

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.

SENATE COMMITTEE ON AGRICULTURE AND NATURAL RESOURCES

February 25, 1991Hearing Room C 8:00 a.m.Tapes 58 - 60

MEMBERS PRESENT:Sen. Dick Springer Sen. Joyce Cohen, Vice-Chair  
Sen. John Brenneman Sen. Shirley Gold Sen. Bob Kintigh Sen. Tricia  
Smith Sen. Eugene Timms

STAFF PRESENT: Peter Green, Committee Administrator Chris Beck,  
Research Associate Kus Soumie, Committee Assistant

MEASURES CONSIDERED: SB 184 (WRK) SB 259 (WRK) SB 97  
(WRK) SB 472 (PUB) SB 330 (PUB)

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TAPE 58 SIDE A

004 CHAIR SPRINGER CALLS THE MEETING TO ORDER AT 8:30 AM

PUBLIC HEARING SB 472

WITNESSES: Sen. Dick Springer, District 6 Mick Scott, Oregon  
Cattlemen, Oregon Beef Council Bruce Andrews, Director, Department of  
Agriculture Bernie Faber, Oregon Dairy Commission John Volbeda, Dairy  
Farmer Ray Smith, Chairman, Oregon Fryer Commission Steve Parker, Rye  
Grass Commission William Wise, Oregon Potato Commission Jack Hay, Oregon  
Wheat Commission Annette Vandervern, Dairy Farmer Arie Jongeneel, Oregon  
Dairy Farmers Assoc. Scott Bassett, Executive Department

018 SENATOR DICK SPRINGER, DISTRICT 6, Gives testimony supporting SB 472  
and submits written testimony EXHIBIT A. -Gives background of a  
Commodity Commission. -The Professional Health Care Licensing Boards are  
somewhat parallel to this issue.

068 SEN KINTIGH: How much will this impact their method of operating?

071 SEN SPRINGER: The intent isn't to effect their operations; the  
intent is to have them come before the budget process and the  
Legislative Ways and Means Committee to justify what they do. If Ways  
and Means disagrees they may direct otherwise.

084 SEN KINTIGH: Would Ways and Means review their line item budget and tell them what they can and can't do?

085 SEN SPRINGER: Yes. Just like every other state agency.

088 SEN TIMMS: Aren't commodity commissions directly supported by the people involved in them?

095 SEN SPRINGER: The commissions are supported by a compulsory mandatory fee upon production, by state law. It is a state agency and should be treated like any other state agency.

102 SEN TIMMS: The Commodity Commissions may be better off being kept away from government; this keeps the private sector involved.

109 SEN SPRINGER: Comments on the Oil Heat Commission set up last session brought to the legislature by the industry. That is clearly a state agency. -SB 472, if nothing else, will better inform us of the activities of Commodity Commissions.

120 SEN BRENNEMAN: Are you reacting to complaints of members within any of these commissions?

123 SEN SPRINGER: No. It has been discussed that we have public interest members serve on the commissions.

129 MICK SCOTT, Oregon Cattleman, Oregon Beef Council, gives testimony against SB 472, and gives overview of agency programs, and reasons for opposition. Submits written comments EXHIBIT B. -They are currently subject to audit by the Beef Board. -Health licensing Boards are created to protect the public; The commissions are created by the producers to further the purposes of their commodities.

183 SEN COHEN: Maybe it would be just as well to cut the commodities out of the state statutes and make it strictly voluntary.

190 CHAIR SPRINGER: Do you think the Beef Council would survive if the assessment was voluntary?

192 SCOTT: There needs to be a mandatory assessment.

196 SEN COHEN: Requests something in writing from all of the commissions saying why there should be a mandatory assessment.

200 SCOTT: The mandatory assessment works. We don't have a problem with the accountability but that is in place now.

205 CHAIR SPRINGER: How much money do you collect annually?

208 SCOTT: About 1 million dollars is obtained through the beef check off program. The assessment rate is \$1 a head on the sale of beef cattle.

210 CHAIR SPRINGER: How do you spend the money to benefit beef producers in the state?

212 SCOTT: 50 cents on the dollar goes to a national program which has parallel interests with our state program. Within the state we used portions for advertising, information programs and feedback information to our producers.

233 SEN KINTIGH: At what point is the money collected?

236 SCOTT: At the time of the sale. One animal could conceivably turn over three times.

247 CHAIR SPRINGER: Where exactly does the 50% of the money that leaves the state go?

252 SCOTT: It goes to the beef ward and the beef industry council.

259 CHAIR SPRINGER: Would those organizations get involved in public issues such as grazing on public lands?

263 SCOTT: They could from a consumer information standpoint but they have not in the past.

272 SEN TIMMS: Speaks to the importance of the cattle industry and the beef council.

294 SCOTT: Beef is the largest segment of Agriculture in Oregon.

303 CHAIR SPRINGER: What is your relationship with the state agencies now.

314 SCOTT: We are accountable to the Department of Agriculture as far as spending.

334 BRUCE ANDREWS, Director, Department of Agriculture, gives testimony on operations of the Department of Agriculture and the Commodities Commission. -The assessment is voluntary in that the members bring the tax upon themselves through a vote. -The Department of Agriculture is the governing board of the commodities. -Commissions are non-political.

TAPE 59 SIDE A

012 SEN COHEN: How much does it cost the Department of Agriculture to manage support programs.

014 ANDREWS: Less than \$200,000. Continues informational testimony on SB 472 .

028 CHAIR SPRINGER: How are the staff for the commissions selected? Are they eligible for state benefits?

030 ANDREWS: As of July 1st the commissions will have full state benefits. The commissions each hire their own administrator and staff. We deal strictly with budget review.

041 CHAIR SPRINGER: So, these are state agencies.

042 ANDREWS: Yes, but they are unique.

044 CHAIR SPRINGER: Does each commodity commission decide how much they assess themselves?

049 ANDREWS: All of the assessments are statute driven. Uses the Wheat Commission as an example.

057 CHAIR SPRINGER: Establishes that no commodity commissions have

public members. How is marketing coordinated between your department and the commissions?

072 ANDREWS: We work with commodities to help them find new markets, do research, and overcome problems.

085 SEN SMITH: What makes the commodities commissions different from any other trade association?

097 ANDREWS: Commodity Commissions are a series of small businessmen.

102 SEN SMITH: What is unique about agricultural businessmen that they need a commission established in statute?

106 ANDREWS: They realize that individually they can do little. They have taken it upon themselves to tax themselves and have asked the state to make sure it is done fairly.

119 SEN SMITH: This still doesn't explain why agricultural people are different from other business people in that they require a taxing system to bring them together.

124 ANDREWS: Its unique because they recognize the need and their diversity. Poses the question as to why other groups don't do the same thing?

133 SEN SMITH: But setting up a taxing system among business people is different from coming together to do collective research.

136 ANDREWS: Yes, but it is voluntary.

137 SEN TIMMS: In Europe they have found these commissions to be effective.

150 SEN BRENNEMAN: This is an urban/rural issue.

157 SEN GOLD: It isn't a rural/urban rift. It is something positive that should be looked at as possibly serving other forms of business.

170 BERNIE FABER, Oregon Dairy Commission, speaks in opposition to SB 472. Submits EXHIBIT C, an example of the Dairy Commission's marketing and research programs and EXHIBIT D, written comments.

249 CHAIR SPRINGER: How is the assessment determined and what is your budget?

259 FABER: The assessment is determined by producer referendum. It is 50.5 cents per hundred weight of milk. Five cents goes to the federal program. The current budget is 1.8 million.

272 CHAIR SPRINGER: Establishes that all producers are eligible to vote and there are 6700 producers. What is the relationship of the commission to the Oregon Dairy Council?

278 FABER: They are the same thing. The council is an arm of the commission that does nutrition and education.

285 JOHN VOLBEDA, Dairy Farmer, speaks in opposition to SB 472. Submits and reads written testimony EXHIBIT E.

336 CHAIR SPRINGER: Regarding the additional assessment to research water quality issues; was that coordinated with any state agencies?

VOLBEDA: That was coordinated with Oregon State University.

352 SEN SMITH: SB 472 doesn't effect your assessment process. The intent isn't to have the legislature tell you what to do.

371 VOLBEDA: As a dairyman, would like the industry to monitor its own funding since it is our money.

394 FABER: SB 472 would increase our overhead. We would have to have an additional staff member to handle the paperwork.

407 CHAIR SPRINGER: Do you think you should be contributing to the cost the Department of Agriculture incurs staffing the commissions?

417 VOLBEDA: It isn't a problem for me.

427 CHAIR SPRINGER: How about having a public member on the commission?

429 FABER: That wouldn't be a problem with certain provisions.

438 SEN COHEN: Establishes that they do get per diem.

TAPE 58 SIDE B

025 RAY SMITH, Chairman, Oregon Fryer Commission, speaks in opposition to SB 472. Submits and outlines written comments EXHIBIT F.

063 SEN TIMMS: Served on the School of Veterinary medicine which had a person there funded by the Fryer Commission. Would your commission be allowed to fund a position at a higher education institution?

SMITH, R: That was done through private funding. Other than research funding he doesn't think so.

100 STEVE PARKER, Rye Grass Commission ,speaks against SB 472, and gives overview of the commission and its programs.

127 CHAIR SPRINGER: What is your budget? What is the money used for? How many different seed commissions are there? What is your commission's relationship to the Oregon Seed Council?

130 PARKER: Approximately \$1/2 million. It is used for advertising and funds research positions at Oregon State. There are numerous seed commissions. We funnel money to the Oregon Seed Council.

138 CHAIR SPRINGER: How is the Oregon Seed Council involved in the politics of field burning?

143 PARKER: This was debated. We stay out of politics.

152 CHAIR SPRINGER: If the grass seed industry can pull together on field burning why can't they pull together otherwise?

155 PARKER: There are many different opinions among the farmers regarding field burning. There are certain types of Rye Grass that do well without being burned.

CHAIR SPRINGER: Its nice to hear not all grass seed growers believe in burning their fields.

161 WILLIAM WISE, Oregon Potato Commission, gives commission overview and speaks in opposition to SB 472. Submits and reads written testimony EXHIBIT G.

275 CHAIR SPRINGER: How much money do you spend every year? How is it assessed?

298 WISE: Our budget this year is \$518,000. It is assessed at the point of sale at 2 1/2 cents per 100 pounds. We are trying to increase this to 4 cents per 100 pounds.

SEN TIMMS: The Oregon Potato Commission has done an excellent job of marketing in Japan.

328 JACK HAY, Oregon Wheat Commission, gives testimony in opposition to SB 472 , and presents EXHIBIT H. TOM WINN, Administrator of the Oregon Wheat Commission is with him.

377 CHAIR SPRINGER: What is the relationship of the Commission to the Wheat Growers League?

383 HAY: The Wheat Growers League is a members only organization that works separately from the Commission. We do, at times, work together. The League is voluntary membership and has a budget of around \$500,000.

390 CHAIR SPRINGER: Why can't this be done voluntarily.

395 HAY: We contribute heavily to OSU for research activities which are time consuming and costly. The research results can greatly improve production. All growers would benefit from this information so they should all participate. The state also benefits from our increased production so the amount of money spent by the Department of Agriculture on commissions is also justified.

TAPE 59 SIDE B

011 ANNETTE VANDERVERN, Dairy Farmer, speaks in opposition to SB 472, Wants Government out of her business. Has no complaint with the Commission. Wouldn't have a problem if the state didn't have any monetary input.

023 ARIE JONGENEEL, Oregon Dairy Farmers Association, speaks in opposition to SB 472, and gives reasons why the bill is not wanted or needed.

063 CHAIR SPRINGER: Are you familiar with the Department of Agriculture's budget? How much of the Dairy Inspection budget is fee paid and how much comes from the General Fund?

072 SCOTT BASSETT, Executive Department, Gives informational testimony on the Governor's budget. There is a proposal to have all regulation costs of food and dairy paid for by the industry. Food and Dairy is roughly \$2 million of the general fund.

086 SEN SMITH: Where does the \$200,000 paid by the Dept. of Agriculture for staffing the commissions come from?

089 BASSETT: That money is general fund money.

096 VAN DER VERN: The purpose of the inspections is to protect the public.

WORK SESSION ON SB 184 AND SB 259

WITNESSES: Fred Hansen, Department of Environmental Quality (DEQ) Holly Duncan, DEQ Brad Higby, City of Portland Jim Whitty, Association of Oregon Industries (AOI)

PETER GREEN, Committee Administrator, Introduces SB 184-1 amendments EXHIBIT I and EXHIBIT J, the hand engrossed version of SB 184-1.

123 FRED HANSEN, Director, DEQ, Gives overview of the SB 184-1 amendments EXHIBIT I and the changes they bring to each section of the bill.

CHAIR SPRINGER: Is there any such thing as a permitted sub-surface disposal for industry?

HANSEN: Yes, at the federal and state level. These are for residential sub-surface septic tanks.

156 SEN SMITH: When is a \$10,000 fine warranted?

162 HANSEN: Section 2 of SB 184 references the extreme penalty of \$100,000. Section 3 of SB 184 that you are referencing takes in noise and solid waste and sets the maximum fine at \$10,000.

SEN SMITH: When is the \$100,000 fine warranted for noise pollution?

196 HANSEN: That probably would never happen. `Noise' was left in for consistency. But, noise is sometimes an issue. Uses Portland International Raceway as an example. Noise pollution in the past hasn't required such high penalties but it is conceivable that it could.  
-Continues overview of the SB 184-1 amendments.

252 SEN SMITH: Why is solid waste in both Section 2 and 3 of SB 184-1 EXHIBIT J?

258 HANSEN: Section 2 of SB 184 deals with the extreme criteria. Section 3 deals with existing statutes for non-extreme situations. This is parallel with the rest of the statutes.

SEN SMITH: Should the same referenced statutes be in both Sections?

278 HOLLY DUNCAN, DEQ, What has been added to Section 2 are statutes that weren't originally covered in the \$100,000 penalty but were meant to be covered. The intent of Section 3 is to raise all civil penalties from \$500 to \$10,000.

295 HANSEN: Adds additional comments regarding Sections 2 and 3 of SB 184-1.

307 DUNCAN: The statutes listed in Section 3 are the specific statutes for which we would assess a civil penalty.

321 SEN SMITH: Could both assessments be charged to a violation that applies to both sections?

328 DUNCAN: The issue of whether or not Section 2 is mutually exclusive hasn't been discussed. By law it could probably happen. Under Section 2 DEQ will adopt by rule how to apply the \$100,000 penalty.

341 HANSEN: Gives overview of DEQ's current authority. Multiplying days of violation isn't preferred. It makes more sense to take the penalty against how serious the violation is.

372 SEN KINTIGH: Asks a question regarding page 1, lines 25-26 of the hand engrossed SB 184-1 EXHIBIT J.

378 DUNCAN: That is the notice of the facility selling the battery that it intends to accept batteries for disposal.

398 HANSEN: Continues overview of the SB 184-1 amendments.

TAPE 60 SIDE A

012 DUNCAN: Reads additional language proposed by DEQ for the SB 184-1 hand engrossed version EXHIBIT J.

024 CHAIR SPRINGER: Establishes that the City of Portland concurs with the SB 184-1 amendments.

037 BRAD HIGBY, City of Portland, gives testimony on SB 184-1. Refers to an amendment submitted in a previous meeting. Suggests keeping SB 66 in mind.

046 CHAIR SPRINGER: What language do you want?

048 HIGBY: reiterates previously proposed amendments.

054 SEN COHEN: Isn't willing to exempt recycling from any kind of fines.

075 JIM WHITTY, AOI, speaks to AOI's amendments to SB 184 from February 15th.

091 SEN TIMMS: Does 'gross negligence' in Section 2 of SB 184 include gasoline?

094 WHITTY: Suspects it does.

100 SEN TIMMS: What do you do when there is a gasoline spill in rural Oregon? The Department will be the one cleaning the spill.

HANSEN: The liable party would be immediately liable. They are expected to be responsible for the cleanup even though DEQ may be offering direction.

132 SEN TIMMS: We are developing dramatic criteria. Before the liability is inflicted the party should be grossly negligent.

CHAIR SPRINGER ADJOURNS MEETING AT 10:40 AM

EXHIBIT LOG:

A	-	Testimony on SB 472 - Sen. Springer - 2 pages	
B	-	Testimony on SB 472 - Mick Scott - 2 pages	C - Testimony



on SB 472 - Faber - n/a D - Testimony on SB 472 - Faber - 2 pages E  
- Testimony on SB 472 - Volbeda - 1 page F - Testimony on SB 472 -  
Ray Smith - 1 page G - Testimony on SB 472 - Wise - 3 pages H  
- Testimony on SB 472 - Hay - 2 pages I -Amendments to SB 184 - Staff  
- 1 page J -Amendments to SB 184 - Staff - 3 pages

Submitted by: Reviewed by:

Jill Rader Peter Green Assistant Administrator