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 WATER POLICY

March 19, 1991Hearing Room D 1:30 p.m.Tapes 32 - 33

MEMBERS PRESENT:Rep. Chuck Norris, Chair Rep. Bill Dwyer, Vice-Chair Rep. Bill Markham Rep. Walt Schroeder Rep. Larry Sowa

STAFF PRESENT: Beth Patrino, Committee Administrator Pat Zwick, Committee Assistant

WITNESSES:Jeff Curtis, Department of Fish and Wildlife Bob Jacobson, Department of Fish and Wildlife Kay Brown, Fisheries, Department of Fish and Wildlife

MEASURES CONSIDERED:HB 2931 - Revises poundage fees for commercial taking of various

food fish and shellfish species. - Public Hearing

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TAPE 32, SIDE A

010 CHAIR NORRIS: Calls the meeting to order at 1:32 p.m.

PUBLIC HEARING HB 2931

012 BETH PATRINO, COMMITTEE ADMINISTRATOR: Reviews provisions of HB 2931 which would increase poundage fees for commercial taking of various food and shell fish species. The fees would take effect January 1, 1992. The bill has a subsequent referral to the Ways and Means Committee.

Members have a fiscal statement. There is no revenue impact.

016 JEFF CURTIS, DEPARTMENT OF FISH AND WILDLIFE: HB 2931 is essentially the same bill that the Department introduced on the Senate side as SB 258. Subsequent to the introduction of this bill, SB 614 which included an amendment to put the fees raised into a special commercial fisheries fund was introduced.

Not sure why Ways and Means put HB 2931 in on the House side.

033 REP. SCHROEDER: There is some question if it was legal to put a bill like this on the Senate side because it is a fund raising bill.

037 BOB JACOBSON, FISH AND WILDLIFE COMMISSIONER: Appearing today more as an Oregon State University marine extension agent who over the past 24 years has worked with commercial fishermen along the Oregon coast.

The level of increase proposed in HB 2931 is a concern to commercial fishermen.

Paraphrases written testimony concerning a review of major topics and conclusions reached during meetings held with fishermen and others interested in the issue (EXHIBIT A).

120 REP. MARKHAM: Why not set 3.25% restoration and enhancement fund fee for the salmon fisheries?

125 JACOBSON: Not sure why the decision was made. That could be in the final form.

Continues paraphrasing (EXHIBIT A).

The ad valorem rate we are proposing for the fisheries for the next biennium would raise approximately $237,000 above what the poundage fees would have raised during the same biennium, had they been left at existing levels.

With a couple of species we will have a downturn in production. Coho salmon will probably be up from last year. Shrimp fishery production will probably be down. Ground fish and Dungeness crab harvest will probably be comparable to what they have been in the past.

We were close to an El Nino situation last year.

168 REP. SOWA: How much did the Department lose under the Measure 5 budget crisis?

174 JACOBSON: The General Fund cut was around $2.3 million.

177 REP. SOWA: How much would the increases in HB 2931 raise during this biennium?

180 JACOBSON: Unable to answer.

Am here to tell you that we are trying to develop a fund raising program that will meet with some consensus among industry members from Brookings to Astoria.

194 REP. SOWA: Where will the Department get the balance of the money between the amount your proposal will raise and the General Fund cut?

200 JACOBSON: If the Department makes the cuts they would have to make, it will affect the recreational fisheries.

Commercial fishermen felt that recreational fishermen should bear some of the burden.

Two of the hatcheries which might be closed if money is not forthcoming

produce 50% of all fish which end up in the recreational fisheries. Total cost of operating those hatcheries for a biennium is about $1.1 million.

Most commercial fishermen are willing to participate in the increased fees proposed.

225 REP. SOWA: What has been the justification for General Fund money going to the Department of Fish and Wildlife?

230 JACOBSON: Unable to answer.

234 REP. SCHROEDER: A lot of non-game wildlife activity, such as general public viewing, is not paying their share. 11Believes that about 16% of the Department budget is General Fund money.

237 JACOBSON: That is close.

240 REP. SCHROEDER: Is the herring roe industry large?

248 JACOBSON: There are ten permits in that fishery which takes place over a very short period of time and generates about $.25 million to the local economy. They can afford the proposed increase.

We are trying to establish a $75 fee for all the permits issued for all the limited entry fisheries in the state.

273 REP. MARKHAM: How is selling from your boat working out?

274 JACOBSON: For the limited number of fishermen who have taken advantage of that opportunity, it has worked well.

The general public has responded favorably to the off-the-boat sales.

Under the special license from the 1989 session, they are limited to selling albacore, halibut, and salmon.

280 REP. SCHROEDER: Reviews 1987 and 1989 provisions.

284 CHAIR NORRIS: Is the halibut fishery off the Oregon coast significant?

287 JACOBSON: Reviews halibut fishery history.

Since 1984 the recreational halibut fishery has taken off. In 1990 and 199 1 in Oregon recreational and commercial fleets are sharing that resource 50 - 50. Commercial seasons have been very short. In 1990 it was a 12 hour season and in 1991 it will be a 10 hour season.

The recreational fishery has provided tremendous income, especially for those charter boats operating out of Newport.

Newport has been the center of both commercial and recreational halibut landings in the last few years.

320 KAY BROWN, SPECIAL ASSISTANT TO THE CHIEF OF FISHERIES: There are two halibut seasons. Explains restrictions on halibut seasons and catch.

340 JACOBSON: Do not think there is a fisherman on the Oregon coast

that does not believe that the halibut stocks are probably well above the figure that the International Pacific Halibut Commission estimates as the standing stock of halibut down here.

Very few can remember when halibut stocks were higher. A bill is in the legislature to establish a fee for a recreational halibut license. Has found no opposition to that.

375 REP. MARKHAM: Why do we have a commercial halibut fishery if the season is so limited?

390 JACOBSON: Explains his halibut fishing experience. Because the Halibut Commission is charged with protecting halibut, they only allow a certain number of pounds to be caught and they had to reduce the season.

A number of boats do well during the very short season.

TAPE 33, SIDE A

REP. SOWA: How many large foreign processing boats participate off the Oregon coast in our halibut fishery?

JACOBSON: We have had a joint venture fishery for whiting using our boats for the catch and the catch processed on foreign boats. Prior to 1988 we also had a target fishery by foreign trawlers on Pacific whiting. In that target fishery there is a bycatch of halibut and salmon.

011 REP. SCHROEDER: Can Alaskan fishermen catch as much poundage in two days as they formerly did in 120 days?

015 JACOBSON: Anticipate taking 3 million pounds in the two day season in a small area in Alaska. The upside of the limited season is that you are optimizing your production.

030 JEFF CURTIS, DEPARTMENT OF FISH AND WILDLIFE: The Department receives funding from essentially three sources: federal funds, license fees, and some General Fund revenues.

General Fund revenues comprise about 11% of our recommended budget. Of that 11%, 80% is in the commercial fishery programs in the fish section.

Speaks in support of HB 2931, paraphrasing written testimony (EXHIBIT B).

We also fund 75% of the State Police Game Division. The other 25% was funded by General Fund dollars. That percentage has now been reduced to 15%. We think enforcement is a high priority and would like to backfill from the commercial fish side about $330,000.

HB 2931 which was drafted prior to the time we knew the full extent of our cuts, does not contain salmon fee increases.

We are aware of what Mr. Jacobson is doing and support that. The ad valorem approach is fine with us. We would like to point out that if HB 2931 does not raise $2.3 million, something will need to be cut.

Recommends passage of legislation that will raise $2.3 million. Recommends five cent per pound poundage fee to salmon or its equivalent and that additional funds be set aside in a commercial fisheries fund

because fees collected currently go into the General Fund before they are returned to us and would be subject to the provisions of Measure 5.

SB 614 contains language establishing such a fund and language increasing the salmon poundage fee. We believe that version of legislation, or legislation that would include ad valorem fees and raise a similar amount, would be appropriate legislation to pass.

It always seems difficult to cut an established hatchery. The problem we have with the International Pacific Halibut Commission, is similar to the problems we have with other fisheries. If we do not have the information, we are faced with having fairly restricted fisheries.

Urges committee to remember that all cuts affect something.

125 CHAIR NORRIS: Are these proposed increases to replace lost revenue?

130 CURTIS: Yes.

135 CHAIR NORRIS: Would we be looking at this bill if we did not have Measure 5?

140 CURTIS: Prior to Measure 5, we proposed some increases in marine fishery poundage fees to do additional research and inventory work to improve fishery management programs. With the advent of Measure 5 almost all of the funds we would get would be to backfill current programs.

150 REP. SOWA: What is the justification for General Fund money in the commercial fishery budget?

155 CURTIS: That is a hold over from the existence of the Fish Commission which preceded the Fish and Wildlife Commission and had General Fund revenues. It was probably believed that commercial fisheries in the state were something that should be supported by the General Fund because of the benefits provided to communities and to the state.

165 REP. SOWA: Remembers that the original General Fund money came because the Fish Commission was a General Fund agency. Since that time, every time we ask commercial fisheries to pay their fair share for the management of the resources, it is opposed. We have always been able to secure General Fund monies for those programs, but now we don't have the General Fund money or the programs unless we ask commercial fishermen to walk away from their previous stand about no increase in poundage fees.

180 REP. SCHROEDER: Commercial fishermen are not walking away from the fee increases. They are advocating an ad valorem fee rather than a poundage fee.

Is some Department money based on the sale of sports equipment?

187 CURTIS: Gives details of funding sources.

193 REP. SCHROEDER: Is there tax on materials that commercial fishermen buy?

195 CURTIS: Not that I am aware of.

200 REP. SCHROEDER: That may be one reason why you have General Fund

and other funds.

The general public is gaining more and more from the wildlife in the country that is non-game fund.

203 CURTIS: Various mechanisms have been discussed for charging for participation in wildlife observation.

210 REP. SCHROEDER: How much of the state police expenditure of time and money is on commercial fishing.

215 BROWN: Does not have those numbers.

223 CURTIS: The amount involved is targeted to the commercial fisheries enforcement.

227 CHAIR NORRIS: Asks for information on SB 614 hearings.

230 CURTIS: Bill will probably be up for a work session next Monday. The bill in the Senate has the additional five cents for salmon and a provision directing the additional revenues into a separate Commercial Fisheries Fund.

Testimony we gave in the Senate is the same as we gave here. We have no objection to the ad valorem approach.

244 CHAIR NORRIS: We don't need several bills doing the same thing.

260 REP. SCHROEDER: Senate Agriculture and Natural Resources Committee indicates there is still a revenue raising problem with this bill being in the Senate. They may do some of the work and amend it into HB 2931.

266 REP. SOWA: Will the ad valorem tax proposal only raise a little over $200,000?

280 CURTIS: Ad valorem taxes can raise any amount. Mr. Jacobson's proposal would include ad valorem taxes and license fee increases.

288 BROWN: It would raise about $1 million as currently proposed among the fishermen.

313 CURTIS: Refers to chart in (EXHIBIT B) showing revenue use for additional increase.

Reviews other information in (EXHIBIT B).

320 REP. SOWA: The commissioner said their proposal would raise $237,000.

Have you checked with Legislative Council to see if we could change this to an ad valorem tax and dedicate the funds to a different source given this relating clause?

339 CHAIR NORRIS: Asks Committee Administrator to check with Legislative Counsel about that and the bill introduced in the Senate.

340 REP. DWYER: Why do you put all of your fee bills in the Senate when you know that Revenue bills have to start in the House?

355 CURTIS: I checked with Legislative Counsel and bills that do not

raise General Fund revenue, I understand, can be introduced in the Senate side.

368 REP. DWYER: Fee bills from Senate are going to Ways and Means. What does that mean?

Is the plan to bypass the House substantive committee because you do not think you would get favorable consideration of revenue issues on the House side?

385 CURTIS: Not sure how the process is going to work.

390 REP. SCHROEDER: Is sure a relating clause to address ad valorem can be found.

400 CHAIR NORRIS: A number of bills are trying to do the same thing.

Asks Administrator to check with Peter Green and see what is happening in the Senate, and see what can be done to simplify the process and cut down on the number of bills.

Asks Mr. Curtis to help with that issue.

415 CURTIS: Agrees.

TAPE 32, SIDE B

REP. SOWA: Would like to send message to Ways and Means and Senate Committees, and have this committee to lock up this bill and send it out and tell them what our bottom line is.

007 CHAIR NORRIS: Will schedule another hearing when Administrator obtains requested information.

015 REP. MARKHAM: Feels Department is trying to bypass this committee.

020 CHAIR NORRIS: Closes public hearing on HB 2931.

025 REP. SCHROEDER: Speaks of agricultural constituents concerned about the time it is taking to get a water right processed through the Water Resources Department; anywhere from three to ten years. Water Resources is now asking for extra funds to process instream water rights.

People who have been waiting to get their water rights taken care of are concerned and do not seem fair.

032 REP. SOWA: The legislature passed a bill in 1987 allowing people to go ahead and prove up their own water rights by hiring engineers.

035 REP. SCHROEDER: Feels the problem is in another part of the process.

035 REP. DWYER: Would be interested in finding out the length of time required for processing from application to finalization, how many are outstanding, and the problems involved.

040 CHAIR NORRIS: Adjourns meeting at 2:32 p.m.

Submitted by: Reviewed by:

Pat Zwick, Beth Patrino, Assistant Administrator

EXHIBIT LOG:

A - HB 2931 Testimony - Bob Jacobson - 7 pages B - HB 2931 Testimony - Jeff Curtis - 11 pages