates using proposed facility for numerous solid waste products in addition to straw.

164 REP. NORRIS: Concerned about Rep. Van Leeuwen's statement that a project like this is not feasible now without government assistance.

171 REP. VAN LEEUWEN: We have relatively inexpensive power here in the Northwest, and the cost of power from cogeneration is not comparable at this time to developed, indigenous alternatives.

182 REP. NORRIS: Power rates may be increasing, so cogeneration could become feasible.

199 REP. CEASE: Testifies in support of the measure.

>Clear that not enough money been going into research and development into alternatives to open field burning.

>If money available, cogeneration would be worthwhile project. General fund money difficult, but lottery money feasible. Other fees also possible.

>Industry could put some resources into this, but difficult for industry to fund completely.

261 PHIL WARD, DEPARTMENT OF AGRICULTURE: All agencies listed in this bill have an ongoing interest in alternative straw utilization.

278 TOM FULLER, DEPARTMENT OF ECONOMIC DEVELOPMENT: Reviews grass straw utilization 10-year strategic planning report (EXHIBIT D).

>State is working with Weyerhaeuser on use of straw in pulp and paper process.

>Working with several groups on using straw in fiber board. The Economic Development Department is seriously considering funding additional research and development in this area.

>Avoided costs of power currently such that using straw for power generation is not economically feasible now. However, cogeneration using straw could become a competitive alternative to traditional power sources as conventional fuel prices rise.

390 FULLER: Wood stove fuel (i.e., straw logs) is a viable alternative use for straw; however, it does not have great potential to use very much waste straw. Estimates that replacing all fire logs in Oregon made from wood products with straw logs would use about 15,000 tons of waste straw. Oregon generates 800,000 to 1,100,000 tons of waste straw annually.

TAPE 120, SIDE A

03REP. WATT: Have you worked with DEQ to determine air pollution impacts of burning straw logs?

09JOHN LOEWY, DEQ: Not aware of study determining impacts.

15REP. VAN LEEUWEN: Doesn't the DEQ have studies related to pellet stoves that are comparable?

21LOEWY: Yes. Not sure about results of those studies. Will forward additional information to the committee.

23ALEX SIFFORT, DEPARTMENT OF ENERGY: Straw logs burn cleaner than cord wood. Wood pellets do burn cleanly and straw pellets would be comparable.

40FULLER: Continues overview of alternative uses for straw.

>Viable markets abroad that use waste straw for animal feed. Also believe there is a small domestic demand for straw animal feed.

>Because of large investment to develop cogeneration plant in conjunction with pulp and paper manufacturing, believe existing paper mill will be converted to accept straw as a fuel supplement as, opposed to building a new cogeneration pulp mill.

>Fiberboard most likely to be developed as an extension of wood product press board at existing facilities, with the possibility of a stand-alone plant in the future.

>Using straw for home stove fuel and on-farm composting both would be at existing facilities.

65FULLER: Open field burning and disposal of waste straw from grass

seed fields expected to change. The Economic Development Department's goal is to provide additional revenue to farms as they begin to take what traditionally has been a waste product and process it for sale in alternative markets.

77REP. NORRIS: Could a straw-fired power plant use other fuels if needed?

84SIFFORT: No plant can burn 100 percent straw because of technical problems. Experiments in California indicate straw would be best used as a supplement to wood waste fuel. Probably about 20 percent densified straw fuel in generation process is feasible.

112 CHAIR PARKINSON: Doesn't cogeneration require stable power demand and guaranteed prices, which tend to be achieved through some level of subsidization?

124 SIFFORT: Yes. A power sales agreement is required, and, for practical purposes, also need an assured fuel supply to obtain financial backing.

142 LOEWY: DEQ supports this concept as way to deal with air pollution from open burning. Happy to work with other agencies. HB 2175 is a vehicle to provide state funding for this kind of project.

171 CHAIR PARKINSON: So, are you all saying that with minor amendments, you would support the bill? "I saw two heads nod."

178 MARK POWELL, OREGON SEED TRADE ASSOCIATION: Testifies in support of the

measure.

>Industry appreciates state agency support for alternative straw utilization and alternatives to open burning. 194 STEVEN ANDERSON, POPE AND TALBOT: Testifies in support of the measure.

>Pope and Talbot involved in ongoing effort to minimize solid waste. Decided in 1989-90 to stop landfilling the waste sludge produced at the company's Halsey pulp mill. Currently working with DEQ and others to develop acceptable alternatives to landfilling.

>Halsey pulp mill currently produces and landfills about 50 wet tons of sludge a day.

>Exploring possibility of exporting sludge to California for use as a fuel supplement.

>Currently spend about \$146,000 a year to dispose of sludge.

>James River Corporation, which operates alongside Pope and Talbot at the Halsey mill, has proposed and is constructing a secondary fiber plant which will turn office waste into napkins and tissue products.

>Recycling has some costs, so it is important for industry to find viable alternative disposal of sludge.

>Cogeneration has two definitions: 1.) Sell steam generated during production to generate electricity or for other secondary uses; or 2.) Burn solid waste to generate power.

>California Energy Commission has successfully implemented two cogeneration projects. One channels steam, generated during natural gas fired power production, into food driers. The other uses waste agricultural products -- including straw, tree trimmings, cotton stalk, shells and hulls -- to generate power in 20 to 22 megawatt plants.

>Industry is supportive of alternative ways to minimize waste and recover waste disposal costs.

>Key for steam cogeneration is viability of the steam user.

>Hydroelectricity in the Northwest has made development of other sources unattractive to industry. If Columbia and Snake River salmon species are listed as threatened, the price of hydroelectricity would go up and cogeneration power plants could become more viable.

>California has had good experience with emission control devices on cogeneration plants.

289 REP. NORRIS: What kind of a role would Pope and Talbot play under this bill?

294 ANDERSON: Sludge from our plants has wood fiber and could be used for fuel.

307 REP. NORRIS: How would recycling waste sludge affect dioxin emissions at a pulp mill?

310 ANDERSON: Have reached an agreement with DEQ to install equipment to control dioxin emissions at their source, but pulp plants still would produce sludge.

318 CHAIR PARKINSON: Would there be a role here for municipal wastes?

323 ANDERSON: Anything that has a heat value could be used as fuel and reduce the volume of waste that is landfilled.

337 JIM GORLICK, POPE AND TALBOT: Reducing Columbia and Snake flows as expected to save salmon would reduce hydroelectric power production by about 2,500 megawatts, which is equivalent to two nuclear plants. This could double the price of hydro power. Pope and Talbot supports anything that would help reduce power rates in Oregon.

366 JOE MACKEY, CH2M HILL: Testifies in support of the measure.
(EXHIBIT E)

381 CHAIR PARKINSON: Would any kind of plant like this require a subsidy?

388 MACKEY: Yes. Hopeful, however, that subsidies could be minimized with public-private cooperation.

TAPE 119, SIDE B

05REP. NORRIS: What would break-even price be for cogeneration power sales?

08MACKEY: About 8 cents a kilowatt, without steam cogeneration.

15REP. NORRIS: What do you think the price of power will go to in the next five to ten years?

20MACKEY: Demand for power expected to increase in future and price of power expected to increase also. Specific price increases will depend on ability of utilities to secure access to additional, available and inexpensive power sources.

32CHAIR PARKINSON: Do you know what PGE pays for power from the Brooks facility?

35MACKEY: About 8 cents per kilowatt.

39CHAIR PARKINSON: Closes public hearing on HB 3347 and opens public hearing on SB 270.

(Tape 119, Side B) PUBLIC HEARING - SB 270 Witnesses:Mike Dewey, Oregon Waste Systems Doris Bjorn, Oregon Waste Systems Diana Godwin, Oregon Sanitary Services Institute Laura Prior, Gilliam County Judge

60MIKE DEWEY, OREGON WASTE SYSTEMS: Explains the bill (EXHIBIT F)

69CHAIR PARKINSON: Who are the proponents of this bill?

71DEWEY: Sen. Shirley Gold and Rep. Ron Cease.

110 REP. NAITO: If we assess a fee on out-of-state garbage, would that be passed through to Portland residents?

115 DEWEY: No, that's prohibited by statute. Technically, there isn't a surcharge today because of recent Morrow County decision making that illegal.

123 REP. CEASE: Explains the bill, which is a substantially revised version of the bill that came out of interim committee.

>Bill doesn't have anything to do with raising fees.

>Effects would depend largely on clauses in existing disposal contracts.

>Bill says there should be "truth in advertising" about fees paid by disposal sites.

>Concern is that as competition increases to bring out-of-state waste to Oregon, disposal facilities might increase in-state fees.

>This bill would require out-of-state licensing bodies, periodically, to publicize that the operations they license to haul waste out of state are paying out-of-state disposal fees.

>Congress may pass law this session that would prohibit importation of out-of-state waste.

285 REP. NAITO: Is there always an identifiable government that has the disposal contract? My concern is, for example, that Seattle waste might be mixed in with Spokane waste and waste from some small towns.

304 DEWEY: This bill seems to be geared toward Washington State, which has a different solid- waste regulatory system than Oregon. You have raised a potential problem.

329 REP. NAITO: Is there an enforcement mechanism if local government fails to comply with this?

343 REP. CEASE: There are no specific enforcement provisions in this measure. Again, though, this bill doesn't do very much.

369 REP. NORRIS: Why do we care what Seattle will or won't tell its solid-waste customers?

402 REP. CEASE: Want to make it difficult for landfill operators to charge Oregon customers as a way to, in effect, subsidize out-of-state rates. If the committee decides it doesn't want to do anything with this proposal, then it might be able to come up with a plan that would do something.

TAPE 120, SIDE B

20CHAIR PARKINSON: Breaks at 2:58. Reconvenes at 3:19.

27DEWEY: Continues testimony in opposition to the measure.

>Bill doesn't do what it's intended to, namely, prevent Oregon residents from subsidizing out-of-state waste rates so that Oregon landfills can be competitive.

>Doesn't do anything for the consumer.

>Doesn't speak to what tipping fees should or should not be.

>Doesn't speak to whether out-of-state waste should be imported into Oregon.

>Doesn't improve solid-waste management.

>Committee needs to decide if the information this bill would require is so important that it should be provided periodically to every solid-waste customer.

56DORIS BJORN, OREGON WASTE SYSTEMS: Testifies in opposition to the measure.

>Columbia Ridge landfill built for Northwest waste only.

>Requirement of Seattle contract is that Oregon Waste Systems must provide a facility for Seattle in Washington by 1995. This could set up a situation where the Washington facility could be used as a competitive bid partner for Oregon waste.

>Bill singles out solid-waste disposal industry.

>No other business that has interstate commerce requires customers to explain fees to their customers.

118 CHAIR PARKINSON: Where did the amendments (EXHIBIT H) to this bill come from? Seems like whomever proposed these amendments should be here supporting them.

147 REP. NORRIS: Does it cost more to receive and handle Seattle waste than it does Oregon waste?

152 BJORN: No.

158 DIANA GODWIN, OREGON SANITARY SERVICES INSTITUTE: Testifies in opposition to the measure.

>Clatsop County is proposing to build a solid-waste disposal facility for Clatsop and Pacific County waste. Because the contracts for that site will be with private haulers, not governments, the language in this bill won't make sense.

>Bill doesn't define "periodic statements".

>Bill would affect existing contracts because DEQ would have to issue renewals for existing landfill permits, which would force DEQ to review private contracts between private parties.

>Bill could create constitutional impairment of contracts problem.

>Bill does nothing to protect the environment, nor does it guarantee that out-of-state clients pay fair share for in-state disposal.

243 REP. NAITO: Has there been a written opinion in the Morrow County case mentioned earlier?

249 DEWEY: Not sure, but injunction has been issued.

255 CHAIR PARKINSON: That injunction enjoins the defendants from collecting solid-waste fee, and now it will start through the courts, I assume.

262 DEWEY: That case raises two issues: 1.) The methodology by which the surcharge was imposed; and 2.) Whether differential surcharges can be levied based on the interstate commerce clause.

266 LAURA PRIOR, JUDGE, GILLIAM COUNTY: Gilliam County is the host county for both the hazardous waste landfill for federal region 10 and for the Columbia Ridge regional solid waste landfill.

280 PRIOR: Explains connection between Brooks garbage burner and the Columbia Ridge landfill.

>Metro has an agreement with the Brooks burner to ensure that facility has enough solid waste to operate at capacity. Responsibility of jurisdictions sending solid/hazardous waste to get best deal possible.

>This bill sends clear message to those sending waste to Gilliam County that they are paying something extra to dispose of waste in Oregon, so it would affect the competitive bid process.

315 CHAIR PARKINSON: Closes public hearing on SB 270 and opens public hearing on 3071.

(Tape 120, Side B) PUBLIC HEARING - HB 3071 Witnesses: Laura Prior, Gilliam County Judge

345 REP. VAN LEEUWEN: Explains the bill (EXHIBIT I).

TAPE 121, SIDE A

20CHAIR PARKINSON: What happens if a farmer/forester who retires sells his land on a land sales contract?

22REP. VAN LEEUWEN: If they sold it whole, to someone practicing farming or forestry, it would still be in the unit. If they sold a piece of it, then the assessor could do what s/he is trying to do now.

25CHAIR PARKINSON: That might be right, but appears that if property is transferred by real estate sales contract, then the retired farmer/forester wouldn't get the special assessment.

30CHAIR PARKINSON: This makes sense in an EFU zone, but what about on forestland? When would forestland ever be leased?

34REP. VAN LEEUWEN: There are people doing that now.

36REP. BURTON: HB 2550, if adopted, could affect implementation of this legislation.

48REP. NAITO: Generally support this to keep farm and forestland productive; But if someone retires and stops farming, then what happens?

51REP. VAN LEEUWEN: Some assessors are assessing the land on which farm residences sit as if it were a rural residence instead of a farm dwelling.

59REP. NAITO: So, in some instances, this is a disincentive to work the land?

63LAURA PRIOR, GILLIAM COUNTY JUDGE: More often what happens is that the husband dies and the widow has to move to town because of the way existing assessment in farm zones is done.

77REP. VAN LEEUWEN: In my community, we have many retired farmers living on their farms. The key here is that if retired farmers aren't going to subdivide their farms, they should be allowed to stay in their homes.

88REP. NORRIS: Rep. Burton brought up the issue of HB 2550. Have sought reassurance that HB 2550 won't kill farm-use valuation. Have this bill and HB 2550 been sufficiently coordinated so that this bill is consistent with what HB 2550 has "left over" dealing with valuation of farm-use land. Perhaps this bill needs to be amended to make it more compatible with HB 2550.

97CHAIR PARKINSON: We have to assume that the Department of Land Conservation and Development and the counties have no problems with this bill because they are not here. The committee administrator will check with Legislative Counsel to see if this bill needs to be cross referenced with HB 2550.

109 REP. MARKHAM: Be assured that assessors have a problem with farm-use valuation or they wouldn't be doing what they're doing.

121 REP. BURTON: What mechanism accounts for the current way of handling this situation?

140 PRIOR: Assessors declare change in use of land when farming stops.

146 REP. BURTON: If we adopted this, what happens when widow or retired

farmer dies?

151 PRIOR: House goes to offspring or tenant farmer.

158 REP. BURTON: So the intention is that the house continue to be used in conjunction with farming or forestry?

162 PRIOR: Yes.

166 REP. MARKHAM: As long as a house and farm stay in the same use, whether or not the owner of the farm lives in the house, the special assessment should remain. However, if the house is rented to somebody who doesn't have any connection to the farming operation, that's another matter.

175 CHAIR PARKINSON: "Rep. Whitty has a question. I think he's going to ask Judge Pryor if she has a breakdown of the ages of those widows."

177 REP. MARKHAM: "And what their phone numbers are."

179 REP. WHITTY: "And what their balance sheets are." Is there a definition somewhere in this bill of "retirement age"?

183 PRIOR: "East of the mountains, it's 75."

185 REP. WHITTY: "75. God, where I live, that's the normal IQ. What is retirement age?"

191 REP. MARKHAM: Don't believe there is a statutory definition.

194 REP. BURTON: Need to read the bill more carefully. "I think it's retirement for age or disability. So, the question would be: Could an individual determine that they were retired for age purposes? Disability is pretty clear, but for age would be a determination by the individual himself."

200 REP. MARKHAM: Does this have a subsequent referral to the Revenue Committee?

203 CHAIR PARKINSON: Yes.

205 REP. MARKHAM: "Then you guys are going to have to massage it when you get it there."

207 CHAIR PARKINSON: Closes public hearing.

(Tape 121, Side A) WORK SESSION - HB 3071 Witnesses: Art Laubach, Oregon State Grange

212 MOTION: REP. WHITTY moves HB 3071 to the floor with a "do pass" recommendation.

230 VOTE: In roll a call vote, the motion carries with all members voting AYE.

235 CHAIR PARKINSON: Declares passage of the motion. Directs the committee administrator to determine if the bill should be cross referenced to HB 2550, and to inform the Revenue Committee of her findings.

240 REP. MARKHAM: Requests that representative of the State Grange be allowed to voice his support of the measure for the record.

245 ART LAUBACH, OREGON STATE GRANGE: Testifies in support of the measure. (Tape 121, Side A) WORK SESSION - HB 2602

250 KATHRYN VANNATTA, COMMITTEE ADMINISTRATOR: Gives progress report on the

measure and explains dash 1 amendments. (EXHIBIT O)

>Up to committee to decide if 1950 or older is historic.

>Committee can adopt dash 1 amendments in concept and then rework language.

322 CHAIR PARKINSON: Directs Rep. Norris to rework language and then return to committee for further consideration.

335 VANNATTA: Confirms that the dash 1 amendments provide for non-motorized access to gravesites.

356 CHAIR PARKINSON: Closes work session on HB 2602 and adjourns at 4:10.

Submitted by: Reviewed by:

Andy Sloop Kathryn VanNatta Committee Assistant Committee
Administrator

EXHIBIT LOG:

A -Preliminary Staff Measure Summary of HB 3347 - Committee Staff - 1
page B -Notice of No Revenue Impact of HB 3347 - Legislative Revenue
Office - 1 page C -Linn-Benton Regional Strategy Straw Utilization
Project Summary - Rep. Liz Van Leeuwen - 2 pages D -Opportunities In
Grass Straw Utilization Executive Summary - Tom Fuller, Economic
Development Department - 7 pages E -Opportunities In Grass Straw
Utilization - 23 pages F-Staff Measure Summary of SB 270-A -
Committee Staff - 1 page G -Notice of No Fiscal or Revenue Impact of
SB 270-A - Legislative Fiscal and Revenue Offices - 1 page
H -Amendments to SB 270 - Senate Committee on Agriculture and Natural
Resources - 1 page I -Preliminary Staff Measure Summary of HB 3071 -
Committee Staff - 1 page J -Notice of No Fiscal Impact of HB 3071 -
Legislative Fiscal Office - 1 page K -Notice of Possible Revenue
Impact of HB 3071 - Legislative Revenue Office - 1 page L -Oregon
Revised Statutes 308.345 to 308.401 - Committee Staff - 7 pages
M -Oregon Revised Statutes 308.205 to 308.231 - Committee Staff - 6
pages N -Preliminary Staff Measure Summary of HB 2602 - Committee
Staff - 1 page O-Dash 1 Amendments to HB 2602 - Rep. Norris - 1 page
P -Notice of No Fiscal Impact of HB 2602 - Legislative Fiscal Office
- 1 page Q -Older Oregon Cemeteries (list recopied from the 1978
Oregon Cemetery Survey) - Committee Staff - 1 page R -Oregon
Department of Transportation Cemetery Survey of Umatilla County -

Committee Staff - 5 pages