

House Bill 2419

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed	
At the request of Representative Walt Schroeder	
Title: Relating to forest products; and appropriating money.	
HOUSE ACTION	SENATE ACTION
Introduced. First Reading. Referred to Speaker's Desk JAN 16 1991	First Reading. Referred to President's Desk 5-27-91
Referred JAN 17 1991	Referred 5-31-91
Referred to Ag., Forestry & Nat. Res. sub Revenue	Referred to Trade & Econ. Devel.; Ag & Nat. Res.
Reported back: with the recommendation that it: <input type="checkbox"/> Do pass <input checked="" type="checkbox"/> Do pass with amendments P.E. <input type="checkbox"/> See additional action FEB 28 1991	Reported back: with the recommendation that it: <input type="checkbox"/> Do pass <input checked="" type="checkbox"/> Do pass with amendments to the bill <input type="checkbox"/> See additional action 6-28
<input type="checkbox"/> Referred to <input checked="" type="checkbox"/> Referred by prior reference Revenue & School	<input checked="" type="checkbox"/> Referred to Sub. ref. to Ag & Nat. Res. rescinded by order of Pres. <input type="checkbox"/> Referred by prior reference
Reported back: with the recommendation that it: <input type="checkbox"/> Do pass <input checked="" type="checkbox"/> Do pass with amendments P.E. <input checked="" type="checkbox"/> See additional action MAY 21 1991	Reported back: with the recommendation that it: <input type="checkbox"/> Do pass <input type="checkbox"/> Do pass with amendments <input type="checkbox"/> See additional action RS 6-28
Second Reading MAY 23 1991	Second Reading RS 6-28
Third Reading <input checked="" type="checkbox"/> PASSED 53-4 <input type="checkbox"/> FAILED <input type="checkbox"/> See additional action MAY 24 1991	Third Reading <input checked="" type="checkbox"/> PASSED 25-1 <input type="checkbox"/> FAILED <input type="checkbox"/> See additional action 6-29
CERTIFIED <i>Ramon J. Brady</i> CHIEF CLERK	CERTIFIED <i>Reonna Merrill</i> SECRETARY OF SENATE
<input checked="" type="checkbox"/> HOUSE CONCURRED IN SENATE AMENDMENTS AND REPASSED 6/29 56-1	<input type="checkbox"/> HOUSE REFUSED TO CONCUR IN SENATE AMENDMENTS (See Additional Action)
CERTIFIED <i>Ramon J. Brady</i> CHIEF CLERK	

Engrossed	Date
Printed A	February 28
Re-engrossed	February 28
Printed B	May 21
Eng Re-eng by Smtk. June 28	
Printed C by Senate June 28	
Re-eng Re-eng	
Printed D	
Eng Re-eng Re-eng	
Printed E	
ENROLLED	June 30

ADDITIONAL ACTION

DATE

ACTION

JUN 25 1991

(3.5) Schrader moved House adopt
Senate amendments + Repass.
Motion adopted + Bill repassed 56-1

Enrolled
House Bill 2419

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Representative Walt Schroeder)

CHAPTER

AN ACT

Relating to forest products; creating new provisions; amending ORS 321.684; and appropriating money.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Sections 2 to 20 of this Act are added to and made a part of ORS chapter 526.

SECTION 2. As used in sections 2 to 20 of this 1991 Act, unless the context requires otherwise:

(1) "Institute" means the Oregon Forest Resources Institute.

(2) "Producer" means a producer of forest products and includes any person, partnership, association, corporation, cooperative or other business entity involved in the growing, harvesting or producing of timber or timber products.

SECTION 3. The State of Oregon recognizes that the forest products industry is the largest industry in the state. It provides monetary returns to labor, forestland owners, mill owners and operators, public timber purchasers, timber harvesters, investors and others. It is a source of local and state taxes. It is a major supporter of many secondary businesses that supply goods and services in our communities. The welfare of the state is therefore largely dependent on the health and vigor of the forest products industry.

SECTION 4. (1) There hereby is created the Oregon Forest Resources Institute. The institute shall be governed by a board of directors formed as provided in this section. Elected members of the board shall be elected by producers as provided in this section. The term of office of a member is three years.

(2) The State Forester shall solicit nominations and conduct an election for elected members of the board as follows:

(a) One member who is a producer of 50 million board feet per year or less shall be elected from each forest region established under ORS 527.640.

(b) One member who is a producer of more than 50 million board feet per year, but less than 150 million board feet per year, shall be elected from each forest region established under ORS 527.640.

(c) One member who is a producer of 150 million or more board feet per year shall be elected from each forest region established under ORS 527.640.

(d) One member who owns between 100 and 2,000 acres of forestland and who has no direct financial interest in any forest products processing activity shall be elected statewide.

(3) Eligible voters for the elected members described in subsection (2) of this section shall be only those persons who are of that described class.

(4) The cost of the nomination and election process shall be paid by the institute.

(5) In addition to the membership described in subsection (2) of this section, the elected members shall appoint a member who is an hourly wage employee of a producer or a person who represents such employees. The appointed member shall serve for a term of three years.

(6)(a) In addition to the membership otherwise provided in this section, the following persons shall serve as nonvoting members:

(A) The Dean of the College of Forestry at Oregon State University shall serve ex officio.

(B) The chair of the Wood Products Competitiveness Corporation shall serve ex officio or in the event that the corporation does not exist a representative of the secondary wood products processing industry appointed by the Director of the Economic Development Department.

(C) An individual jointly appointed by the President of the Senate and the Speaker of the House of Representatives to represent the public. The public representative shall not be a member of or significantly affiliated with any organization of or business in the timber industry or any organization or business known to support or promote environmental or conservation issues.

(b) Members referred to in this subsection are not subject to sections 6 to 8 of this 1991 Act.

SECTION 5. Notwithstanding the term of office specified by section 4 of this 1991 Act, of the members first elected to the board of directors of the Oregon Forest Resources Institute:

(1) Three members, one from each of the regions described in section 4 (2) of this 1991 Act, shall serve for a term of one year.

(2) Three members, one from each of the regions described in section 4 (2) of this 1991 Act, shall serve for terms of two years.

(3) Four members, one from each of the regions described in section 4 (2) of this 1991 Act, shall serve for terms of three years.

SECTION 6. Each member of the board of directors shall have the following qualifications:

(1) Be a citizen of the United States.

(2) Be a bona fide resident of this state.

(3) Be a producer in this state or an employee of such a producer.

(4) Have been actively engaged in producing forest products for a period of at least five years.

(5) Derive a substantial proportion of income from the production of forest products.

(6) Have demonstrated, through membership in producers' organizations, a profound interest in the development of Oregon's forest products industry.

SECTION 7. Each elected member of the board of directors shall be elected for a term ending three years from the date of the expiration of the term for which the member's predecessor was elected. If there is a vacancy on the board of the elected member, other than a vacancy caused by expiration of a term, the board shall fill the vacancy by appointment for the remainder of the unexpired term with a person who represents the same region and the same producer size class as the member whose term was vacated.

SECTION 8. (1) The board of directors shall immediately declare the office of any member of the board of directors vacant whenever the member ceases to be an active producer in this state, becomes a resident of another state or is unable to perform the duties of office.

(2) The board of directors may remove any member of the board of directors for inefficiency, neglect of duty or misconduct in office, but not until after a public hearing thereon and service upon such member of a copy of the charges together with a notice of the time and place of such hearing. Service shall be made not less than 10 days prior to the hearing. At the hearing the member shall be given an opportunity to be heard in person or by counsel and shall be permitted to present evidence to answer the charges and explain the facts alleged.

SECTION 9. Directors, officers and employees of the institute may receive their actual and necessary travel and other expenses incurred in the performance of their official duties. The board of directors shall adopt uniform and reasonable rules governing the incurring and paying of such expenses.

SECTION 10. (1) The board of directors annually shall elect a chairperson.

(2) The board of directors shall meet regularly at least once each quarter, and at such other times as called by the chairperson.

SECTION 11. The institute shall enhance and provide support for Oregon's forest products industry. In achieving these objectives the institute may:

(1) Increase public understanding of the practice of forestry and the use and benefits of forest products.

(2) Support education and cooperative efforts among private forest landowners and within the forest products industry to:

(a) Practice good stewardship of the land, and protect water and other public resources to the maximum extent practicable;

(b) Encourage the conversion of underproductive rural lands to forest uses, and provide information to private landowners on the means to facilitate such conversions;

(c) Encourage, facilitate and assist private forest landowners to meet or exceed state and federal regulations governing forest operations;

(d) Evaluate and communicate to private forest landowners the stewardship responsibility expectations of the public; and

(e) In cooperation with the State Forestry Department, Oregon State University and other appropriate government or private entities, serve as a clearinghouse for the dissemination of information to private forest landowners, through conferences, workshops and other means, about modern land management practices.

(3) Conduct research and help facilitate continued improvement in wood utilization and in secondary wood products manufacturing.

SECTION 12. In addition to the functions listed in section 11 of this 1991 Act, the institute may:

(1) Conduct research and disseminate reliable information based upon such research.

(2) Sue and be sued as an institute without individual liability for acts of the board of directors within the scope of the powers conferred upon it by law.

(3) Enter into contracts which the board of directors considers necessary to carry out the duties, functions and powers imposed upon the institute by law.

(4) Borrow money in amounts not to exceed 50 percent of the board of directors' estimate of the institute's revenue from the current year's harvest.

(5) Appoint subordinate officers and employees of the institute and prescribe their duties and fix their compensation.

(6) Adopt, rescind, modify or amend all proper orders, regulations, rules and resolutions for the exercise of its duties, functions and powers.

SECTION 13. (1) Notwithstanding section 12 (2) of this 1991 Act, no funds shall be expended by the institute for the purpose of supporting or opposing litigation or other legal action which is unrelated to the administration of the institute.

(2) No funds shall be expended by the institute for the purpose of influencing, or attempting to influence, any legislation or any rulemaking or other administrative activity of any state board, commission or agency.

SECTION 14. The institute may accept grants, donations or gifts from any source for expenditures for any purposes consistent with the purposes of sections 2 to 20 of this 1991 Act. All funds so received shall be handled as specified in sections 2 to 20 of this 1991 Act for other moneys received by the institute.

SECTION 15. The State of Oregon is not liable for the acts or omissions of the institute or agents or officers thereof.

SECTION 16. The provisions of ORS 576.410 to 576.450, pertaining to budget and expenditure control, apply to budgets and expenditures of the institute except that:

(1) All references in such statutes to the Director of Agriculture shall be considered references to the State Forester.

(2) All references in such statutes to the board shall be considered references to the State Board of Forestry.

(3) All references in such statutes to the commission shall be considered references to the board of directors of the institute.

(4) Copies of proposed budgets required by ORS 576.425 (1) shall not be sent to county extension agents, but shall be available for inspection at the institute office and at the office of the State Forester in Salem.

SECTION 17. Except as otherwise provided in sections 2 to 20 of this 1991 Act, ORS 291.026, 291.202 to 291.222, 291.232 to 291.260, 291.322 to 291.336, 292.210 to 292.250, 293.260 to 293.280, 293.295 to 293.346 and 293.590 to 293.640 do not apply to the institute or to the administration and enforcement of sections 2 to 20 of this 1991 Act.

SECTION 18. The institute shall keep accurate books, records and accounts of all its dealings which shall be open to inspection and audit by the Secretary of State.

SECTION 19. (1) After two years from the effective date of this 1991 Act, producers of 35 percent or more of all merchantable forest products harvested on forestland in the previous year may petition the State Forester to hold a referendum on discontinuance of the institute. The referendum shall be held in such manner as the State Forester, by rule, may prescribe.

(2) If the State Forester determines that producers who harvested 60 percent or more of all merchantable forest products harvested on forestland in the previous year vote in the referendum in favor of discontinuance of the institute, the institute, as rapidly as possible, shall convert its assets to cash and do all other things necessary to terminate its activities. Upon the termination of activities, all moneys in the Oregon Forest Resources Institute Fund shall be paid into the Forest Research and Experiment Account.

(3) When a referendum on discontinuance of the institute is held and there are insufficient votes in favor of discontinuance, a subsequent referendum on discontinuance shall not be held within five years from the date of the result of the previous referendum ordered by the State Forester.

SECTION 20. The Oregon Forest Resources Institute Fund is created in the State Treasury, separate and distinct from the General Fund. Except as otherwise provided by law, all moneys received by the institute shall be paid into the State Treasury and credited to the fund. All moneys in the fund are appropriated continuously to the institute to carry out its duties, functions and powers. Interest earnings on all moneys in the fund shall be retained in the fund.

SECTION 21. Sections 22 and 23 of this Act are added to and made a part of ORS 321.005 to 321.185.

SECTION 22. (1) In addition to the taxes levied under ORS 321.015 (1) to (3), there hereby is levied a privilege tax upon taxpayers on the harvesting of all merchantable forest products harvested on forestland on or after July 1, 1991, in the amount provided in subsection (2) of this section.

(2) The rate of tax levied in subsection (1) of this section shall be established annually by the board of directors of the institute, at a rate not to exceed 75 cents per thousand feet, board measure, on all merchantable forest products harvested on forestlands. The maximum tax rate prescribed by this subsection may be increased by the board of directors in an amount equal to the previous year's increase in the Consumer Price Index (Portland area -- all items) as published by the Bureau of Labor Statistics of the United States Department of Labor for the Portland, Oregon area.

(3) The tax shall be measured by and be applicable to each per thousand feet, board measure, and such shall be subject to and determined by the procedures and provisions of ORS 321.015 (4) and (5).

(4) The tax levied by subsection (1) of this section shall be due and payable to the department in the manner and procedure, including penalties and interest, as set forth for the collection of the privilege tax in ORS 321.005 to 321.185.

(5) The revenue from the tax levied by subsection (1) of this section shall be remitted to the State Treasurer who shall deposit it in a suspense account established under ORS 321.145 (1). After payment of refunds, which shall be paid in the same manner as other forest products harvest tax refunds are paid in ORS 321.145 (2), the balance of the additional tax imposed under subsection (1) of this section shall be deposited in the Oregon Forest Resources Institute Fund.

SECTION 23. Notwithstanding the rate of tax prescribed by section 22 (2) of this 1991 Act, during the period beginning July 1, 1991, and ending June 30, 1992, the rate of tax shall be 31 cents per thousand board feet measure.

SECTION 24. ORS 321.684 is amended to read:

321.684. (1) The department may:

(a) Furnish to any taxpayer or authorized representative, upon request of the taxpayer or authorized representative, a copy of the taxpayer's timber tax return filed with the department for any year, or a copy of any report filed by the taxpayer in connection with the return.

(b) Publish a list of taxpayers who are entitled to unclaimed tax refunds.

(c) Publish statistics classified so as to prevent the identification of taxable value or any particulars contained in any report or return.

(d) Disclose a taxpayer's name, address and social security number or employer identification number to the extent necessary in connection with the processing and mailing of forms for any report or return required in the administration of ORS 321.045, 321.322, 321.435 and 321.950.

(e) Disclose names and addresses of taxpayers filing under ORS 321.282 (4) and 321.432 to Oregon State University pursuant to surveys and programs related to forest management.

(f) Disclose to the State Forester, upon request of the forester, for the purpose of soliciting nominations and conducting elections referred to in section 4 of this 1991 Act, the names of producers who filed forest products harvest tax returns in the following categories:

(A) 50 million board feet or less.

(B) More than 50 million board feet but less than 150 million board feet.

(C) 150 million board feet or more.

(2) The department also may disclose and give access to information described in ORS 321.682 to:

(a) The Commissioner of Internal Revenue or authorized representative, for tax purposes only.

(b) The United States Forest Service, Bureau of Land Management and the State Forestry Department pursuant to their regulatory programs and for investigative purposes related to timber theft.

(c) The Attorney General, assistants and employees in the Department of Justice or other legal representative of the State of Oregon, to the extent the department considers disclosure or access necessary for the performance of the duties of advising or representing the department pursuant to ORS 321.045, 321.322, 321.435 and 321.950.

(d) Employees of the State of Oregon, other than the Department of Revenue or Department of Justice, to the extent the department considers disclosure or access necessary for such employees to perform their duties under contracts or agreements between the department and any other department, agency or subdivision of the State of Oregon in the department's administration of the tax laws.

(e) The Legislative Revenue Officer or the authorized representative upon compliance with ORS 173.850. Such officer or representative shall not remove from the premises of the department any materials that would reveal the identity of any taxpayer or any other person or the volume of harvest and value reported on individual returns and reports.

(f) Any agency of the State of Oregon, or any person, or any officer or employee of such agency or person to whom disclosure or access is given by state law and not otherwise referred to in this section, including but not limited to the Secretary of State as Auditor of Public Accounts under section 2, Article VI of the Constitution of the State of Oregon.

(3) Each officer or employee of the department and each person described or referred to in paragraphs (b) to (f) of subsection (2) of this section to whom disclosure or access to the tax information is given under subsection (2) of this section or any other provision of state law, prior to beginning employment or the performance of duties involving such disclosure or access, shall be advised in writing of the provisions of ORS 321.682 and 321.686 relating to penalties for the violation of ORS 321.682, and shall, as a condition of employment or performance of duties, execute a certificate for the department, in a form prescribed by the department, stating in substance that the person has read these provisions of law, that the person has had them explained and that the person is aware of the penalties for the violation of ORS 321.682.

Passed by House May 24, 1991

Repassed by House June 29, 1991

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Chief Clerk of House

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Speaker of House

Passed by Senate June 29, 1991

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President of Senate

Received by Governor:

.....M.,....., 1991

Approved:

.....M.,....., 1991

.....
Governor

Filed by Office of Secretary of State:

.....M.,....., 1991

.....
Secretary of State

Enrolled
~~C-Engrossed~~

House Bill 2419

Ordered by the Senate June 28
Including House Amendments dated February 28 and May 21 and
Senate Amendments dated June 28

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Representative Walt Schroeder)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Establishes Oregon Forest Resources Institute [*for education of public about forest products*] to **achieve certain objectives**. Provides for funding through forest products harvest tax. Specifies number and qualifications of board of directors and prescribes institute duties and powers. **Prohibits use of institute funds to support or oppose certain litigation or to influence legislation or certain administrative activity.**

A BILL FOR AN ACT

1
2 Relating to forest products; creating new provisions; amending ORS 321.684; and appropriating
3 money.

4 **Be It Enacted by the People of the State of Oregon:**

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10 producing of timber or timber products.

11 **SECTION 3.** The State of Oregon recognizes that the forest products industry is the largest
12 industry in the state. It provides monetary returns to labor, forestland owners, mill owners and op-
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15 our communities. The welfare of the state is therefore largely dependent on the health and vigor
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18 shall be governed by a board of directors formed as provided in this section. Elected members of the
19 board shall be elected by producers as provided in this section. The term of office of a member is
20 three years.

21 (2) The State Forester shall solicit nominations and conduct an election for elected members of
22 the board as follows:

23 (a) One member who is a producer of 50 million board feet per year or less shall be elected from
24 each forest region established under ORS 527.640.

25 (b) One member who is a producer of more than 50 million board feet per year, but less than
26 150 million board feet per year, shall be elected from each forest region established under ORS

NOTE: Matter in bold face in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.

1 527.640.

2 (c) One member who is a producer of 150 million or more board feet per year shall be elected
3 from each forest region established under ORS 527.640.

4 (d) One member who owns between 100 and 2,000 acres of forestland and who has no direct fi-
5 nancial interest in any forest products processing activity shall be elected statewide.

6 (3) Eligible voters for the elected members described in subsection (2) of this section shall be
7 only those persons who are of that described class.

8 (4) The cost of the nomination and election process shall be paid by the institute.

9 (5) In addition to the membership described in subsection (2) of this section, the elected members
10 shall appoint a member who is an hourly wage employee of a producer or a person who represents
11 such employees. The appointed member shall serve for a term of three years.

12 (6)(a) In addition to the membership otherwise provided in this section, the following persons
13 shall serve as nonvoting members:

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15 (B) The chair of the Wood Products Competitiveness Corporation shall serve ex officio or in the
16 event that the corporation does not exist a representative of the secondary wood products process-
17 ing industry appointed by the Director of the Economic Development Department.

18 (C) An individual jointly appointed by the President of the Senate and the Speaker of the House
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40 in favor of discontinuance of the institute, the institute, as rapidly as possible, shall convert its as-
41 sets to cash and do all other things necessary to terminate its activities. Upon the termination of
42 activities, all moneys in the Oregon Forest Resources Institute Fund shall be paid into the Forest
43 Research and Experiment Account.

44 (3) When a referendum on discontinuance of the institute is held and there are insufficient votes

1 in favor of discontinuance, a subsequent referendum on discontinuance shall not be held within five
2 years from the date of the result of the previous referendum ordered by the State Forester.

3 **SECTION 20.** The Oregon Forest Resources Institute Fund is created in the State Treasury,
4 separate and distinct from the General Fund. Except as otherwise provided by law, all moneys re-
5 ceived by the institute shall be paid into the State Treasury and credited to the fund. All moneys
6 in the fund are appropriated continuously to the institute to carry out its duties, functions and
7 powers. Interest earnings on all moneys in the fund shall be retained in the fund.

8 **SECTION 21.** Sections 22 and 23 of this Act are added to and made a part of ORS 321.005 to
9 321.185.

10 **SECTION 22.** (1) In addition to the taxes levied under ORS 321.015 (1) to (3), there hereby is
11 levied a privilege tax upon taxpayers on the harvesting of all merchantable forest products har-
12 vested on forestland on or after July 1, 1991, in the amount provided in subsection (2) of this section.

13 (2) The rate of tax levied in subsection (1) of this section shall be established annually by the
14 board of directors of the institute, at a rate not to exceed 75 cents per thousand feet, board measure,
15 on all merchantable forest products harvested on forestlands. The maximum tax rate prescribed by
16 this subsection may be increased by the board of directors in an amount equal to the previous year's
17 increase in the Consumer Price Index (Portland area -- all items) as published by the Bureau of
18 Labor Statistics of the United States Department of Labor for the Portland, Oregon area.

19 (3) The tax shall be measured by and be applicable to each per thousand feet, board measure,
20 and such shall be subject to and determined by the procedures and provisions of ORS 321.015 (4)
21 and (5).

22 (4) The tax levied by subsection (1) of this section shall be due and payable to the department
23 in the manner and procedure, including penalties and interest, as set forth for the collection of the
24 privilege tax in ORS 321.005 to 321.185.

25 (5) The revenue from the tax levied by subsection (1) of this section shall be remitted to the
26 State Treasurer who shall deposit it in a suspense account established under ORS 321.145 (1). After
27 payment of refunds, which shall be paid in the same manner as other forest products harvest tax
28 refunds are paid in ORS 321.145 (2), the balance of the additional tax imposed under subsection (1)
29 of this section shall be deposited in the Oregon Forest Resources Institute Fund.

30 **SECTION 23.** Notwithstanding the rate of tax prescribed by section 22 (2) of this 1991 Act,
31 during the period beginning July 1, 1991, and ending June 30, 1992, the rate of tax shall be 31 cents
32 per thousand board feet measure.

33 **SECTION 24.** ORS 321.684 is amended to read:

34 321.684. (1) The department may:

35 (a) Furnish to any taxpayer or authorized representative, upon request of the taxpayer or au-
36 thorized representative, a copy of the taxpayer's timber tax return filed with the department for any
37 year, or a copy of any report filed by the taxpayer in connection with the return.

38 (b) Publish a list of taxpayers who are entitled to unclaimed tax refunds.

39 (c) Publish statistics classified so as to prevent the identification of taxable value or any par-
40 ticulars contained in any report or return.

41 (d) Disclose a taxpayer's name, address and social security number or employer identification
42 number to the extent necessary in connection with the processing and mailing of forms for any re-
43 port or return required in the administration of ORS 321.045, 321.322, 321.435 and 321.950.

44 (e) Disclose names and addresses of taxpayers filing under ORS 321.282 (4) and 321.432 to

1 Oregon State University pursuant to surveys and programs related to forest management.

2 (f) Disclose to the State Forester, upon request of the forester, for the purpose of solic-
3 iting nominations and conducting elections referred to in section 4 of this 1991 Act, the
4 names of producers who filed forest products harvest tax returns in the following categories:

5 (A) 50 million board feet or less.

6 (B) More than 50 million board feet but less than 150 million board feet.

7 (C) 150 million board feet or more.

8 (2) The department also may disclose and give access to information described in ORS 321.682
9 to:

10 (a) The Commissioner of Internal Revenue or authorized representative, for tax purposes only.

11 (b) The United States Forest Service, Bureau of Land Management and the State Forestry De-
12 partment pursuant to their regulatory programs and for investigative purposes related to timber
13 theft.

14 (c) The Attorney General, assistants and employees in the Department of Justice or other legal
15 representative of the State of Oregon, to the extent the department considers disclosure or access
16 necessary for the performance of the duties of advising or representing the department pursuant to
17 ORS 321.045, 321.322, 321.435 and 321.950.

18 (d) Employees of the State of Oregon, other than the Department of Revenue or Department of
19 Justice, to the extent the department considers disclosure or access necessary for such employees
20 to perform their duties under contracts or agreements between the department and any other de-
21 partment, agency or subdivision of the State of Oregon in the department's administration of the tax
22 laws.

23 (e) The Legislative Revenue Officer or the authorized representative upon compliance with ORS
24 173.850. Such officer or representative shall not remove from the premises of the department any
25 materials that would reveal the identity of any taxpayer or any other person or the volume of har-
26 vest and value reported on individual returns and reports.

27 (f) Any agency of the State of Oregon, or any person, or any officer or employee of such agency
28 or person to whom disclosure or access is given by state law and not otherwise referred to in this
29 section, including but not limited to the Secretary of State as Auditor of Public Accounts under
30 section 2, Article VI of the Constitution of the State of Oregon.

31 (3) Each officer or employee of the department and each person described or referred to in
32 paragraphs (b) to (f) of subsection (2) of this section to whom disclosure or access to the tax infor-
33 mation is given under subsection (2) of this section or any other provision of state law, prior to
34 beginning employment or the performance of duties involving such disclosure or access, shall be
35 advised in writing of the provisions of ORS 321.682 and 321.686 relating to penalties for the violation
36 of ORS 321.682, and shall, as a condition of employment or performance of duties, execute a certif-
37 icate for the department, in a form prescribed by the department, stating in substance that the
38 person has read these provisions of law, that the person has had them explained and that the person
39 is aware of the penalties for the violation of ORS 321.682.

OREGON HOUSE OF REPRESENTATIVES
1991-92 SESSION
ROLL CALL

HB 2419 C MOTION BY Schroeder SATURDAY, JUNE 29, 1991
CONCUR IN SENATE AMENDMENTS AND REPASS

REPASSAGE

YEAS - 56 NAYS - 1 ABSENT - 0 EXCUSED - 1 EXCUSED-HOUSE BUS - 2

Y	Barnes	Y	Hosticka	Y	Parkinson
Y	Baum	Y	Hugo	Y	Parks
Y	Bauman	Y	Johnson, E.	Y	Pickard
Y	Bell	Y	Johnson, R.	Y	Repine
Y	Brian	Y	Jones, D.	Y	Rijken
Y	Bunn	N	Jones, D.E.	Y	Roberts
Y	Burton	Y	Josi	Y	Schoon
Y	Calouri	Y	Katz	Y	Schroeder
Y	Carter	Y	Mannix	Y	Shibley
Y	Cease	Y	Markham	Y	Shiprack
Y	Clark	Y	Mason	Y	Sowa
Y	Clarno	Y	McTeague	Y	Stein
Y	Courtney	Y	Meek	Y	Sunseri
Y	Derfler	Y	Miller	Y	Taylor
Y	Dominy	Y	Minnis	B	Van Vliet
Y	Dwyer	Y	Naito	Y	VanLeeuwen
B	Edmunson	Y	Nelson	Y	Walden
Y	Ford	Y	Norris	Y	Watt
Y	Gilmour	Y	Novick	Y	Whitty
E	Hayden	Y	Oakley	Y	Mr. Speaker

YEAS, 56, Barnes, Baum, Bauman, Bell, Brian, Bunn, Burton, Calouri, Carter, Cease, Clark, Clarno, Courtney, Derfler, Dominy, Dwyer, Ford, Gilmour, Hosticka, Hugo, Johnson, E., Johnson, R., Jones, D., Josi, Katz, Mannix, Markham, Mason, McTeague, Meek, Miller, Minnis, Naito, Nelson, Norris, Novick, Oakley, Parkinson, Parks, Pickard, Repine, Rijken, Roberts, Schoon, Schroeder, Shibley, Shiprack, Sowa, Stein, Sunseri, Taylor, VanLeeuwen, Walden, Watt, Whitty, Mr. Speaker.

NAYS, 1, Jones, D.E..

ABSENT, 0.

EXCUSED, 1, Hayden.

EXCUSED FOR BUSINESS OF THE HOUSE, 2, Edmunson, Van Vliet.

NOTIFICATION OF SENATE AMENDMENTS TO HB

2419C

To: Rep. Schroeder Date 6-29-91

Chairman, Committee on Ag. Forestry

cc: Rep. _____, Principal Sponsor
(Please contact Chairman)

Message notifying of Senate amendments received 6-29-91

Message will be . . . has been read 6-29-91

Action on amendments could be on Agenda 6-29-91

(Governed by House Rule 11.01)

To assist in preparation of Agenda, would you please advise the Desk of action to be recommended.

CHIEF CLERK

To Concur Not to Concur To Carry Schroeder

_____ (Initial and return to Desk)

Oregon State Senate
1991 Regular Session

MEASURE NO: HB 2419 C
CARRIER: Fawbush
ACTION: (RS) Third Reading

DATE: 06-29-91
RCS# 1500

	Aye	Nay	Abs	Exc	Bus		Aye	Nay	Abs	Exc	Bus
BRADBURY					X	JOLIN	X				
BRENNEMAN	X					KENNEMER	X				
BROCKMAN	X					KERANS	X				
BUNN	X					KINTIGH	X				
CEASE	X					MCCOY					X
COHEN	X					OTTO	X				
DUFF	X					PHILLIPS	X				
DUKES	X					ROBERTS				X	
FAWBUSH	X					SHOEMAKER	X				
GOLD	X					SMITH					X
GRENSKY	X					SPRINGER		X			
HAMBY	X					TIMMS	X				
HANNON	X					TROW	X				
HILL, J.	X					YIH	X				
HILL, L.	X					KITZHABER (P)	X				
						TOTALS =>	25	1	0	1	3

Nays: 1 SPRINGER

Absent: 0

Excused: 1 ROBERTS

Leg. Bus: 3 BRADBURY; MCCOY; SMITH

B-Engrossed
House Bill 2419

Ordered by the House ~~May 21~~ *Senate June 27*
Including House Amendments dated February 28 and May 21 *and Senate Amendments dated June 28*

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Representative Walt Schroeder)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Establishes Oregon Forest Resources Institute for education of public about forest products. Provides for funding through forest products harvest tax. Specifies number and qualifications of board of directors and prescribes institute duties and powers.

A BILL FOR AN ACT

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Relating to forest products; creating new provisions; amending ORS 321.684; and appropriating money.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Sections 2 to 20 of this Act are added to and made a part of ORS chapter 526.

SECTION 2. As used in sections 2 to 20 of this 1991 Act, unless the context requires otherwise:

(1) "Institute" means the Oregon Forest Resources Institute.

(2) "Producer" means a producer of forest products and includes any person, partnership, association, corporation, cooperative or other business entity involved in the growing, harvesting or producing of timber or timber products.

SECTION 3. The State of Oregon recognizes that the forest products industry is the largest industry in the state. It provides monetary returns to labor, forestland owners, mill owners and operators, public timber purchasers, timber harvesters, investors and others. It is a source of local and state taxes. It is a major supporter of many secondary businesses that supply goods and services in our communities. The welfare of the state is therefore largely dependent on the health and vigor of the forest products industry.

SECTION 4. (1) There hereby is created the Oregon Forest Resources Institute. The institute shall be governed by a board of directors formed as provided in this section. Elected members of the board shall be elected by producers as provided in this section. The term of office of a member is three years.

(2) The State Forester shall solicit nominations and conduct an election for elected members of the board as follows:

(a) One member who is a producer of 50 million board feet per year or less shall be elected from each forest region established under ORS 527.640.

(b) One member who is a producer of more than 50 million board feet per year, but less than 150 million board feet per year, shall be elected from each forest region established under ORS 527.640.

(c) One member who is a producer of 150 million or more board feet per year shall be elected

NOTE: Matter in bold face in an amended section is new; matter [italic and bracketed] is existing law to be omitted.

1 from each forest region established under ORS 527.640.

2 (d) (6)(a) In addition to the membership otherwise provided in this section,
3 nancia the following persons shall serve as nonvoting members:

4 (3) (A) The Dean of the College of Forestry at Oregon State University shall
5 only th (4) serve ex officio.

6 (4) (B) The chair of the Wood Products Competitiveness Corporation shall
7 shall a (5) serve ex officio or in the event that the corporation does not exist a repre-
8 such as SE (1) sentative of the secondary wood products processing industry appointed by
9 member (1) the Director of the Economic Development Department.

10 (1) (C) An individual jointly appointed by the President of the Senate and
11 serve fi (2) the Speaker of the House of Representatives to represent the public. The
12 (2) public representative shall not be a member of or significantly affiliated with
13 (3) any organization of or business in the timber industry or any organization
14 (3) or business known to support or promote environmental or conservation is-
15 serve fi (1) sues.
16 (1) (2)
17 (2) (3)
18 (3) (4)
19 (4) (5)

20 (5) (b) Members referred to in this subsection are not subject to sections 6
21 to 8 of this 1991 Act."
22 (6) Have demonstrated, through membership in producers' organizations, a profound interest in
23 the development of Oregon's forest products industry.

24 SECTION 7. Each elected member of the board of directors shall be elected for a term ending
25 three years from the date of the expiration of the term for which the member's predecessor was
26 elected. If there is a vacancy on the board of the elected member, other than a vacancy caused by
27 expiration of a term, the board shall fill the vacancy by appointment for the remainder of the un-
28 expired term with a person who represents the same region and the same producer size class as the
29 member whose term was vacated.

30 SECTION 8. (1) The board of directors shall immediately declare the office of any member of
31 the board of directors vacant whenever the member ceases to be an active producer in this state,
32 becomes a resident of another state or is unable to perform the duties of office.

33 (2) The board of directors may remove any member of the board of directors for inefficiency,
34 neglect of duty or misconduct in office, but not until after a public hearing thereon and service upon
35 such member of a copy of the charges together with a notice of the time and place of such hearing.
36 Service shall be made not less than 10 days prior to the hearing. At the hearing the member shall
37 be given an opportunity to be heard in person or by counsel and shall be permitted to present evi-
38 dence to answer the charges and explain the facts alleged.

39 SECTION 9. Directors, officers and employees of the institute may receive their actual and
40 necessary travel and other expenses incurred in the performance of their official duties. The board
41 of directors shall adopt uniform and reasonable rules governing the incurring and paying of such
42 expenses.

1 ² In achieving these objectives the institute may:

“(1) Increase public understanding of the practice of forestry and the use and benefits of forest products.

“(2) Support education and cooperative efforts among private forest landowners and within the forest products industry to:

“(a) Practice good stewardship of the land, and protect water and other public resources to the maximum extent practicable;

“(b) Encourage the conversion of underproductive rural lands to forest uses, and provide information to private landowners on the means to facilitate such conversions;

“(c) Encourage, facilitate and assist private forest landowners to meet or exceed state and federal regulations governing forest operations;

“(d) Evaluate and communicate to private forest landowners the stewardship responsibility expectations of the public; and

“(e) In cooperation with the State Forestry Department, Oregon State University and other appropriate government or private entities, serve as a clearinghouse for the dissemination of information to private forest landowners, through conferences, workshops and other means, about modern land management practices.

“(3) Conduct research and help facilitate continued improvement in wood utilization and in secondary wood products manufacturing.

30 to the State Forester.

31 (2) All references in such stat³ In addition to the functions listed in

section 11 of this 1991 Act,

33 (3) All references in such statutes to the commission shall be considered references to the board

34 of directors of the institute.

35 (4) Copies of proposed budgets required by ORS 576.425 (1) shall not be sent to county extension

⁴ SECTION 13. (1) Notwithstanding section 12 (2) of this 1991 Act, no funds shall be expended by the institute for the purpose of supporting or opposing litigation or other legal action which is unrelated to the administration of the institute.

“(2) No funds shall be expended by the institute for the purpose of influencing, or attempting to influence, any legislation or any rulemaking or other administrative activity of any state board, commission or agency.”

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1 cent or more of all merchantable forest products harvested on forestland in the previous year may
2 petition the State Forester to hold a referendum on discontinuance of the institute. The referendum
3 shall be held in such manner as the State Forester, by rule, may prescribe.

4 (2) If the State Forester determines that producers who harvested 60 percent or more of all
5 merchantable forest products harvested on forestland in the previous year vote in the referendum
6 in favor of discontinuance of the institute, the institute, as rapidly as possible, shall convert its as-
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8 activities, all moneys in the Oregon Forest Resources Institute Fund shall be paid into the Forest
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26 this subsection may be increased by the board of directors in an amount equal to the previous year's
27 increase in the Consumer Price Index (Portland area -- all items) as published by the Bureau of
28 Labor Statistics of the United States Department of Labor for the Portland, Oregon area.

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30 and such shall be subject to and determined by the procedures and provisions of ORS 321.015 (4)
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33 in the manner and procedure, including penalties and interest, as set forth for the collection of the
34 privilege tax in ORS 321.005 to 321.185.

35 (5) The revenue from the tax levied by subsection (1) of this section shall be remitted to the
36 State Treasurer who shall deposit it in a suspense account established under ORS 321.145 (1). After
37 payment of refunds, which shall be paid in the same manner as other forest products harvest tax
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3 year, or a copy of any report filed by the taxpayer in connection with the return.

4 (b) Publish a list of taxpayers who are entitled to unclaimed tax refunds.

5 (c) Publish statistics classified so as to prevent the identification of taxable value or any par-
6 ticulars contained in any report or return.

7 (d) Disclose a taxpayer's name, address and social security number or employer identification
8 number to the extent necessary in connection with the processing and mailing of forms for any re-
9 port or return required in the administration of ORS 321.045, 321.322, 321.435 and 321.950.

10 (e) Disclose names and addresses of taxpayers filing under ORS 321.282 (4) and 321.432 to
11 Oregon State University pursuant to surveys and programs related to forest management.

12 **(f) Disclose to the State Forester, upon request of the forester, for the purpose of solici-**
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15 **(A) 50 million board feet or less.**

16 **(B) More than 50 million board feet but less than 150 million board feet.**

17 **(C) 150 million board feet or more.**

18 (2) The department also may disclose and give access to information described in ORS 321.682
19 to:

20 (a) The Commissioner of Internal Revenue or authorized representative, for tax purposes only.

21 (b) The United States Forest Service, Bureau of Land Management and the State Forestry De-
22 partment pursuant to their regulatory programs and for investigative purposes related to timber
23 theft.

24 (c) The Attorney General, assistants and employees in the Department of Justice or other legal
25 representative of the State of Oregon, to the extent the department considers disclosure or access
26 necessary for the performance of the duties of advising or representing the department pursuant to
27 ORS 321.045, 321.322, 321.435 and 321.950.

28 (d) Employees of the State of Oregon, other than the Department of Revenue or Department of
29 Justice, to the extent the department considers disclosure or access necessary for such employees
30 to perform their duties under contracts or agreements between the department and any other de-
31 partment, agency or subdivision of the State of Oregon in the department's administration of the tax
32 laws.

33 (e) The Legislative Revenue Officer or the authorized representative upon compliance with ORS
34 173.850. Such officer or representative shall not remove from the premises of the department any
35 materials that would reveal the identity of any taxpayer or any other person or the volume of har-
36 vest and value reported on individual returns and reports.

37 (f) Any agency of the State of Oregon, or any person, or any officer or employee of such agency
38 or person to whom disclosure or access is given by state law and not otherwise referred to in this
39 section, including but not limited to the Secretary of State as Auditor of Public Accounts under
40 section 2, Article VI of the Constitution of the State of Oregon.

41 (3) Each officer or employee of the department and each person described or referred to in
42 paragraphs (b) to (f) of subsection (2) of this section to whom disclosure or access to the tax infor-
43 mation is given under subsection (2) of this section or any other provision of state law, prior to
44 beginning employment or the performance of duties involving such disclosure or access, shall be

1 advised in writing of the provisions of ORS 321.682 and 321.686 relating to penalties for the violation
2 of ORS 321.682, and shall, as a condition of employment or performance of duties, execute a certifi-
3 cate for the department, in a form prescribed by the department, stating in substance that the
4 person has read these provisions of law, that the person has had them explained and that the person
5 is aware of the penalties for the violation of ORS 321.682.

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SENATE COMMITTEE REPORT

June 28, 1991

President Kitzhaber:

Your Committee on Trade and Economic Development to whom was referred HB 2419 B-Engrossed having had the same under consideration, respectfully reports it back recommending:

**PASSAGE WITH AMENDMENTS TO THE B-ENG. MEASURE AND RESCIND
SUBSEQUENT REFERRAL TO SENATE AGRICULTURE AND NATURAL RESOURCES
COMMITTEE**

(letter to the President must accompany report)

NOT CONCURRING (SR 8.60) Senator (s)

Senator Fawbush will lead floor discussion.

W Fawbush
Senator Wayne Fawbush, Chair

**PROPOSED AMENDMENTS TO
B-ENGROSSED HOUSE BILL 2419**

1 On page 2 of the printed B-engrossed bill, after line 9, insert:

2 “(6)(a) In addition to the membership otherwise provided in this section,
3 the following persons shall serve as nonvoting members:

4 “(A) The Dean of the College of Forestry at Oregon State University shall
5 serve ex officio.

6 “(B) The chair of the Wood Products Competitiveness Corporation shall
7 serve ex officio or in the event that the corporation does not exist a repre-
8 sentative of the secondary wood products processing industry appointed by
9 the Director of the Economic Development Department.

10 “(C) An individual jointly appointed by the President of the Senate and
11 the Speaker of the House of Representatives to represent the public. The
12 public representative shall not be a member of or significantly affiliated with
13 any organization of or business in the timber industry or any organization
14 or business known to support or promote environmental or conservation is-
15 sues.

16 “(b) Members referred to in this subsection are not subject to sections 6
17 to 8 of this 1991 Act.”.

18 On page 3, line 5, after “dustry” delete the rest of the line and lines 6 and
19 7 and insert “. In achieving these objectives the institute may:

20 “(1) Increase public understanding of the practice of forestry and the use
21 and benefits of forest products.

22 “(2) Support education and cooperative efforts among private forest land-
23 owners and within the forest products industry to:

24 “(a) Practice good stewardship of the land, and protect water and other

1 public resources to the maximum extent practicable;

2 “(b) Encourage the conversion of underproductive rural lands to forest
3 uses, and provide information to private landowners on the means to facili-
4 tate such conversions;

5 “(c) Encourage, facilitate and assist private forest landowners to meet or
6 exceed state and federal regulations governing forest operations;

7 “(d) Evaluate and communicate to private forest landowners the
8 stewardship responsibility expectations of the public; and

9 “(e) In cooperation with the State Forestry Department, Oregon State
10 University and other appropriate government or private entities, serve as a
11 clearinghouse for the dissemination of information to private forest land-
12 owners, through conferences, workshops and other means, about modern land
13 management practices.

14 “(3) Conduct research and help facilitate continued improvement in wood
15 utilization and in secondary wood products manufacturing.”

16 In line 8, after the period insert “In addition to the functions listed in
17 section 11 of this 1991 Act,”.

18 After line 19, insert:

19 “**SECTION 13.** (1) Notwithstanding section 12 (2) of this 1991 Act, no
20 funds shall be expended by the institute for the purpose of supporting or
21 opposing litigation or other legal action which is unrelated to the adminis-
22 tration of the institute.

23 “(2) No funds shall be expended by the institute for the purpose of influ-
24 encing, or attempting to influence, any legislation or any rulemaking or
25 other administrative activity of any state board, commission or agency.”.

26 In line 20, delete “13” and insert “14”.

27 Delete line 24.

28

**SENATE AMENDMENTS TO
B-ENGROSSED HOUSE BILL 2419**

By COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

June 28

1 On page 2 of the printed B-engrossed bill, after line 9, insert:

2 "(6)(a) In addition to the membership otherwise provided in this section, the following persons
3 shall serve as nonvoting members:

4 "(A) The Dean of the College of Forestry at Oregon State University shall serve ex officio.

5 "(B) The chair of the Wood Products Competitiveness Corporation shall serve ex officio or in
6 the event that the corporation does not exist a representative of the secondary wood products
7 processing industry appointed by the Director of the Economic Development Department.

8 "(C) An individual jointly appointed by the President of the Senate and the Speaker of the House
9 of Representatives to represent the public. The public representative shall not be a member of or
10 significantly affiliated with any organization of or business in the timber industry or any organiza-
11 tion or business known to support or promote environmental or conservation issues.

12 "(b) Members referred to in this subsection are not subject to sections 6 to 8 of this 1991
13 Act."

14 On page 3, line 5, after "dustry" delete the rest of the line and lines 6 and 7 and insert ". In
15 achieving these objectives the institute may:

16 "(1) Increase public understanding of the practice of forestry and the use and benefits of forest
17 products.

18 "(2) Support education and cooperative efforts among private forest landowners and within the
19 forest products industry to:

20 "(a) Practice good stewardship of the land, and protect water and other public resources to the
21 maximum extent practicable;

22 "(b) Encourage the conversion of underproductive rural lands to forest uses, and provide infor-
23 mation to private landowners on the means to facilitate such conversions;

24 "(c) Encourage, facilitate and assist private forest landowners to meet or exceed state and fed-
25 eral regulations governing forest operations;

26 "(d) Evaluate and communicate to private forest landowners the stewardship responsibility ex-
27 pectations of the public; and

28 "(e) In cooperation with the State Forestry Department, Oregon State University and other ap-
29 propriate government or private entities, serve as a clearinghouse for the dissemination of informa-
30 tion to private forest landowners, through conferences, workshops and other means, about modern
31 land management practices.

32 "(3) Conduct research and help facilitate continued improvement in wood utilization and in
33 secondary wood products manufacturing."

34 In line 8, after the period insert "In addition to the functions listed in section 11 of this 1991

1 Act.”.

2 After line 19, insert:

3 “SECTION 13. (1) Notwithstanding section 12 (2) of this 1991 Act, no funds shall be expended
4 by the institute for the purpose of supporting or opposing litigation or other legal action which is
5 unrelated to the administration of the institute.

6 “(2) No funds shall be expended by the institute for the purpose of influencing, or attempting to
7 influence, any legislation or any rulemaking or other administrative activity of any state board,
8 commission or agency.”.

9 In line 20, delete “13” and insert “14”.

10 Delete line 24.

11

Members:

Senators
WAYNE FAWBUSH, Co-Chair
SCOTT DUFF
JEANNETTE HAMBY
JIM HILL
PEG JOLIN
JOHN KITZHABER,
President of the Senate
EUGENE TIMMS



JOINT
LEGISLATIVE COMMITTEE ON TRADE
AND ECONOMIC DEVELOPMENT

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Members:

Representatives
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BOB PICKARD

JERI CHASE
Office Manager

June 28, 1991

Senator John Kitzhaber, M.D.
Senate President
S-203 State Capitol
Salem, OR 97310

Dear President Kitzhaber:

Your Committee on Trade and Economic Development, to whom was referred HB 2419 B-Engrossed, passed it out of Committee, as amended, with a Do Pass recommendation and a recommendation that the subsequent referral to the Senate Agriculture and Natural Resources Committee be rescinded due to that Committee's end-of-session deactivation. Therefore, the Committee recommends that HB 2419 C-Engrossed be passed directly to the Senate Floor.

Thank you for your consideration of this request.

Cordially,

A handwritten signature in cursive that reads "Wayne Fawbush".

Senator Wayne Fawbush,
Co-Chair

A large handwritten signature in cursive, possibly "John Kitzhaber", with a diagonal stamp that says "rescinded" written across it.

Working Title:	Forest Products Institute
Meeting Dates:	6/10 (PH & WKS), 6/12 (PH & WKS), 6/26 (WKS), & 6/28/91 (WKS)
Action:	Do pass w/Amendments; rescind subsequent referral to Senate Agriculture and Natural Resources Committee
Vote:	5-0
Ayes:	Senators Fawbush, Duff, Hamby, Jolin, and Timms
Nays:	
Exc.:	Senator J. Hill
Carrier:	Senator Fawbush
Prepared By:	Joseph Cortright

WHAT THE BILL DOES:

Creates Forest Resources Institute

HB 2419C would create an Oregon Forest Resources Institute which would educate the public about forest products and forest practices. Operations of the Institute would be funded through the forest products harvest tax.

Board of Directors

The Forest Resources Institute would be governed by a ten member board of directors elected from among the persons who pay the forest harvest tax. Nine members would be selected from each of three regions and three size classes of wood products producers; one would be a small woodland owner. Board members would have to be actively involved in the forest products industry for at least five years and derive a substantial portion of their income from forest products production. The board would also include three ex officio members, including the Dean of the OSU college of forestry, the Chair of the Wood Products Competitiveness Corporation and a public member appointed by the Speaker and the President.

Activities

The Institute would be directed to support Oregon's forest products industry by increasing public understanding of the industry and would be authorized to conduct research and disseminate information, sue and be used, enter into contract, borrow funds subject to limitations, and appoint officers and employees. The Corporation would be barred from participating in litigation unrelated to the administration of the institute and from attempting to influence legislation and administrative activities of public entities.

Assessments

The activities of the Institute would be financed by a tax not to exceed 75 cents per thousand board per year. The maximum tax rate would be indexed to the Portland consumer price index. For the 1991-92 fiscal year, the effective tax rate would be 31 cents per thousand.

ISSUES DISCUSSED:

What should the Institute Do?

Sections 11 and 12 of HB 2419C spell out the duties and responsibilities of the Oregon Forest Resources Institute. The commission is directed to increase public understanding of the industry and forest practices. Should it have any role in improving the practice of forestry by the industry and land-owners?

Who should be on the Board?

Sections 3 through 6 of HB 2419C specify the membership of the board of directors of the Institute. All members must be wood products producers or the employees of such producers, actively involved in the industry for five years and derive a substantial portion of their income from the wood products industry. Should there be a public member or representatives of other interests? Are these requirements too restrictive?

EFFECT OF COMMITTEE AMENDMENTS:

Senate Trade specified objectives, modified board membership

Amendments adopted by the Senate Trade and Economic Development Committee specified the objectives of the institute, prohibited the board from attempting to influence legislative and administrative proceedings and added public and ex officio members to the Institute's board of directors.

House Agriculture changed appointments to election

The House Agriculture Committee replaced with an election process provisions in the original printed bill which would have provided for the appointment of members of the Board of Directors by the State Forester.

House Revenue set rate for 91-92

The House Revenue and School Finance Committee modified the composition of the Board, authorized the release of confidential tax information for the purposes of holding elections for board members, and set the tax rate for the first fiscal year at 31 cents per thousand board feet.

This summary has not been adopted or officially endorsed by the Committee.

STATE OF OREGON
LEGISLATIVE REVENUE OFFICE
H-197 STATE CAPITOL BUILDING
SALEM, OREGON 97310

REVENUE ANALYSIS OF PROPOSED LEGISLATION
1991 REGULAR SESSION

BILL NUMBER	TAX AREA	ECONOMIST	DATE
HB 2419-C	Timber	DRAKE	6-28-91

Description:

Establishes Oregon Forest Resources Institute and provides for its operation and administration. Funds operation of the Institute through an increase in the Forest Products Harvest Tax. The tax increase is set by the board of directors of the Institute but is limited to \$.75 per 1,000 board feet. The tax rate for 1991-92 is specified in the legislation at \$.31 per 1,000 board feet.

Revenue Impact:

State General Fund - None

Forest Resources Institute - About \$1.2 million for 1991-92, and up to \$4.5 million (at the \$.75 rate) annually thereafter.

1991 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
 Prepared by the Legislative Fiscal Office

MEASURE NUMBER: HB 2419
 STATUS: C-Engrossed
 SUBJECT: Establishes Oregon Forest Resources Institute.
 GOVERNMENT UNIT AFFECTED: Department of Forestry
 PREPARED BY: Ken Rocco
 REVIEWED BY: Ann Glaze
 DATE: 6/27/91

EFFECT ON EXPENDITURES:	<u>1991-93</u>	<u>1993-95</u>
Oregon Forest Resources Institute -		
Personal Services	\$ 134,583	\$ 165,269
Services & Supplies	34,568	42,419
Capital Outlay	<u>21,600</u>	<u>-0-</u>
TOTAL Other Fund	\$ 190,751	\$ 207,688
Department of Forestry -		
Personal Services	\$ 6,221	\$ 6,874
Services & Supplies	<u>10,000</u>	<u>10,000</u>
TOTAL Other Fund	\$ 16,221	\$ 16,874
OTHER FUNDS TOTAL	<u>\$ 206,972</u>	<u>\$ 224,562</u>

EFFECT ON REVENUES: Revenue impact statement is being prepared by Legislative Revenue Office.

EFFECT ON POSITIONS:

Oregon Forest Resources Institute	1.75 FTE	2.0 FTE
Department of Forestry	0.1 FTE	0.1 FTE

Adds two full-time permanent positions including one Prin. Exec./Mgr. D (SR 30) and one Exec. Support Spec. 1 (SR 17) as administrator and staff of the Institute. The Department of Forestry estimates additional staff workload equal to .1 FTE Support Serv. Supv. 2.

GOVERNOR'S BUDGET: Measure is not included in Governor's budget.

COMMENTS:

This measure, as amended, creates the Oregon Forest Resources Institute for the education of the public concerning forest products. The institute is to be governed by an eleven member board. Ten of the board members are to be elected by forest products producers based on producer size and region; one member is to be appointed by the board to represent labor. Amendments to the measure add three nonvoting members to the board. Funding for the board and institute is through a forest products harvest tax set at a rate not to exceed 75 cents per thousand board feet.

In order to estimate the fiscal impact, a number of assumptions concerning the measure were made. Besides authorizing the board to hire staff, the bill is generally silent on implementation.

The fiscal analysis assumes the measure will take effect on October 1, 1991. It is assumed that the institute will be administered by a Prin. Exec./Mgr. D with one clerical support position. Department of Forestry staff is required to assist the State Forester in conducting budget and expenditure control and other activities associated with the board. Based on these assumptions, the net staffing impact is for 1.85 FTE in 1991-93, rising to 2.1 FTE in 1993-95.

No expenditure estimates of the costs of conducting scientific research are included in the fiscal analysis. Services and supplies expenditures of the institute include estimated costs of board expenses, including travel costs, and office expenses for the institute. Department of Forestry services and supplies expenditures include a personal services contract to conduct and monitor the election of board members.

Amendments to the measure restrict the institute from expending any funds for the purpose of supporting or opposing legal action unrelated to the administration of the institute.

Under the measure's provisions, revenue for the institute will come from the Oregon Forest Resources Institute Fund. The measure authorizes the board to levy a privilege tax on the harvesting of all merchantable forest products at a rate not to exceed 75 cents per thousand board feet. The amended measure sets the tax rate at 31 cents per thousand board feet for the period between July 1, 1991, and June 30, 1992. The maximum tax rate may be increased annually in an amount equal to the previous year's increase in the Consumer Price Index (Portland area, all items).

All expenditures are given in 1991-93 dollars; salaries in the 1993-95 biennium reflect anticipated step increases.

OREGON HOUSE OF REPRESENTATIVES
1991-92 SESSION
ROLL CALL

HB 2419 B CARRIED BY Schroeder

FRIDAY, MAY 24, 1991

PASSAGE

YEAS - 53 NAYS - 4 ABSENT - 0 EXCUSED - 3 EXCUSED-HOUSE BUS - 0

Y	Barnes	Y	Hosticka	Y	Parkinson
Y	Baum	Y	Hugo	Y	Parks
Y	Bauman	Y	Johnson, E.	Y	Pickard
Y	Bell	Y	Johnson, R.	Y	Repine
Y	Brian	Y	Jones, D.	Y	Rijken
Y	Bunn	N	Jones, D.E.	Y	Roberts
Y	Burton	Y	Josi	Y	Schoon
Y	Calouri	Y	Katz	Y	Schroeder
E	Carter	Y	Mannix	N	Shibley
Y	Cease	Y	Markham	Y	Shiprack
Y	Clark	Y	Mason	Y	Sowa
Y	Clarno	N	McTeague	N	Stein
Y	Courtney	Y	Meek	Y	Sunseri
Y	Derfler	Y	Miller	Y	Taylor
Y	Dominy	Y	Minnis	Y	Van Vliet
E	Dwyer	Y	Naito	Y	VanLeeuwen
Y	Edmunson	Y	Nelson	Y	Walden
Y	Ford	Y	Norris	Y	Watt
E	Gilmour	Y	Novick	Y	Whitty
Y	Hayden	Y	Oakley	Y	Mr. Speaker

YEAS, 53, Barnes, Baum, Bauman, Bell, Brian, Bunn, Burton, Calouri, Cease, Clark, Clarno, Courtney, Derfler, Dominy, Edmunson, Ford, Hayden, Hosticka, Hugo, Johnson, E., Johnson, R., Jones, D., Josi, Katz, Mannix, Markham, Mason, Meek, Miller, Minnis, Naito, Nelson, Norris, Novick, Oakley, Parkinson, Parks, Pickard, Repine, Rijken, Roberts, Schoon, Schroeder, Shiprack, Sowa, Sunseri, Taylor, Van Vliet, VanLeeuwen, Walden, Watt, Whitty, Mr. Speaker.

NAYS, 4, Jones, D.E., McTeague, Shibley, Stein.

ABSENT, 0.

EXCUSED, 3, Carter, Dwyer, Gilmour.

EXCUSED FOR BUSINESS OF THE HOUSE, 0.

SEQUENCE #735

B-Engrossed
House Bill 2419

Ordered by the House May 21
Including House Amendments dated February 28 and May 21

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Representative Walt Schroeder)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Establishes Oregon Forest Resources Institute for education of public about forest products. Provides for funding through forest products harvest tax. Specifies number and qualifications of board of directors and prescribes institute duties and powers.

A BILL FOR AN ACT

1
2 Relating to forest products; creating new provisions; amending ORS 321.684; and appropriating
3 money.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** Sections 2 to 20 of this Act are added to and made a part of ORS chapter 526.

6 **SECTION 2.** As used in sections 2 to 20 of this 1991 Act, unless the context requires otherwise:

7 (1) "Institute" means the Oregon Forest Resources Institute.

8 (2) "Producer" means a producer of forest products and includes any person, partnership, asso-
9 ciation, corporation, cooperative or other business entity involved in the growing, harvesting or
10 producing of timber or timber products.

11 **SECTION 3.** The State of Oregon recognizes that the forest products industry is the largest
12 industry in the state. It provides monetary returns to labor, forestland owners, mill owners and op-
13 erators, public timber purchasers, timber harvesters, investors and others. It is a source of local and
14 state taxes. It is a major supporter of many secondary businesses that supply goods and services in
15 our communities. The welfare of the state is therefore largely dependent on the health and vigor
16 of the forest products industry.

17 **SECTION 4.** (1) There hereby is created the Oregon Forest Resources Institute. The institute
18 shall be governed by a board of directors formed as provided in this section. Elected members of the
19 board shall be elected by producers as provided in this section. The term of office of a member is
20 three years.

21 (2) The State Forester shall solicit nominations and conduct an election for elected members of
22 the board as follows:

23 (a) One member who is a producer of 50 million board feet per year or less shall be elected from
24 each forest region established under ORS 527.640.

25 (b) One member who is a producer of more than 50 million board feet per year, but less than
26 150 million board feet per year, shall be elected from each forest region established under ORS
27 527.640.

28 (c) One member who is a producer of 150 million or more board feet per year shall be elected

NOTE: Matter in **bold face** in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.

1 from each forest region established under ORS 527.640.

2 (d) One member who owns between 100 and 2,000 acres of forestland and who has no direct fi-
3 nancial interest in any forest products processing activity shall be elected statewide.

4 (3) Eligible voters for the elected members described in subsection (2) of this section shall be
5 only those persons who are of that described class.

6 (4) The cost of the nomination and election process shall be paid by the institute.

7 (5) In addition to the membership described in subsection (2) of this section, the elected members
8 shall appoint a member who is an hourly wage employee of a producer or a person who represents
9 such employees. The appointed member shall serve for a term of three years.

10 **SECTION 5.** Notwithstanding the term of office specified by section 4 of this 1991 Act, of the
11 members first elected to the board of directors of the Oregon Forest Resources Institute:

12 (1) Three members, one from each of the regions described in section 4 (2) of this 1991 Act, shall
13 serve for a term of one year.

14 (2) Three members, one from each of the regions described in section 4 (2) of this 1991 Act, shall
15 serve for terms of two years.

16 (3) Four members, one from each of the regions described in section 4 (2) of this 1991 Act, shall
17 serve for terms of three years.

18 **SECTION 6.** Each member of the board of directors shall have the following qualifications:

19 (1) Be a citizen of the United States.

20 (2) Be a bona fide resident of this state.

21 (3) Be a producer in this state or an employee of such a producer.

22 (4) Have been actively engaged in producing forest products for a period of at least five years.

23 (5) Derive a substantial proportion of income from the production of forest products.

24 (6) Have demonstrated, through membership in producers' organizations, a profound interest in
25 the development of Oregon's forest products industry.

26 **SECTION 7.** Each elected member of the board of directors shall be elected for a term ending
27 three years from the date of the expiration of the term for which the member's predecessor was
28 elected. If there is a vacancy on the board of the elected member, other than a vacancy caused by
29 expiration of a term, the board shall fill the vacancy by appointment for the remainder of the un-
30 expired term with a person who represents the same region and the same producer size class as the
31 member whose term was vacated.

32 **SECTION 8.** (1) The board of directors shall immediately declare the office of any member of
33 the board of directors vacant whenever the member ceases to be an active producer in this state,
34 becomes a resident of another state or is unable to perform the duties of office.

35 (2) The board of directors may remove any member of the board of directors for inefficiency,
36 neglect of duty or misconduct in office, but not until after a public hearing thereon and service upon
37 such member of a copy of the charges together with a notice of the time and place of such hearing.
38 Service shall be made not less than 10 days prior to the hearing. At the hearing the member shall
39 be given an opportunity to be heard in person or by counsel and shall be permitted to present evi-
40 dence to answer the charges and explain the facts alleged.

41 **SECTION 9.** Directors, officers and employees of the institute may receive their actual and
42 necessary travel and other expenses incurred in the performance of their official duties. The board
43 of directors shall adopt uniform and reasonable rules governing the incurring and paying of such
44 expenses.

1 **SECTION 10.** (1) The board of directors annually shall elect a chairperson.

2 (2) The board of directors shall meet regularly at least once each quarter, and at such other
3 times as called by the chairperson.

4 **SECTION 11.** The institute shall enhance and provide support for Oregon's forest products in-
5 dustry by increasing public understanding of the industry and its issues and concerns and shall help
6 educate the public with respect to the practice of forestry and the use and benefits of forest pro-
7 ducts.

8 **SECTION 12.** The institute may:

9 (1) Conduct research and disseminate reliable information based upon such research.

10 (2) Sue and be sued as an institute without individual liability for acts of the board of directors
11 within the scope of the powers conferred upon it by law.

12 (3) Enter into contracts which the board of directors considers necessary to carry out the duties,
13 functions and powers imposed upon the institute by law.

14 (4) Borrow money in amounts not to exceed 50 percent of the board of directors' estimate of the
15 institute's revenue from the current year's harvest.

16 (5) Appoint subordinate officers and employees of the institute and prescribe their duties and fix
17 their compensation.

18 (6) Adopt, rescind, modify or amend all proper orders, regulations, rules and resolutions for the
19 exercise of its duties, functions and powers.

20 **SECTION 13.** The institute may accept grants, donations or gifts from any source for expendi-
21 tures for any purposes consistent with the purposes of sections 2 to 20 of this 1991 Act. All funds
22 so received shall be handled as specified in sections 2 to 20 of this 1991 Act for other moneys re-
23 ceived by the institute.

24 **NOTE:** Section 14 was deleted by amendment. Subsequent sections were not renumbered.

25 **SECTION 15.** The State of Oregon is not liable for the acts or omissions of the institute or
26 agents or officers thereof.

27 **SECTION 16.** The provisions of ORS 576.410 to 576.450, pertaining to budget and expenditure
28 control, apply to budgets and expenditures of the institute except that:

29 (1) All references in such statutes to the Director of Agriculture shall be considered references
30 to the State Forester.

31 (2) All references in such statutes to the board shall be considered references to the State Board
32 of Forestry.

33 (3) All references in such statutes to the commission shall be considered references to the board
34 of directors of the institute.

35 (4) Copies of proposed budgets required by ORS 576.425 (1) shall not be sent to county extension
36 agents, but shall be available for inspection at the institute office and at the office of the State
37 Forester in Salem.

38 **SECTION 17.** Except as otherwise provided in sections 2 to 20 of this 1991 Act, ORS 291.026,
39 291.202 to 291.222, 291.232 to 291.260, 291.322 to 291.336, 292.210 to 292.250, 293.260 to 293.280,
40 293.295 to 293.346 and 293.590 to 293.640 do not apply to the institute or to the administration and
41 enforcement of sections 2 to 20 of this 1991 Act.

42 **SECTION 18.** The institute shall keep accurate books, records and accounts of all its dealings
43 which shall be open to inspection and audit by the Secretary of State.

44 **SECTION 19.** (1) After two years from the effective date of this 1991 Act, producers of 35 per-

1 cent or more of all merchantable forest products harvested on forestland in the previous year may
2 petition the State Forester to hold a referendum on discontinuance of the institute. The referendum
3 shall be held in such manner as the State Forester, by rule, may prescribe.

4 (2) If the State Forester determines that producers who harvested 60 percent or more of all
5 merchantable forest products harvested on forestland in the previous year vote in the referendum
6 in favor of discontinuance of the institute, the institute, as rapidly as possible, shall convert its as-
7 sets to cash and do all other things necessary to terminate its activities. Upon the termination of
8 activities, all moneys in the Oregon Forest Resources Institute Fund shall be paid into the Forest
9 Research and Experiment Account.

10 (3) When a referendum on discontinuance of the institute is held and there are insufficient votes
11 in favor of discontinuance, a subsequent referendum on discontinuance shall not be held within five
12 years from the date of the result of the previous referendum ordered by the State Forester.

13 **SECTION 20.** The Oregon Forest Resources Institute Fund is created in the State Treasury,
14 separate and distinct from the General Fund. Except as otherwise provided by law, all moneys re-
15 ceived by the institute shall be paid into the State Treasury and credited to the fund. All moneys
16 in the fund are appropriated continuously to the institute to carry out its duties, functions and
17 powers. Interest earnings on all moneys in the fund shall be retained in the fund.

18 **SECTION 21.** Sections 22 and 23 of this Act are added to and made a part of ORS 321.005 to
19 321.185.

20 **SECTION 22.** (1) In addition to the taxes levied under ORS 321.015 (1) to (3), there hereby is
21 levied a privilege tax upon taxpayers on the harvesting of all merchantable forest products har-
22 vested on forestland on or after July 1, 1991, in the amount provided in subsection (2) of this section.

23 (2) The rate of tax levied in subsection (1) of this section shall be established annually by the
24 board of directors of the institute, at a rate not to exceed 75 cents per thousand feet, board measure,
25 on all merchantable forest products harvested on forestlands. The maximum tax rate prescribed by
26 this subsection may be increased by the board of directors in an amount equal to the previous year's
27 increase in the Consumer Price Index (Portland area -- all items) as published by the Bureau of
28 Labor Statistics of the United States Department of Labor for the Portland, Oregon area.

29 (3) The tax shall be measured by and be applicable to each per thousand feet, board measure,
30 and such shall be subject to and determined by the procedures and provisions of ORS 321.015 (4)
31 and (5).

32 (4) The tax levied by subsection (1) of this section shall be due and payable to the department
33 in the manner and procedure, including penalties and interest, as set forth for the collection of the
34 privilege tax in ORS 321.005 to 321.185.

35 (5) The revenue from the tax levied by subsection (1) of this section shall be remitted to the
36 State Treasurer who shall deposit it in a suspense account established under ORS 321.145 (1). After
37 payment of refunds, which shall be paid in the same manner as other forest products harvest tax
38 refunds are paid in ORS 321.145 (2), the balance of the additional tax imposed under subsection (1)
39 of this section shall be deposited in the Oregon Forest Resources Institute Fund.

40 **SECTION 23.** Notwithstanding the rate of tax prescribed by section 22 (2) of this 1991 Act,
41 during the period beginning July 1, 1991, and ending June 30, 1992, the rate of tax shall be 31 cents
42 per thousand board feet measure.

43 **SECTION 24.** ORS 321.684 is amended to read:

44 321.684. (1) The department may:

1 (a) Furnish to any taxpayer or authorized representative, upon request of the taxpayer or au-
2 thorized representative, a copy of the taxpayer's timber tax return filed with the department for any
3 year, or a copy of any report filed by the taxpayer in connection with the return.

4 (b) Publish a list of taxpayers who are entitled to unclaimed tax refunds.

5 (c) Publish statistics classified so as to prevent the identification of taxable value or any par-
6 ticulars contained in any report or return.

7 (d) Disclose a taxpayer's name, address and social security number or employer identification
8 number to the extent necessary in connection with the processing and mailing of forms for any re-
9 port or return required in the administration of ORS 321.045, 321.322, 321.435 and 321.950.

10 (e) Disclose names and addresses of taxpayers filing under ORS 321.282 (4) and 321.432 to
11 Oregon State University pursuant to surveys and programs related to forest management.

12 **(f) Disclose to the State Forester, upon request of the forester, for the purpose of solici-**
13 **ting nominations and conducting elections referred to in section 4 of this 1991 Act, the**
14 **names of producers who filed forest products harvest tax returns in the following categories:**

15 **(A) 50 million board feet or less.**

16 **(B) More than 50 million board feet but less than 150 million board feet.**

17 **(C) 150 million board feet or more.**

18 (2) The department also may disclose and give access to information described in ORS 321.682
19 to:

20 (a) The Commissioner of Internal Revenue or authorized representative, for tax purposes only.

21 (b) The United States Forest Service, Bureau of Land Management and the State Forestry De-
22 partment pursuant to their regulatory programs and for investigative purposes related to timber
23 theft.

24 (c) The Attorney General, assistants and employees in the Department of Justice or other legal
25 representative of the State of Oregon, to the extent the department considers disclosure or access
26 necessary for the performance of the duties of advising or representing the department pursuant to
27 ORS 321.045, 321.322, 321.435 and 321.950.

28 (d) Employees of the State of Oregon, other than the Department of Revenue or Department of
29 Justice, to the extent the department considers disclosure or access necessary for such employees
30 to perform their duties under contracts or agreements between the department and any other de-
31 partment, agency or subdivision of the State of Oregon in the department's administration of the tax
32 laws.

33 (e) The Legislative Revenue Officer or the authorized representative upon compliance with ORS
34 173.850. Such officer or representative shall not remove from the premises of the department any
35 materials that would reveal the identity of any taxpayer or any other person or the volume of har-
36 vest and value reported on individual returns and reports.

37 (f) Any agency of the State of Oregon, or any person, or any officer or employee of such agency
38 or person to whom disclosure or access is given by state law and not otherwise referred to in this
39 section, including but not limited to the Secretary of State as Auditor of Public Accounts under
40 section 2, Article VI of the Constitution of the State of Oregon.

41 (3) Each officer or employee of the department and each person described or referred to in
42 paragraphs (b) to (f) of subsection (2) of this section to whom disclosure or access to the tax infor-
43 mation is given under subsection (2) of this section or any other provision of state law, prior to
44 beginning employment or the performance of duties involving such disclosure or access, shall be

B-Eng. HB 2419

1 advised in writing of the provisions of ORS 321.682 and 321.686 relating to penalties for the violation
2 of ORS 321.682, and shall, as a condition of employment or performance of duties, execute a certifi-
3 cate for the department, in a form prescribed by the department, stating in substance that the
4 person has read these provisions of law, that the person has had them explained and that the person
5 is aware of the penalties for the violation of ORS 321.682.

6

HOUSE AMENDMENTS TO A-ENGROSSED HOUSE BILL 2419

By COMMITTEE ON REVENUE AND SCHOOL FINANCE

May 21

1 On page 1 of the printed A-engrossed bill, line 2, after the semicolon insert "creating new pro-
2 visions; amending ORS 321.684;".

3 In line 19, delete "four" and insert "three".

4 On page 2, line 8, delete "four" and insert "three".

5 In line 11, delete "Two" and insert "Three" and after "members" insert ", one from each of the
6 regions described in section 4 (2) of this 1991 Act,".

7 In line 12, delete "Two" and insert "Three" and after "members" insert ", one from each of the
8 regions described in section 4 (2) of this 1991 Act,".

9 In line 13, delete "Three" and insert "Four" and after "members" insert ", one from each of the
10 regions described in section 4 (2) of this 1991 Act,".

11 Delete line 14.

12 In line 24, delete "four" and insert "three".

13 On page 3, delete lines 21 through 26 and insert:

14 **"NOTE:** Section 14 was deleted by amendment. Subsequent sections were not renumbered."

15 After line 34, insert:

16 "(3) All references in such statutes to the commission shall be considered references to the
17 board of directors of the institute."

18 In line 35, delete "(3)" and insert "(4)".

19 On page 4, line 18, delete "Section 22" and insert "Sections 22 and 23" and delete "is" and insert
20 "are".

21 After line 38, insert:

22 **"SECTION 23.** Notwithstanding the rate of tax prescribed by section 22 (2) of this 1991 Act,
23 during the period beginning July 1, 1991, and ending June 30, 1992, the rate of tax shall be 31 cents
24 per thousand board feet measure.

25 **"SECTION 24.** ORS 321.684 is amended to read:

26 "321.684. (1) The department may:

27 "(a) Furnish to any taxpayer or authorized representative, upon request of the taxpayer or au-
28 thorized representative, a copy of the taxpayer's timber tax return filed with the department for any
29 year, or a copy of any report filed by the taxpayer in connection with the return.

30 "(b) Publish a list of taxpayers who are entitled to unclaimed tax refunds.

31 "(c) Publish statistics classified so as to prevent the identification of taxable value or any par-
32 ticulars contained in any report or return.

33 "(d) Disclose a taxpayer's name, address and social security number or employer identification
34 number to the extent necessary in connection with the processing and mailing of forms for any re-

1 port or return required in the administration of ORS 321.045, 321.322, 321.435 and 321.950.

2 “(e) Disclose names and addresses of taxpayers filing under ORS 321.282 (4) and 321.432 to
3 Oregon State University pursuant to surveys and programs related to forest management.

4 “(f) **Disclose to the State Forester, upon request of the forester, for the purpose of so-**
5 **liciting nominations and conducting elections referred to in section 4 of this 1991 Act, the**
6 **names of producers who filed forest products harvest tax returns in the following categories:**

7 “(A) 50 million board feet or less.

8 “(B) More than 50 million board feet but less than 150 million board feet.

9 “(C) 150 million board feet or more.

10 “(2) The department also may disclose and give access to information described in ORS 321.682
11 to:

12 “(a) The Commissioner of Internal Revenue or authorized representative, for tax purposes only.

13 “(b) The United States Forest Service, Bureau of Land Management and the State Forestry
14 Department pursuant to their regulatory programs and for investigative purposes related to timber
15 theft.

16 “(c) The Attorney General, assistants and employees in the Department of Justice or other legal
17 representative of the State of Oregon, to the extent the department considers disclosure or access
18 necessary for the performance of the duties of advising or representing the department pursuant to
19 ORS 321.045, 321.322, 321.435 and 321.950.

20 “(d) Employees of the State of Oregon, other than the Department of Revenue or Department
21 of Justice, to the extent the department considers disclosure or access necessary for such employees
22 to perform their duties under contracts or agreements between the department and any other de-
23 partment, agency or subdivision of the State of Oregon in the department's administration of the tax
24 laws.

25 “(e) The Legislative Revenue Officer or the authorized representative upon compliance with
26 ORS 173.850. Such officer or representative shall not remove from the premises of the department
27 any materials that would reveal the identity of any taxpayer or any other person or the volume of
28 harvest and value reported on individual returns and reports.

29 “(f) Any agency of the State of Oregon, or any person, or any officer or employee of such agency
30 or person to whom disclosure or access is given by state law and not otherwise referred to in this
31 section, including but not limited to the Secretary of State as Auditor of Public Accounts under
32 section 2, Article VI of the Constitution of the State of Oregon.

33 “(3) Each officer or employee of the department and each person described or referred to in
34 paragraphs (b) to (f) of subsection (2) of this section to whom disclosure or access to the tax infor-
35 mation is given under subsection (2) of this section or any other provision of state law, prior to
36 beginning employment or the performance of duties involving such disclosure or access, shall be
37 advised in writing of the provisions of ORS 321.682 and 321.686 relating to penalties for the violation
38 of ORS 321.682, and shall, as a condition of employment or performance of duties, execute a certif-
39 icate for the department, in a form prescribed by the department, stating in substance that the
40 person has read these provisions of law, that the person has had them explained and that the person
41 is aware of the penalties for the violation of ORS 321.682.”.

**1991 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Legislative Fiscal Office**

MEASURE NUMBER: HB 2419
STATUS: B-Engrossed
SUBJECT: Establishes Oregon Forest Resources Institute.
GOVERNMENT UNIT AFFECTED: Department of Forestry
PREPARED BY: Ken Rocco
REVIEWED BY: Ann Glaze
DATE: 5/9/91

EFFECT ON EXPENDITURES:	<u>1991-93</u>	<u>1993-95</u>
Oregon Forest Resources Institute -		
Personal Services	\$ 134,583	\$ 165,269
Services & Supplies	34,568	42,419
Capital Outlay	<u>21,600</u>	<u>-0-</u>
TOTAL Other Fund	\$ 190,751	\$ 207,688
Department of Forestry -		
Personal Services	\$ 6,221	\$ 6,874
Services & Supplies	<u>10,000</u>	<u>10,000</u>
TOTAL Other Fund	\$ 16,221	\$ 16,874
OTHER FUNDS TOTAL	<u>\$ 206,972</u>	<u>\$ 224,562</u>

EFFECT ON REVENUES: Revenue impact statement is being prepared by Legislative Revenue Office.

EFFECT ON POSITIONS:

Oregon Forest Resources Institute	1.75 FTE	2.0 FTE
Department of Forestry	0.1 FTE	0.1 FTE

Adds two full-time permanent positions including one Prin. Exec./Mgr. D (SR 30) and one Exec. Support Spec. 1 (SR 17) as administrator and staff of the Institute. The Department of Forestry estimates additional staff workload equal to .1 FTE Support Serv. Supv. 2.

GOVERNOR'S BUDGET: Measure is not included in Governor's budget.

COMMENTS:

This measure, as amended, creates the Oregon Forest Resources Institute for the education of the public concerning forest products. The institute is to be governed by an eleven member board. Ten of the board members are to be elected by forest products producers based on producer size and region; one member is to be appointed by the board to represent labor. Funding for the

board and institute is through a forest products harvest tax set at a rate not to exceed 75 cents per thousand board feet.

In order to estimate the fiscal impact, a number of assumptions concerning the measure were made. Besides authorizing the board to hire staff, the bill is generally silent on implementation.

The fiscal analysis assumes the measure will take effect on October 1, 1991. It is assumed that the institute will be administered by a Prin. Exec./Mgr. D with one clerical support position. Department of Forestry staff is required to assist the State Forester in conducting budget and expenditure control and other activities associated with the board. Based on these assumptions, the net staffing impact is for 1.85 FTE in 1991-93, rising to 2.1 FTE in 1993-95.

No expenditure estimates of the costs of conducting scientific research are included in the fiscal analysis. Services and supplies expenditures of the institute include estimated costs of board expenses, including travel costs, and office expenses for the institute. Department of Forestry services and supplies expenditures include a personal services contract to conduct and monitor the election of board members.

Under the measure's provisions, revenue for the institute will come from the Oregon Forest Resources Institute Fund. The measure authorizes the board to levy a privilege tax on the harvesting of all merchantable forest products at a rate not to exceed 75 cents per thousand board feet. The amended measure sets the tax rate at 31 cents per thousand board feet for the period between July 1, 1991, and June 30, 1992. The maximum tax rate may be increased annually in an amount equal to the previous year's increase in the Consumer Price Index (Portland area, all items).

All expenditures are given in 1991-93 dollars; salaries in the 1993-95 biennium reflect anticipated step increases.

STATE OF OREGON
LEGISLATIVE REVENUE OFFICE
H-197 STATE CAPITOL BUILDING
SALEM, OREGON 97310

REVENUE ANALYSIS OF PROPOSED LEGISLATION
1991 REGULAR SESSION

BILL NUMBER	TAX AREA	ECONOMIST	DATE
HB 2419-B	Timber	DRAKE	5-07-91

Description:

Establishes Oregon Forest Resources Institute and provides for its operation and administration. Funds operation of the Institute through an increase in the Forest Products Harvest Tax. The tax increase is set by the board of directors of the Institute but is limited to \$.75 per 1,000 board feet. The tax rate for 1991-92 is specified in the legislation at \$.31 per 1,000 board feet.

Revenue Impact:

State General Fund - None

Forest Resources Institute - About \$1.2 million for 1991-92, and up to \$4.5 million (at the \$.75 rate) annually thereafter.

OREGON HOUSE OF REPRESENTATIVES
STAFF MEASURE SUMMARY
COMMITTEE ON REVENUE AND SCHOOL FINANCE

MEASURE: HB 2419-B

Working Title: Harvest Tax for Forest Resources Institute
Meeting Dates: April 19, 25, May 6, 17
Action: Do Pass With Amendments
Vote: 8-0
Yes: Reps. Delna Jones, Burton, Clark, Clarno, Nelson, Parkinson, Schoon, Whitty
Excused: Rep. Hosticka
Carried By: Rep. Schroeder
Prepared By: Terry Drake

What the Bill Does: Establishes Oregon Forest Resources Institute and provides for operation and administration. Funds Institute through an increase in the Forest Products Harvest Tax. The amount of harvest tax increase is determined by the board of directors of the Institute, not to exceed \$.75 per 1,000 board feet, except for 1991-92 when the rate increase is statutorily set at \$.31 per 1,000 board feet.

Issues Discussed: Need to promote the Oregon forest products industry and educate the general public on the industry and its importance, examples of other "commodity commissions", questions concerning the use of State taxing authority to fund the Institute.

Effect of Committee Amendments: Reduces term of directors to 3 years, sets first year tax rate at \$.31, allows the Department of Revenue to release limited information on Forest Products Harvest Taxpayers to the Institute in order to solicit nominations for director positions and conduct elections.

Background: In 1990, the Oregon Forest Industries Council concluded that there was a need for something like the Institute to increase public understanding of forest practices and the use and benefits of forest products.

HOUSE COMMITTEE REPORT

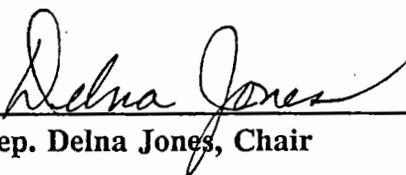
May 17, 1991

Speaker Campbell:

Your committee on Revenue and School Finance to whom was referred HB 2419 A-Engrossed having had the same under consideration, respectfully reports it back with recommendation that it

DO PASS WITH AMENDMENTS AND BE PRINTED ENGROSSED

Rep. Shroeder
Carrier of Measure



Rep. Delna Jones, Chair

FOR INFORMATION ONLY - NOT PART OF COMMITTEE REPORT

VOTING AYE: 8-Reps. Delna Jones, Burton, Clark, Clarno, Nelson, Parkinson, Schoon, Whitty
VOTING NAY: 0
EXCUSED: 1-Rep. Hosticka
ABSENT: 0

FOR OFFICE USE ONLY

Action Code:

PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 2419

1 On page 1 of the printed A-engrossed bill, line 2, after the semicolon in-
2 sert "creating new provisions; amending ORS 321.684;"

3 In line 19, delete "four" and insert "three".

4 On page 2, line 8, delete "four" and insert "three".

5 In line 11, delete "Two" and insert "Three" and after "members" insert
6 ", one from each of the regions described in section 4 (2) of this 1991 Act,".

7 In line 12, delete "Two" and insert "Three" and after "members" insert
8 ", one from each of the regions described in section 4 (2) of this 1991 Act,".

9 In line 13, delete "Three" and insert "Four" and after "members" insert
10 ", one from each of the regions described in section 4 (2) of this 1991 Act,".

11 Delete line 14.

12 In line 24, delete "four" and insert "three".

13 On page 3, delete lines 21 through 26 and insert:

14 "NOTE: Section 14 was deleted by amendment. Subsequent sections were
15 not renumbered."

16 After line 34, insert:

17 "(3) All references in such statutes to the commission shall be considered
18 references to the board of directors of the institute."

19 In line 35, delete "(3)" and insert "(4)".

20 On page 4, line 18, delete "Section 22" and insert "Sections 22 and 23"
21 and delete "is" and insert "are".

22 After line 38, insert:

23 "SECTION 23. Notwithstanding the rate of tax prescribed by section 22
24 (2) of this 1991 Act, during the period beginning July 1, 1991, and ending

1 June 30, 1992, the rate of tax shall be 31 cents per thousand board feet
2 measure.

3 "SECTION 24. ORS 321.684 is amended to read:

4 "321.684. (1) The department may:

5 "(a) Furnish to any taxpayer or authorized representative, upon request
6 of the taxpayer or authorized representative, a copy of the taxpayer's timber
7 tax return filed with the department for any year, or a copy of any report
8 filed by the taxpayer in connection with the return.

9 "(b) Publish a list of taxpayers who are entitled to unclaimed tax refunds.

10 "(c) Publish statistics classified so as to prevent the identification of
11 taxable value or any particulars contained in any report or return.

12 "(d) Disclose a taxpayer's name, address and social security number or
13 employer identification number to the extent necessary in connection with
14 the processing and mailing of forms for any report or return required in the
15 administration of ORS 321.045, 321.322, 321.435 and 321.950.

16 "(e) Disclose names and addresses of taxpayers filing under ORS 321.282
17 (4) and 321.432 to Oregon State University pursuant to surveys and programs
18 related to forest management.

19 "(f) Disclose to the State Forester, upon request of the forester, for
20 the purpose of soliciting nominations and conducting elections re-
21 ferred to in section 4 of this 1991 Act, the names of producers who filed
22 forest products harvest tax returns in the following categories:

23 "(A) 50 million board feet or less.

24 "(B) More than 50 million board feet but less than 150 million board
25 feet.

26 "(C) 150 million board feet or more.

27 "(2) The department also may disclose and give access to information de-
28 scribed in ORS 321.682 to:

29 "(a) The Commissioner of Internal Revenue or authorized representative,
30 for tax purposes only.

1 “(b) The United States Forest Service, Bureau of Land Management and
2 the State Forestry Department pursuant to their regulatory programs and for
3 investigative purposes related to timber theft.

4 “(c) The Attorney General, assistants and employees in the Department
5 of Justice or other legal representative of the State of Oregon, to the extent
6 the department considers disclosure or access necessary for the performance
7 of the duties of advising or representing the department pursuant to ORS
8 321.045, 321.322, 321.435 and 321.950.

9 “(d) Employees of the State of Oregon, other than the Department of Re-
10 venue or Department of Justice, to the extent the department considers dis-
11 closure or access necessary for such employees to perform their duties under
12 contracts or agreements between the department and any other department,
13 agency or subdivision of the State of Oregon in the department's adminis-
14 tration of the tax laws.

15 “(e) The Legislative Revenue Officer or the authorized representative
16 upon compliance with ORS 173.850. Such officer or representative shall not
17 remove from the premises of the department any materials that would reveal
18 the identity of any taxpayer or any other person or the volume of harvest
19 and value reported on individual returns and reports.

20 “(f) Any agency of the State of Oregon, or any person, or any officer or
21 employee of such agency or person to whom disclosure or access is given by
22 state law and not otherwise referred to in this section, including but not
23 limited to the Secretary of State as Auditor of Public Accounts under section
24 2, Article VI of the Constitution of the State of Oregon.

25 “(3) Each officer or employee of the department and each person described
26 or referred to in paragraphs (b) to (f) of subsection (2) of this section to
27 whom disclosure or access to the tax information is given under subsection
28 (2) of this section or any other provision of state law, prior to beginning
29 employment or the performance of duties involving such disclosure or access,
30 shall be advised in writing of the provisions of ORS 321.682 and 321.686 re-

1 lating to penalties for the violation of ORS 321.682, and shall, as a condition
2 of employment or performance of duties, execute a certificate for the de-
3 partment, in a form prescribed by the department, stating in substance that
4 the person has read these provisions of law, that the person has had them
5 explained and that the person is aware of the penalties for the violation of
6 ORS 321.682.".

7

B

A-Engrossed

House Bill 2419

Ordered by the House ~~February 28~~ *May 21*
Including House Amendments dated February 28 *and May 21*

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Representative Walt Schroeder)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Establishes Oregon Forest Resources Institute for education of public about forest products. Provides for funding through forest products harvest tax. Specifies number and qualifications of board of directors and prescribes institute duties and powers.

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Creating new provisions; amending ORS 321.684;
A BILL FOR AN ACT

Relating to forest products; and appropriating money.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Sections 2 to 20 of this Act are added to and made a part of ORS chapter 526.

SECTION 2. As used in sections 2 to 20 of this 1991 Act, unless the context requires otherwise:

(1) "Institute" means the Oregon Forest Resources Institute.

(2) "Producer" means a producer of forest products and includes any person, partnership, association, corporation, cooperative or other business entity involved in the growing, harvesting or producing of timber or timber products.

SECTION 3. The State of Oregon recognizes that the forest products industry is the largest industry in the state. It provides monetary returns to labor, forestland owners, mill owners and operators, public timber purchasers, timber harvesters, investors and others. It is a source of local and state taxes. It is a major supporter of many secondary businesses that supply goods and services in our communities. The welfare of the state is therefore largely dependent on the health and vigor of the forest products industry.

SECTION 4. (1) There hereby is created the Oregon Forest Resources Institute. The institute shall be governed by a board of directors formed as provided in this section. Elected members of the board shall be elected by producers as provided in this section. The term of office of a member is ~~four~~ *that* years.

(2) The State Forester shall solicit nominations and conduct an election for elected members of the board as follows:

(a) One member who is a producer of 50 million board feet per year or less shall be elected from each forest region established under ORS 527.640.

(b) One member who is a producer of more than 50 million board feet per year, but less than 150 million board feet per year, shall be elected from each forest region established under ORS 527.640.

(c) One member who is a producer of 150 million or more board feet per year shall be elected from each forest region established under ORS 527.640.

NOTE: Matter in **bold face** in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.

1 (d) One member who owns between 100 and 2,000 acres of forestland and who has no direct fi-
2 nancial interest in any forest products processing activity shall be elected statewide.

3 (3) Eligible voters for the elected members described in subsection (2) of this section shall be
4 only those persons who are of that described class.

5 (4) The cost of the nomination and election process shall be paid by the institute.

6 (5) In addition to the membership described in subsection (2) of this section, the elected members
7 shall appoint a member who is an hourly wage employee of a producer or a person who represents
8 such employees. The appointed member shall serve for a term of ~~four~~^{three} years.

9 **SECTION 5.** Notwithstanding the term of office specified by section 4 of this 1991 Act, of the
10 members first elected to the board of directors of the Oregon Forest Resources Institute:

- 11 (1) ~~Two~~^{three} members shall serve for a term of one year. *one from each of the regions described in section 4(2) of this 1991 Act,*
- 12 (2) ~~Two~~^{three} members shall serve for terms of two years. *one from each of the regions described in section 4(2) of this 1991 Act,*
- 13 (3) ~~Three~~^{four} members shall serve for terms of three years. *one from each of the regions described in section 4(2) of this 1991 Act,*

14 ~~(4) Three members shall serve for terms of four years.~~

15 **SECTION 6.** Each member of the board of directors shall have the following qualifications:

- 16 (1) Be a citizen of the United States.
- 17 (2) Be a bona fide resident of this state.
- 18 (3) Be a producer in this state or an employee of such a producer.
- 19 (4) Have been actively engaged in producing forest products for a period of at least five years.
- 20 (5) Derive a substantial proportion of income from the production of forest products.
- 21 (6) Have demonstrated, through membership in producers' organizations, a profound interest in
22 the development of Oregon's forest products industry.

23 **SECTION 7.** Each elected member of the board of directors shall be elected for a term ending
24 ~~four~~^{three} years from the date of the expiration of the term for which the member's predecessor was
25 elected. If there is a vacancy on the board of the elected member, other than a vacancy caused by
26 expiration of a term, the board shall fill the vacancy by appointment for the remainder of the un-
27 expired term with a person who represents the same region and the same producer size class as the
28 member whose term was vacated.

29 **SECTION 8.** (1) The board of directors shall immediately declare the office of any member of
30 the board of directors vacant whenever the member ceases to be an active producer in this state,
31 becomes a resident of another state or is unable to perform the duties of office.

32 (2) The board of directors may remove any member of the board of directors for inefficiency,
33 neglect of duty or misconduct in office, but not until after a public hearing thereon and service upon
34 such member of a copy of the charges together with a notice of the time and place of such hearing.
35 Service shall be made not less than 10 days prior to the hearing. At the hearing the member shall
36 be given an opportunity to be heard in person or by counsel and shall be permitted to present evi-
37 dence to answer the charges and explain the facts alleged.

38 **SECTION 9.** Directors, officers and employees of the institute may receive their actual and
39 necessary travel and other expenses incurred in the performance of their official duties. The board
40 of directors shall adopt uniform and reasonable rules governing the incurring and paying of such
41 expenses.

42 **SECTION 10.** (1) The board of directors annually shall elect a chairperson.

43 (2) The board of directors shall meet regularly at least once each quarter, and at such other
44 times as called by the chairperson.

1 SECTION 11. The institute shall enhance and provide support for Oregon's forest products in-
2 dustry by increasing public understanding of the industry and its issues and concerns and shall help
3 educate the public with respect to the practice of forestry and the use and benefits of forest pro-
4 ducts.

5 SECTION 12. The institute may:

- 6 (1) Conduct research and disseminate reliable information based upon such research.
- 7 (2) Sue and be sued as an institute without individual liability for acts of the board of directors
- 8 within the scope of the powers conferred upon it by law.
- 9 (3) Enter into contracts which the board of directors considers necessary to carry out the duties,
- 10 functions and powers imposed upon the institute by law.
- 11 (4) Borrow money in amounts not to exceed 50 percent of the board of directors' estimate of the
- 12 institute's revenue from the current year's harvest.
- 13 (5) Appoint subordinate officers and employees of the institute and prescribe their duties and fix
- 14 their compensation.
- 15 (6) Adopt, rescind, modify or amend all proper orders, regulations, rules and resolutions for the
- 16 exercise of its duties, functions and powers.

17 SECTION 13. The institute may accept grants, donations or gifts from any source for expendi-
18 tures for any purposes consistent with the purposes of sections 2 to 20 of this 1991 Act. All funds
19 so received shall be handled as specified in sections 2 to 20 of this 1991 Act for other moneys re-
20 ceived by the institute.

21 ~~SECTION 14. The institute administrator and any person authorized to receive or disburse~~
22 ~~moneys received by the board of directors shall file with the institute a fidelity bond executed by~~
23 ~~a surety company authorized to do business in this state in favor of the institute and the State of~~
24 ~~Oregon, in such amount equal to the maximum amount of moneys the board of directors determines~~
25 ~~such person will have subject to control at any one time and upon such conditions as the board of~~
26 ~~directors shall prescribe. The cost of the bond shall be paid by the institute.~~

14 (1) NOTE: Section 14 was deleted by amendment. Subsequent sections were (1)
15 not renumbered. (2)

30 control, apply to budgets and expenditures of the institute except that:

- 31 (1) All references in such statutes to the Director of Agriculture shall be considered references
- 32 to the State Forester.
- 33 (2) All references in such statutes to the board shall be considered references to the State Board
- 34 of Forestry.

35 (2) Copies of proposed budgets required by ORS 576.425 (1) shall not be sent to county extension

17 (3) All references in such statutes to the commission shall be considered (2)
18 references to the board of directors of the institute. (2)

39 SECTION 17. Except as otherwise provided in sections 2 to 20 of this 1991 Act, ORS 291.202,
40 291.202 to 291.222, 291.232 to 291.260, 291.322 to 291.336, 292.210 to 292.250, 293.260 to 293.280,
41 293.295 to 293.346 and 293.590 to 293.640 do not apply to the institute or to the administration and
42 enforcement of sections 2 to 20 of this 1991 Act.

42 SECTION 18. The institute shall keep accurate books, records and accounts of all its dealings
43 which shall be open to inspection and audit by the Secretary of State.

44 SECTION 19. (1) After two years from the effective date of this 1991 Act, producers of 35 per-

1 cent or more of all merchantable forest products harvested on forestland in the previous year may
2 petition the State Forester to hold a referendum on discontinuance of the institute. The referendum
3 shall be held in such manner as the State Forester, by rule, may prescribe.

4 (2) If the State Forester determines that producers who harvested 60 percent or more of all
5 merchantable forest products harvested on forestland in the previous year vote in the referendum
6 in favor of discontinuance of the institute, the institute, as rapidly as possible, shall convert its as-
7 sets to cash and do all other things necessary to terminate its activities. Upon the termination of
8 activities, all moneys in the Oregon Forest Resources Institute Fund shall be paid into the Forest
9 Research and Experiment Account.

10 (3) When a referendum on discontinuance of the institute is held and there are insufficient votes
11 in favor of discontinuance, a subsequent referendum on discontinuance shall not be held within five
12 years from the date of the result of the previous referendum ordered by the State Forester.

13 **SECTION 20.** The Oregon Forest Resources Institute Fund is created in the State Treasury,
14 separate and distinct from the General Fund. Except as otherwise provided by law, all moneys re-
15 ceived by the institute shall be paid into the State Treasury and credited to the fund. All moneys
16 in the fund are appropriated continuously to the institute to carry out its duties, functions and
17 powers. Interest earnings on all moneys in the fund shall be retained in the fund.

18 **SECTION 21.** Section ~~22~~ ^{s. 22 and 23 are} of this Act is added to and made a part of ORS 321.005 to 321.185.

19 **SECTION 22.** (1) In addition to the taxes levied under ORS 321.015 (1) to (3), there hereby is
20 levied a privilege tax upon taxpayers on the harvesting of all merchantable forest products har-
21 vested on forestland on or after July 1, 1991, in the amount provided in subsection (2) of this section.

22 (2) The rate of tax levied in subsection (1) of this section shall be established annually by the
23 board of directors of the institute, at a rate not to exceed 75 cents per thousand feet, board measure,
24 on all merchantable forest products harvested on forestlands. The maximum tax rate prescribed by
25 this subsection may be increased by the board of directors in an amount equal to the previous year's
26 increase in the Consumer Price Index (Portland area -- all items) as published by the Bureau of
27 Labor Statistics of the United States Department of Labor for the Portland, Oregon area.

28 (3) The tax shall be measured by and be applicable to each per thousand feet, board measure,
29 and such shall be subject to and determined by the procedures and provisions of ORS 321.015 (4)
30 and (5).

31 (4) The tax levied by subsection (1) of this section shall be due and payable to the department
32 in the manner and procedure, including penalties and interest, as set forth for the collection of the
33 privilege tax in ORS 321.005 to 321.185.

34 (5) The revenue from the tax levied by subsection (1) of this section shall be remitted to the
35 State Treasurer who shall deposit it in a suspense account established under ORS 321.145 (1). After
36 payment of refunds, which shall be paid in the same manner as other forest products harvest tax
37 refunds are paid in ORS 321.145 (2), the balance of the additional tax imposed under subsection (1)
38 of this section shall be deposited in the Oregon Forest Resources Institute Fund.

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August 3
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23 ③ SECTION 23. Notwithstanding the rate of tax prescribed by section 22,
24 (2) of this 1991 Act, during the period beginning July 1, 1991, and ending
1 June 30, 1992, the rate of tax shall be 31 cents per thousand board feet
2 measure.

3 SECTION 24. ORS 321.684 is amended to read:

4 321.684. (1) The department may:

5 (a) Furnish to any taxpayer or authorized representative, upon request
6 of the taxpayer or authorized representative, a copy of the taxpayer's timber
7 tax return filed with the department for any year, or a copy of any report
8 filed by the taxpayer in connection with the return.

9 (b) Publish a list of taxpayers who are entitled to unclaimed tax refunds.

10 (c) Publish statistics classified so as to prevent the identification of
11 taxable value or any particulars contained in any report or return.

12 (d) Disclose a taxpayer's name, address and social security number or
13 employer identification number to the extent necessary in connection with
14 the processing and mailing of forms for any report or return required in the
15 administration of ORS 321.045, 321.322, 321.435 and 321.950.

16 (e) Disclose names and addresses of taxpayers filing under ORS 321.282
17 (4) and 321.432 to Oregon State University pursuant to surveys and programs
18 related to forest management.

19 (f) Disclose to the State Forester, upon request of the forester, for
20 the purpose of soliciting nominations and conducting elections re-
21 ferred to in section 4 of this 1991 Act, the names of producers who filed
22 forest products harvest tax returns in the following categories:

23 (A) 50 million board feet or less.

24 (B) More than 50 million board feet but less than 150 million board
25 feet.

26 (C) 150 million board feet or more.

27 (2) The department also may disclose and give access to information de-
28 scribed in ORS 321.682 to:

29 (a) The Commissioner of Internal Revenue or authorized representative,
30 for tax purposes only.

1 (b) The United States Forest Service, Bureau of Land Management and
2 the State Forestry Department pursuant to their regulatory programs and for
3 investigative purposes related to timber theft.

4 (c) The Attorney General, assistants and employees in the Department
5 of Justice or other legal representative of the State of Oregon, to the extent
6 the department considers disclosure or access necessary for the performance
7 of the duties of advising or representing the department pursuant to ORS
8 321.045, 321.322, 321.435 and 321.950.

9 (d) Employees of the State of Oregon, other than the Department of Re-
10 venue or Department of Justice, to the extent the department considers dis-
11 closure or access necessary for such employees to perform their duties under
12 contracts or agreements between the department and any other department,
13 agency or subdivision of the State of Oregon in the department's adminis-
14 tration of the tax laws.

15 (e) The Legislative Revenue Officer or the authorized representative
16 upon compliance with ORS 173.850. Such officer or representative shall not
17 remove from the premises of the department any materials that would reveal
18 the identity of any taxpayer or any other person or the volume of harvest
19 and value reported on individual returns and reports.

20 (f) Any agency of the State of Oregon, or any person, or any officer or
21 employee of such agency or person to whom disclosure or access is given by
22 state law and not otherwise referred to in this section, including but not
23 limited to the Secretary of State as Auditor of Public Accounts under section
24 2, Article VI of the Constitution of the State of Oregon.

25 (3) Each officer or employee of the department and each person described
26 or referred to in paragraphs (b) to (f) of subsection (2) of this section to
27 whom disclosure or access to the tax information is given under subsection
28 (2) of this section or any other provision of state law, prior to beginning
29 employment or the performance of duties involving such disclosure or access,
30 shall be advised in writing of the provisions of ORS 321.682 and 321.686 re-

1 lating to penalties for the violation of ORS 321.682, and shall, as a condition
2 of employment or performance of duties, execute a certificate for the de-
3 partment, in a form prescribed by the department, stating in substance that
4 the person has read these provisions of law, that the person has had them
5 explained and that the person is aware of the penalties for the violation of
6 ORS 321.682. *g*
7

**A-Engrossed
House Bill 2419**

Ordered by the House February 28
Including House Amendments dated February 28

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Representative Walt Schroeder)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Establishes Oregon Forest Resources Institute for education of public about forest products. Provides for funding through forest products harvest tax. Specifies number and qualifications of board of directors and prescribes institute duties and powers.

A BILL FOR AN ACT

1
2 Relating to forest products; and appropriating money.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** Sections 2 to 20 of this Act are added to and made a part of ORS chapter 526.

5 **SECTION 2.** As used in sections 2 to 20 of this 1991 Act, unless the context requires otherwise:

6 (1) "Institute" means the Oregon Forest Resources Institute.

7 (2) "Producer" means a producer of forest products and includes any person, partnership, asso-
8 ciation, corporation, cooperative or other business entity involved in the growing, harvesting or
9 producing of timber or timber products.

10 **SECTION 3.** The State of Oregon recognizes that the forest products industry is the largest
11 industry in the state. It provides monetary returns to labor, forestland owners, mill owners and op-
12 erators, public timber purchasers, timber harvesters, investors and others. It is a source of local and
13 state taxes. It is a major supporter of many secondary businesses that supply goods and services in
14 our communities. The welfare of the state is therefore largely dependent on the health and vigor
15 of the forest products industry.

16 **SECTION 4.** (1) There hereby is created the Oregon Forest Resources Institute. The institute
17 shall be governed by a board of directors formed as provided in this section. Elected members of the
18 board shall be elected by producers as provided in this section. The term of office of a member is
19 four years.

20 (2) The State Forester shall solicit nominations and conduct an election for elected members of
21 the board as follows:

22 (a) One member who is a producer of 50 million board feet per year or less shall be elected from
23 each forest region established under ORS 527.640.

24 (b) One member who is a producer of more than 50 million board feet per year, but less than
25 150 million board feet per year, shall be elected from each forest region established under ORS
26 527.640.

27 (c) One member who is a producer of 150 million or more board feet per year shall be elected
28 from each forest region established under ORS 527.640.

NOTE: Matter in **bold face** in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.

1 (d) One member who owns between 100 and 2,000 acres of forestland and who has no direct fi-
2 nancial interest in any forest products processing activity shall be elected statewide.

3 (3) Eligible voters for the elected members described in subsection (2) of this section shall be
4 only those persons who are of that described class.

5 (4) The cost of the nomination and election process shall be paid by the institute.

6 (5) In addition to the membership described in subsection (2) of this section, the elected members
7 shall appoint a member who is an hourly wage employee of a producer or a person who represents
8 such employees. The appointed member shall serve for a term of four years.

9 **SECTION 5.** Notwithstanding the term of office specified by section 4 of this 1991 Act, of the
10 members first elected to the board of directors of the Oregon Forest Resources Institute:

11 (1) Two members shall serve for a term of one year.

12 (2) Two members shall serve for terms of two years.

13 (3) Three members shall serve for terms of three years.

14 (4) Three members shall serve for terms of four years.

15 **SECTION 6.** Each member of the board of directors shall have the following qualifications:

16 (1) Be a citizen of the United States.

17 (2) Be a bona fide resident of this state.

18 (3) Be a producer in this state or an employee of such a producer.

19 (4) Have been actively engaged in producing forest products for a period of at least five years.

20 (5) Derive a substantial proportion of income from the production of forest products.

21 (6) Have demonstrated, through membership in producers' organizations, a profound interest in
22 the development of Oregon's forest products industry.

23 **SECTION 7.** Each elected member of the board of directors shall be elected for a term ending
24 four years from the date of the expiration of the term for which the member's predecessor was
25 elected. If there is a vacancy on the board of the elected member, other than a vacancy caused by
26 expiration of a term, the board shall fill the vacancy by appointment for the remainder of the un-
27 expired term with a person who represents the same region and the same producer size class as the
28 member whose term was vacated.

29 **SECTION 8.** (1) The board of directors shall immediately declare the office of any member of
30 the board of directors vacant whenever the member ceases to be an active producer in this state,
31 becomes a resident of another state or is unable to perform the duties of office.

32 (2) The board of directors may remove any member of the board of directors for inefficiency,
33 neglect of duty or misconduct in office, but not until after a public hearing thereon and service upon
34 such member of a copy of the charges together with a notice of the time and place of such hearing.
35 Service shall be made not less than 10 days prior to the hearing. At the hearing the member shall
36 be given an opportunity to be heard in person or by counsel and shall be permitted to present evi-
37 dence to answer the charges and explain the facts alleged.

38 **SECTION 9.** Directors, officers and employees of the institute may receive their actual and
39 necessary travel and other expenses incurred in the performance of their official duties. The board
40 of directors shall adopt uniform and reasonable rules governing the incurring and paying of such
41 expenses.

42 **SECTION 10.** (1) The board of directors annually shall elect a chairperson.

43 (2) The board of directors shall meet regularly at least once each quarter, and at such other
44 times as called by the chairperson.

1 **SECTION 11.** The institute shall enhance and provide support for Oregon's forest products in-
2 dustry by increasing public understanding of the industry and its issues and concerns and shall help
3 educate the public with respect to the practice of forestry and the use and benefits of forest pro-
4 ducts.

5 **SECTION 12.** The institute may:

6 (1) Conduct research and disseminate reliable information based upon such research.

7 (2) Sue and be sued as an institute without individual liability for acts of the board of directors
8 within the scope of the powers conferred upon it by law.

9 (3) Enter into contracts which the board of directors considers necessary to carry out the duties,
10 functions and powers imposed upon the institute by law.

11 (4) Borrow money in amounts not to exceed 50 percent of the board of directors' estimate of the
12 institute's revenue from the current year's harvest.

13 (5) Appoint subordinate officers and employees of the institute and prescribe their duties and fix
14 their compensation.

15 (6) Adopt, rescind, modify or amend all proper orders, regulations, rules and resolutions for the
16 exercise of its duties, functions and powers.

17 **SECTION 13.** The institute may accept grants, donations or gifts from any source for expendi-
18 tures for any purposes consistent with the purposes of sections 2 to 20 of this 1991 Act. All funds
19 so received shall be handled as specified in sections 2 to 20 of this 1991 Act for other moneys re-
20 ceived by the institute.

21 **SECTION 14.** The institute administrator and any person authorized to receive or disburse
22 moneys received by the board of directors shall file with the institute a fidelity bond executed by
23 a surety company authorized to do business in this state in favor of the institute and the State of
24 Oregon, in such amount equal to the maximum amount of moneys the board of directors determines
25 such person will have subject to control at any one time and upon such conditions as the board of
26 directors shall prescribe. The cost of the bond shall be paid by the institute.

27 **SECTION 15.** The State of Oregon is not liable for the acts or omissions of the institute or
28 agents or officers thereof.

29 **SECTION 16.** The provisions of ORS 576.410 to 576.450, pertaining to budget and expenditure
30 control, apply to budgets and expenditures of the institute except that:

31 (1) All references in such statutes to the Director of Agriculture shall be considered references
32 to the State Forester.

33 (2) All references in such statutes to the board shall be considered references to the State Board
34 of Forestry.

35 (3) Copies of proposed budgets required by ORS 576.425 (1) shall not be sent to county extension
36 agents, but shall be available for inspection at the institute office and at the office of the State
37 Forester in Salem.

38 **SECTION 17.** Except as otherwise provided in sections 2 to 20 of this 1991 Act, ORS 291.026,
39 291.202 to 291.222, 291.232 to 291.260, 291.322 to 291.336, 292.210 to 292.250, 293.260 to 293.280,
40 293.295 to 293.346 and 293.590 to 293.640 do not apply to the institute or to the administration and
41 enforcement of sections 2 to 20 of this 1991 Act.

42 **SECTION 18.** The institute shall keep accurate books, records and accounts of all its dealings
43 which shall be open to inspection and audit by the Secretary of State.

44 **SECTION 19.** (1) After two years from the effective date of this 1991 Act, producers of 35 per-

1 cent or more of all merchantable forest products harvested on forestland in the previous year may
2 petition the State Forester to hold a referendum on discontinuance of the institute. The referendum
3 shall be held in such manner as the State Forester, by rule, may prescribe.

4 (2) If the State Forester determines that producers who harvested 60 percent or more of all
5 merchantable forest products harvested on forestland in the previous year vote in the referendum
6 in favor of discontinuance of the institute, the institute, as rapidly as possible, shall convert its as-
7 sets to cash and do all other things necessary to terminate its activities. Upon the termination of
8 activities, all moneys in the Oregon Forest Resources Institute Fund shall be paid into the Forest
9 Research and Experiment Account.

10 (3) When a referendum on discontinuance of the institute is held and there are insufficient votes
11 in favor of discontinuance, a subsequent referendum on discontinuance shall not be held within five
12 years from the date of the result of the previous referendum ordered by the State Forester.

13 **SECTION 20.** The Oregon Forest Resources Institute Fund is created in the State Treasury,
14 separate and distinct from the General Fund. Except as otherwise provided by law, all moneys re-
15 ceived by the institute shall be paid into the State Treasury and credited to the fund. All moneys
16 in the fund are appropriated continuously to the institute to carry out its duties, functions and
17 powers. Interest earnings on all moneys in the fund shall be retained in the fund.

18 **SECTION 21.** Section 22 of this Act is added to and made a part of ORS 321.005 to 321.185.

19 **SECTION 22.** (1) In addition to the taxes levied under ORS 321.015 (1) to (3), there hereby is
20 levied a privilege tax upon taxpayers on the harvesting of all merchantable forest products har-
21 vested on forestland on or after July 1, 1991, in the amount provided in subsection (2) of this section.

22 (2) The rate of tax levied in subsection (1) of this section shall be established annually by the
23 board of directors of the institute, at a rate not to exceed 75 cents per thousand feet, board measure,
24 on all merchantable forest products harvested on forestlands. The maximum tax rate prescribed by
25 this subsection may be increased by the board of directors in an amount equal to the previous year's
26 increase in the Consumer Price Index (Portland area -- all items) as published by the Bureau of
27 Labor Statistics of the United States Department of Labor for the Portland, Oregon area.

28 (3) The tax shall be measured by and be applicable to each per thousand feet, board measure,
29 and such shall be subject to and determined by the procedures and provisions of ORS 321.015 (4)
30 and (5).

31 (4) The tax levied by subsection (1) of this section shall be due and payable to the department
32 in the manner and procedure, including penalties and interest, as set forth for the collection of the
33 privilege tax in ORS 321.005 to 321.185.

34 (5) The revenue from the tax levied by subsection (1) of this section shall be remitted to the
35 State Treasurer who shall deposit it in a suspense account established under ORS 321.145 (1). After
36 payment of refunds, which shall be paid in the same manner as other forest products harvest tax
37 refunds are paid in ORS 321.145 (2), the balance of the additional tax imposed under subsection (1)
38 of this section shall be deposited in the Oregon Forest Resources Institute Fund.

39

HOUSE AMENDMENTS TO HOUSE BILL 2419

By COMMITTEE ON AGRICULTURE, FORESTRY AND NATURAL RESOURCES

February 28

1 On page 1 of the printed bill, line 12, after the first comma insert "public timber purchasers,".

2 Delete lines 16 through 28 and insert:

3 "SECTION 4. (1) There hereby is created the Oregon Forest Resources Institute. The institute
4 shall be governed by a board of directors formed as provided in this section. Elected members of the
5 board shall be elected by producers as provided in this section. The term of office of a member is
6 four years.

7 "(2) The State Forester shall solicit nominations and conduct an election for elected members
8 of the board as follows:

9 "(a) One member who is a producer of 50 million board feet per year or less shall be elected
10 from each forest region established under ORS 527.640.

11 "(b) One member who is a producer of more than 50 million board feet per year, but less than
12 150 million board feet per year, shall be elected from each forest region established under ORS
13 527.640.

14 "(c) One member who is a producer of 150 million or more board feet per year shall be elected
15 from each forest region established under ORS 527.640.

16 "(d) One member who owns between 100 and 2,000 acres of forestland and who has no direct
17 financial interest in any forest products processing activity shall be elected statewide.

18 "(3) Eligible voters for the elected members described in subsection (2) of this section shall be
19 only those persons who are of that described class.

20 "(4) The cost of the nomination and election process shall be paid by the institute.

21 "(5) In addition to the membership described in subsection (2) of this section, the elected mem-
22 bers shall appoint a member who is an hourly wage employee of a producer or a person who re-
23 presents such employees. The appointed member shall serve for a term of four years."

24 In line 30, delete "appointed" and insert "elected".

25 After line 30, insert:

26 "(1) Two members shall serve for a term of one year."

27 In line 31, delete "(1)" and insert "(2)" and delete "from the date of appointment".

28 On page 2, line 1, delete "(2) Two" and insert "(3) Three" and delete "from the date of ap-
29 pointment".

30 In line 2, delete "(3)" and insert "(4)" and delete "from the date of appointment".

31 In line 6, delete "designated by" and insert "of".

32 In line 9, delete "(5)" and insert "(6)".

33 In line 11, after "Each" insert "elected" and delete "appointed" and insert "elected".

34 In line 12, delete "appointed," and delete lines 13 and 14 and insert "elected. If there is a va-

1 cancy on the board of the elected member, other than a vacancy caused by expiration of a term, the
2 board shall fill the vacancy by appointment for the remainder of the unexpired term with a person
3 who represents the same region and the same producer size class as the member whose term was
4 vacated.”.

5 In line 15, delete “State Forester” and insert “board of directors”.

6 In line 18, delete “State Forester” and insert “board of directors”.

7 In line 36, delete “scientific”.

8 On page 3, line 28, delete “commission” and insert “institute”.

9 In line 30, delete “five” and insert “two” and delete “25” and insert “35”.

10

Working Title: Oregon Forest Resources Institute
Meeting Dates: 1/31/91 (PH), 2/21/91 (PH & WS)
Action: Do pass with amendments; subsequent referral to Revenue and School Finance by prior reference
Vote: 7-0
Yeas: Reps. Dominy, Dwyer, Josi, Meek, Norris, VanLeeuwen, Schroeder
Nays:
Exc.:
Carrier:
Prepared By: Beth Patrino, Committee Administrator

WHAT THE BILL DOES: Establishes the Oregon Forest Resources Institute to educate the public about forest products. Creates an eleven-member Board of Directors to govern the Institute. Provides for the election of 10 board members (nine based on producer size and region and one small woodland representative) by forest products producers and the appointment of one labor representative by the Board of Directors. Allows producers to petition the State Forester to hold a referendum on the discontinuance of the Institute after two years. Creates the Oregon Forest Resources Institute Fund. Levies a privilege tax on the harvesting of all merchantable forest products, not to exceed \$.75 per thousand board feet, to support the Institute.

ISSUES DISCUSSED: The need to educate the public about forest practices and the forest industry. Purposes of the Institute. Membership of the Board of Directors.

EFFECT OF COMMITTEE AMENDMENTS: Change the appointment of the board by the State Forester to an election of board members by forest products producers. Add labor representative to board membership. Change the time period after which producers may petition the State Forester to hold referendum to discontinue the Institute from five years to two years.

BACKGROUND: In 1990, the Oregon Forest Industries Council assembled a special committee to examine the challenges that the forest industry will face during the 1990's. The Committee concluded that there was a demonstrated need for an entity such as the Oregon Forest Resources Institute to provide support to the industry by increasing public understanding of forest practices and the use and benefits of forest products.

**1991 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Legislative Fiscal Office**

MEASURE NUMBER: HB 2419
STATUS: A-Engrossed
SUBJECT: Establishes Oregon Forest Resources Institute.
GOVERNMENT UNIT AFFECTED: Department of Forestry
PREPARED BY: Ken Rocco
REVIEWED BY: Ann Glaze
DATE: 2/26/91

EFFECT ON EXPENDITURES:	<u>1991-93</u>	<u>1993-95</u>
Oregon Forest Resources Institute -		
Personal Services	\$ 134,583	\$ 165,269
Services & Supplies	34,568	42,419
Capital Outlay	21,600	-0-
TOTAL Other Fund	\$ 190,751	\$ 207,688
Department of Forestry -		
Personal Services	\$ 6,221	\$ 6,874
Services & Supplies	10,000	10,000
TOTAL Other Fund	\$ 16,221	\$ 16,874
OTHER FUNDS TOTAL	<u>\$ 206,972</u>	<u>\$ 224,562</u>

EFFECT ON REVENUES: Revenue impact statement is being prepared by Legislative Revenue Office.

EFFECT ON POSITIONS:

Oregon Forest Resources Institute	1.75 FTE	2.0 FTE
Department of Forestry	0.1 FTE	0.1 FTE

Adds two full-time permanent positions including one Prin. Exec./Mgr. D (SR 30) and one Exec. Support Spec. 1 (SR 17) as administrator and staff of the Institute. The Department of Forestry estimates additional staff workload equal to .1 FTE Support Serv. Supv. 2.

GOVERNOR'S BUDGET: Measure is not included in Governor's budget.

COMMENTS:

This measure creates the Oregon Forest Resources Institute for the education of the public concerning forest products. The institute is to be governed by an eleven member board. Ten of the board members are to be elected by forest products producers based on producer size and region; one member is to be appointed by the board to represent labor. Funding for the board and institute is

through a forest products harvest tax set at a rate not to exceed 75 cents per thousand board feet.

In order to estimate the fiscal impact, a number of assumptions concerning the measure were made. Besides authorizing the board to hire staff, the bill is generally silent on implementation.

The fiscal analysis assumes the measure will take effect on October 1, 1991. It is assumed that the institute will be administered by a Prin. Exec./Mgr. D with one clerical support position. Department of Forestry staff is required to assist the State Forester in conducting budget and expenditure control and other activities associated with the board. Based on these assumptions, the net staffing impact is for 1.85 FTE in 1991-93, rising to 2.1 FTE in 1993-95.

No expenditure estimates of the costs of conducting scientific research are included in the fiscal analysis. Services and supplies expenditures of the institute include estimated costs of board expenses, including travel costs, and office expenses for the institute. Department of Forestry services and supplies expenditures include a personal services contract to conduct and monitor the election of board members.

Under the measure's provisions, revenue for the institute will come from the Oregon Forest Resources Institute Fund. The measure authorizes the board to levy a privilege tax on the harvesting of all merchantable forest products at a rate not to exceed 75 cents per thousand board feet. This maximum rate may be increased annually in an amount equal to the previous year's increase in the Consumer Price Index (Portland area, all items).

All expenditures are given in 1991-93 dollars; salaries in the 1993-95 biennium reflect anticipated step increases.



STATE OF OREGON
LEGISLATIVE REVENUE OFFICE
H-197 ~~XXX~~ STATE CAPITOL BUILDING
SALEM, OREGON 97310-1347

LEGISLATIVE REVENUE OFFICER
JAMES R. SCHERZINGER
AREA CODE 503
378-8873

NOTICE OF POSSIBLE REVENUE IMPACT

January 15, 1991

Senate House

Agriculture, Committee Administrator

The Legislative Revenue Office has determined HB 2419 has a possible impact on state or local revenues.

Please obtain a revenue impact statement from our office before you can file this bill at the desk, unless, your committee reports the bill out with a subsequent referral to the Committee on Revenue and School Finance.

The economist assigned to this bill is Terry Drake. Please contact the economist if you desire an impact analysis for your committee or you have any questions. If the bill is passed out by the committee, please contact the economist immediately.

Ordered by the House February 28
Including House Amendments dated February 27

A-Engrossed
House Bill 2419

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Representative Walt Schroeder)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure as introduced.

Establishes Oregon Forest Resources Institute for education of public about forest products. Provides for funding through forest products harvest tax. Specifies number and qualifications of board of directors and prescribes institute duties and powers.

A BILL FOR AN ACT

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Relating to forest products; and appropriating money.

Be It Enacted by the People of the State of Oregon:

SECTION 1. Sections 2 to 20 of this Act are added to and made a part of ORS chapter 526.

SECTION 2. As used in sections 2 to 20 of this 1991 Act, unless the context requires otherwise:

(1) "Institute" means the Oregon Forest Resources Institute.

(2) "Producer" means a producer of forest products and includes any person, partnership, association, corporation, cooperative or other business entity involved in the growing, harvesting or producing of timber or timber products.

SECTION 4. (1) There hereby is created the Oregon Forest Resources Institute. The institute shall be governed by a board of directors formed as provided in this section. Elected members of the board shall be elected by producers as provided in this section. The term of office of a member is four years.

(2) The State Forester shall solicit nominations and conduct an election for elected members of the board as follows:

(a) One member who is a producer of 50 million board feet per year or less shall be elected from each forest region established under ORS 527.640.

(b) One member who is a producer of more than 50 million board feet per year, but less than 150 million board feet per year, shall be elected from each forest region established under ORS 527.640.

(c) One member who is a producer of 150 million or more board feet per year shall be elected from each forest region established under ORS 527.640.

(d) One member who owns between 100 and 2,000 acres of forestland and who has no direct financial interest in any forest products processing activity shall be elected statewide.

(3) Eligible voters for the elected members described in subsection (2) of this section shall be only those persons who are of that described class.

(4) The cost of the nomination and election process shall be paid by the institute.

(5) In addition to the membership described in subsection (2) of this section, the elected members shall appoint a member who is an hourly wage employee of a producer or a person who represents such employees. The appointed member shall serve for a term of four years.

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~~(2) Two~~ ^{(3) Three} members shall serve for terms of three years ~~from the date of appointment.~~
~~(3) Three~~ members shall serve for terms of four years ~~from the date of appointment.~~

SECTION 6. Each member of the board of directors shall have the following qualifications:

- (1) Be a citizen of the United States.
- (2) Be a bona fide resident of this state.
- (3) Be a producer in this state or an employee ^{of} ~~designated by~~ such a producer.
- (4) Have been actively engaged in producing forest products for a period of at least five years.
- (5) Derive a substantial proportion of income from the production of forest products.
- ~~(5)~~ ⁽⁶⁾ Have demonstrated, through membership in producers' organizations, a profound interest in the development of Oregon's forest products industry.

SECTION 7. Each ^{elector} member of the board of directors shall be ~~appointed~~ ^{elector} for a term ~~ending four~~ ^{ending four} years from the date of the expiration of the term for which the member's predecessor was ~~appointed~~ ^{appointed}.

Insert
3

³ ~~appointed~~ ^{elector} If there is a vacancy on the board of the ~~elected~~ ^{elector} member, other than a vacancy caused by expiration of a term, the board shall fill the vacancy by appointment for the remainder of the unexpired term with a person who represents the same region and the same producer size class as the member whose term was vacated. ³ until after a public hearing thereon and service upon such member of a copy of the charges together with a notice of the time and place of such hearing. Service shall be made not less than 10 days prior to the hearing. At the hearing the member shall be given an opportunity to be heard in person or by counsel and shall be permitted to present evidence to answer the charges and explain the facts alleged.

SECTION 9. Directors, officers and employees of the institute may receive their actual and necessary travel and other expenses incurred in the performance of their official duties. The board of directors shall adopt uniform and reasonable rules governing the incurring and paying of such expenses.

- SECTION 10.** (1) The board of directors annually shall elect a chairperson.
- (2) The board of directors shall meet regularly at least once each quarter, and at such other times as called by the chairperson.

SECTION 11. The institute shall enhance and provide support for Oregon's forest products industry by increasing public understanding of the industry and its issues and concerns and shall help educate the public with respect to the practice of forestry and the use and benefits of forest products.

SECTION 12. The institute may:

- (1) Conduct ~~scientific~~ research and disseminate reliable information based upon such research.
- (2) Sue and be sued as an institute without individual liability for acts of the board of directors within the scope of the powers conferred upon it by law.
- (3) Enter into contracts which the board of directors considers necessary to carry out the duties, functions and powers imposed upon the institute by law.
- (4) Borrow money in amounts not to exceed 50 percent of the board of directors' estimate of the institute's revenue from the current year's harvest.
- (5) Appoint subordinate officers and employees of the institute and prescribe their duties and fix their compensation.

1 (6) Adopt, rescind, modify or amend all proper orders, regulations, rules and resolutions for the
 2 exercise of its duties, functions and powers.

3 **SECTION 13.** The institute may accept grants, donations or gifts from any source for expendi-
 4 tures for any purposes consistent with the purposes of sections 2 to 20 of this 1991 Act. All funds
 5 so received shall be handled as specified in sections 2 to 20 of this 1991 Act for other moneys re-
 6 ceived by the institute.

7 **SECTION 14.** The institute administrator and any person authorized to receive or disburse
 8 moneys received by the board of directors shall file with the institute a fidelity bond executed by
 9 a surety company authorized to do business in this state in favor of the institute and the State of
 10 Oregon, in such amount equal to the maximum amount of moneys the board of directors determines
 11 such person will have subject to control at any one time and upon such conditions as the board of
 12 directors shall prescribe. The cost of the bond shall be paid by the institute.

13 **SECTION 15.** The State of Oregon is not liable for the acts or omissions of the institute or
 14 agents or officers thereof.

15 **SECTION 16.** The provisions of ORS 576.410 to 576.450, pertaining to budget and expenditure
 16 control, apply to budgets and expenditures of the institute except that:

17 (1) All references in such statutes to the Director of Agriculture shall be considered references
 18 to the State Forester.

19 (2) All references in such statutes to the board shall be considered references to the State Board
 20 of Forestry.

21 (3) Copies of proposed budgets required by ORS 576.425 (1) shall not be sent to county extension
 22 agents, but shall be available for inspection at the institute office and at the office of the State
 23 Forester in Salem.

24 **SECTION 17.** Except as otherwise provided in sections 2 to 20 of this 1991 Act, ORS 291.026,
 25 291.202 to 291.222, 291.232 to 291.260, 291.322 to 291.336, 292.210 to 292.250, 293.260 to 293.280,
 26 293.295 to 293.346 and 293.590 to 293.640 do not apply to the institute or to the administration, and
 27 enforcement of sections 2 to 20 of this 1991 Act.

28 **SECTION 18.** The ~~commission~~^{institute} shall keep accurate books, records and accounts of all its
 29 dealings which shall be open to inspection and audit by the Secretary of State.

30 **SECTION 19.** (1) After ~~five~~^{two} years from the effective date of this 1991 Act, producers of ~~25~~³⁵ per-
 31 cent or more of all merchantable forest products harvested on forestland in the previous year may
 32 petition the State Forester to hold a referendum on discontinuance of the institute. The referendum
 33 shall be held in such manner as the State Forester, by rule, may prescribe.

34 (2) If the State Forester determines that producers who harvested 60 percent or more of all
 35 merchantable forest products harvested on forestland in the previous year vote in the referendum
 36 in favor of discontinuance of the institute, the institute, as rapidly as possible, shall convert its as-
 37 sets to cash and do all other things necessary to terminate its activities. Upon the termination of
 38 activities, all moneys in the Oregon Forest Resources Institute Fund shall be paid into the Forest
 39 Research and Experiment Account.

40 (3) When a referendum on discontinuance of the institute is held and there are insufficient votes
 41 in favor of discontinuance, a subsequent referendum on discontinuance shall not be held within five
 42 years from the date of the result of the previous referendum ordered by the State Forester.

43 **SECTION 20.** The Oregon Forest Resources Institute Fund is created in the State Treasury,
 44 separate and distinct from the General Fund. Except as otherwise provided by law, all moneys re-

1 ceived by the institute shall be paid into the State Treasury and credited to the fund. All moneys
 2 in the fund are appropriated continuously to the institute to carry out its duties, functions and
 3 powers. Interest earnings on all moneys in the fund shall be retained in the fund.

4 **SECTION 21.** Section 22 of this Act is added to and made a part of ORS 321.005 to 321.185.

5 **SECTION 22.** (1) In addition to the taxes levied under ORS 321.015 (1) to (3), there hereby is
 6 levied a privilege tax upon taxpayers on the harvesting of all merchantable forest products har-
 7 vested on forestland on or after July 1, 1991, in the amount provided in subsection (2) of this section.

8 (2) The rate of tax levied in subsection (1) of this section shall be established annually by the
 9 board of directors of the institute, at a rate not to exceed 75 cents per thousand feet, board measure,
 10 on all merchantable forest products harvested on forestlands. The maximum tax rate prescribed by
 11 this subsection may be increased by the board of directors in an amount equal to the previous year's
 12 increase in the Consumer Price Index (Portland area -- all items) as published by the Bureau of
 13 Labor Statistics of the United States Department of Labor for the Portland, Oregon area.

14 (3) The tax shall be measured by and be applicable to each per thousand feet, board measure,
 15 and such shall be subject to and determined by the procedures and provisions of ORS 321.015 (4)
 16 and (5).

17 (4) The tax levied by subsection (1) of this section shall be due and payable to the department
 18 in the manner and procedure, including penalties and interest, as set forth for the collection of the
 19 privilege tax in ORS 321.005 to 321.185.

20 (5) The revenue from the tax levied by subsection (1) of this section shall be remitted to the
 21 State Treasurer who shall deposit it in a suspense account established under ORS 321.145 (1). After
 22 payment of refunds, which shall be paid in the same manner as other forest products harvest tax
 23 refunds are paid in ORS 321.145 (2), the balance of the additional tax imposed under subsection (1)
 24 of this section shall be deposited in the Oregon Forest Resources Institute Fund.

HOUSE COMMITTEE REPORT

February 25, 1991

Speaker Campbell:

Your committee on Agriculture, Forestry & Natural Resources to whom was referred HB 2419 having had the same under consideration, respectfully reports it back with recommendation that it

**DO PASS WITH AMENDMENTS AND BE PRINTED ENGROSSED
BE REFERRED TO COMMITTEE ON REVENUE AND SCHOOL FINANCE BY PRIOR REFERENCE**

Rep.

Carrier of Measure



Rep. Schroeder, Chairperson

FOR INFORMATION ONLY - NOT PART OF COMMITTEE REPORT

VOTING AYE: 7 - Dominy, Dwyer, Josi, Meek, Norris, VanLeeuwen, Schroeder

VOTING NAY: 0

EXCUSED: 0

ABSENT: 0

FOR OFFICE USE ONLY

Action Code:

**PROPOSED AMENDMENTS TO
HOUSE BILL 2419**

1 On page 1 of the printed bill, line 12, after the first comma insert "public
2 timber purchasers,".

3 Delete lines 16 through 28 and insert:

4 **"SECTION 4. (1)** There hereby is created the Oregon Forest Resources
5 Institute. The institute shall be governed by a board of directors formed as
6 provided in this section. Elected members of the board shall be elected by
7 producers as provided in this section. The term of office of a member is four
8 years.

9 "(2) The State Forester shall solicit nominations and conduct an election
10 for elected members of the board as follows:

11 "(a) One member who is a producer of 50 million board feet per year or
12 less shall be elected from each forest region established under ORS 527.640.

13 "(b) One member who is a producer of more than 50 million board feet
14 per year, but less than 150 million board feet per year, shall be elected from
15 each forest region established under ORS 527.640.

16 "(c) One member who is a producer of 150 million or more board feet per
17 year shall be elected from each forest region established under ORS 527.640.

18 "(d) One member who owns between 100 and 2,000 acres of forestland and
19 who has no direct financial interest in any forest products processing activ-
20 ity shall be elected statewide.

21 "(3) Eligible voters for the elected members described in subsection (2)
22 of this section shall be only those persons who are of that described class.

23 "(4) The cost of the nomination and election process shall be paid by the
24 institute.

1 “(5) In addition to the membership described in subsection (2) of this
2 section, the elected members shall appoint a member who is an hourly wage
3 employee of a producer or a person who represents such employees. The ap-
4 pointed member shall serve for a term of four years.”.

5 In line 30, delete “appointed” and insert “elected”.

6 After line 30, insert:

7 “(1) Two members shall serve for a term of one year.”.

8 In line 31, delete “(1)” and insert “(2)” and delete “from the date of ap-
9 pointment”.

10 On page 2, line 1, delete “(2) Two” and insert “(3) Three” and delete “from
11 the date of appointment”.

12 In line 2, delete “(3)” and insert “(4)” and delete “from the date of ap-
13 pointment”.

14 In line 6, delete “designated by” and insert “of”.

15 In line 9, delete “(5)” and insert “(6)”.

16 In line 11, after “Each” insert “elected” and delete “appointed” and insert
17 “elected”.

18 In line 12, delete “appointed,” and delete lines 13 and 14 and insert
19 “elected. If there is a vacancy on the board of the elected member, other than
20 a vacancy caused by expiration of a term, the board shall fill the vacancy
21 by appointment for the remainder of the unexpired term with a person who
22 represents the same region and the same producer size class as the member
23 whose term was vacated.”.

24 In line 15, delete “State Forester” and insert “board of directors”.

25 In line 18, delete “State Forester” and insert “board of directors”.

26 In line 36, delete “scientific”.

27 On page 3, line 28, delete “commission” and insert “institute”.

28 In line 30, delete “five” and insert “two” and delete “25” and insert
29 “35”.

30

House Bill 2419

Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed (at the request of Representative Walt Schroeder)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Establishes Oregon Forest Resources Institute for education of public about forest products. Provides for funding through forest products harvest tax. Specifies number and qualifications of board of directors and prescribes institute duties and powers.

A BILL FOR AN ACT

1
2 Relating to forest products; and appropriating money.

3 **Be It Enacted by the People of the State of Oregon:**

4 **SECTION 1.** Sections 2 to 20 of this Act are added to and made a part of ORS chapter 526.

5 **SECTION 2.** As used in sections 2 to 20 of this 1991 Act, unless the context requires otherwise:

6 (1) "Institute" means the Oregon Forest Resources Institute.

7 (2) "Producer" means a producer of forest products and includes any person, partnership, asso-
8 ciation, corporation, cooperative or other business entity involved in the growing, harvesting or
9 producing of timber or timber products.

10 **SECTION 3.** The State of Oregon recognizes that the forest products industry is the largest
11 industry in the state. It provides monetary returns to labor, forestland owners, mill owners and op-
12 erators, timber harvesters, investors and others. It is a source of local and state taxes. It is a major
13 supporter of many secondary businesses that supply goods and services in our communities. The
14 welfare of the state is therefore largely dependent on the health and vigor of the forest products
15 industry.

16 **SECTION 4.** (1) There hereby is created the Oregon Forest Resources Institute. The institute
17 shall be governed by a board of directors consisting of seven members to be appointed by the State
18 Forester for a term of four years, each to continue in office until a successor is appointed and
19 qualified. In making appointments of members to the board of directors, the State Forester shall take
20 into consideration any nominations or recommendations made by producers.

21 (2) In addition to the seven appointed members, the State Forester, or the forester's official
22 representative, and the Dean of the School of Forestry of Oregon State University, or the dean's
23 official representative, are ex officio members of the board of directors, without right to vote. Sub-
24 section (1) of this section and sections 6 to 8 of this 1991 Act do not apply to ex officio members.

25 (3) Appointments to the board of directors by the State Forester shall include one member from
26 each of the forest regions established under ORS 527.640 and at least one member who owns be-
27 tween 100 and 2,000 acres of forestland and who has no direct financial interest in any forest pro-
28 ducts processing activity.

29 **SECTION 5.** Notwithstanding the term of office specified by section 4 of this 1991 Act, of the
30 members first appointed to the board of directors of the Oregon Forest Resources Institute:

31 (1) Two members shall serve for terms of two years from the date of appointment.

NOTE: Matter in bold face in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.

1 (2) Two members shall serve for terms of three years from the date of appointment.

2 (3) Three members shall serve for terms of four years from the date of appointment.

3 **SECTION 6.** Each member of the board of directors shall have the following qualifications:

4 (1) Be a citizen of the United States.

5 (2) Be a bona fide resident of this state.

6 (3) Be a producer in this state or an employee designated by such a producer.

7 (4) Have been actively engaged in producing forest products for a period of at least five years.

8 (5) Derive a substantial proportion of income from the production of forest products.

9 (5) Have demonstrated, through membership in producers' organizations, a profound interest in
10 the development of Oregon's forest products industry.

11 **SECTION 7.** Each member of the board of directors shall be appointed for a term ending four
12 years from the date of the expiration of the term for which the member's predecessor was appointed,
13 except in case of a vacancy when the appointee shall serve the unexpired part of the term of the
14 member whom the appointee replaced.

15 **SECTION 8.** (1) The State Forester shall immediately declare the office of any member of the
16 board of directors vacant whenever the member ceases to be an active producer in this state, be-
17 comes a resident of another state or is unable to perform the duties of office.

18 (2) The State Forester may remove any member of the board of directors for inefficiency, neglect
19 of duty or misconduct in office, but not until after a public hearing thereon and service upon such
20 member of a copy of the charges together with a notice of the time and place of such hearing. Ser-
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22 given an opportunity to be heard in person or by counsel and shall be permitted to present evidence
23 to answer the charges and explain the facts alleged.

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26 of directors shall adopt uniform and reasonable rules governing the incurring and paying of such
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33 educate the public with respect to the practice of forestry and the use and benefits of forest pro-
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35 **SECTION 12.** The institute may:

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37 (2) Sue and be sued as an institute without individual liability for acts of the board of directors
38 within the scope of the powers conferred upon it by law.

39 (3) Enter into contracts which the board of directors considers necessary to carry out the duties,
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41 (4) Borrow money in amounts not to exceed 50 percent of the board of directors' estimate of the
42 institute's revenue from the current year's harvest.

43 (5) Appoint subordinate officers and employees of the institute and prescribe their duties and fix
44 their compensation.

1 (6) Adopt, rescind, modify or amend all proper orders, regulations, rules and resolutions for the
2 exercise of its duties, functions and powers.

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8 moneys received by the board of directors shall file with the institute a fidelity bond executed by
9 a surety company authorized to do business in this state in favor of the institute and the State of
10 Oregon, in such amount equal to the maximum amount of moneys the board of directors determines
11 such person will have subject to control at any one time and upon such conditions as the board of
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20 of Forestry.

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23 Forester in Salem.

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29 dealings which shall be open to inspection and audit by the Secretary of State.

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31 cent or more of all merchantable forest products harvested on forestland in the previous year may
32 petition the State Forester to hold a referendum on discontinuance of the institute. The referendum
33 shall be held in such manner as the State Forester, by rule, may prescribe.

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36 in favor of discontinuance of the institute, the institute, as rapidly as possible, shall convert its as-
37 sets to cash and do all other things necessary to terminate its activities. Upon the termination of
38 activities, all moneys in the Oregon Forest Resources Institute Fund shall be paid into the Forest
39 Research and Experiment Account.

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42 years from the date of the result of the previous referendum ordered by the State Forester.

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44 separate and distinct from the General Fund. Except as otherwise provided by law, all moneys re-

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 7 vested on forestland on or after July 1, 1991, in the amount provided in subsection (2) of this section.

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 9 board of directors of the institute, at a rate not to exceed 75 cents per thousand feet, board measure,
 10 on all merchantable forest products harvested on forestlands. The maximum tax rate prescribed by
 11 this subsection may be increased by the board of directors in an amount equal to the previous year's
 12 increase in the Consumer Price Index (Portland area -- all items) as published by the Bureau of
 13 Labor Statistics of the United States Department of Labor for the Portland, Oregon area.

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 15 and such shall be subject to and determined by the procedures and provisions of ORS 321.015 (4)
 16 and (5).

17 (4) The tax levied by subsection (1) of this section shall be due and payable to the department
 18 in the manner and procedure, including penalties and interest, as set forth for the collection of the
 19 privilege tax in ORS 321.005 to 321.185.

20 (5) The revenue from the tax levied by subsection (1) of this section shall be remitted to the
 21 State Treasurer who shall deposit it in a suspense account established under ORS 321.145 (1). After
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 23 refunds are paid in ORS 321.145 (2), the balance of the additional tax imposed under subsection (1)
 24 of this section shall be deposited in the Oregon Forest Resources Institute Fund.

25

HB 2419
LC 679
12/24/90 (CW/bg)

DRAFT

SUMMARY

Establishes Oregon Forest Resources Institute for forest products, funded by forest products harvest tax. Specifies number and qualifications of board of directors and prescribes institute duties and powers.

A BILL FOR AN ACT

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SECTION 3. The State of Oregon recognizes that the forest products industry is the largest industry in the state. It provides monetary returns to labor, forestland owners, mill owners and operators, timber harvesters, investors and others. It is a source of local and state taxes. It is a major supporter of many secondary businesses that supply goods and services in our communities. The welfare of the state is therefore largely dependent on the health and vigor of the forest products industry.

SECTION 4. (1) There hereby is created the Oregon Forest Resources Institute. The institute shall be governed by a board of directors consisting of seven members to be appointed by the State Forester for a term of four years, each to continue in office until a successor is appointed and qualified.

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2 Forester shall take into consideration any nominations or recommendations
3 made by producers.

4 (2) In addition to the seven appointed members, the State Forester, or the
5 forester's official representative, and the Dean of the School of Forestry of
6 Oregon State University, or the dean's official representative, are ex officio
7 members of the board of directors, without right to vote. Subsection (1) of
8 this section and sections 6 to 8 of this 1991 Act do not apply to ex officio
9 members.

10 (3) Appointments to the board of directors by the State Forester shall
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13 forestland and who has no direct financial interest in any forest products
14 processing activity.

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24 **SECTION 6.** Each member of the board of directors shall have the fol-
25 lowing qualifications:

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27 (2) Be a bona fide resident of this state.

28 (3) Be a producer in this state or an employee designated by such a pro-
29 ducer.

30 (4) Have been actively engaged in producing forest products for a period
31 of at least five years.

X

X

1 (5) Derive a substantial proportion of income from the production of for-
2 est products.

3 (5) Have demonstrated, through membership in producers' organizations,
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6 for a term ending four years from the date of the expiration of the term for
7 which the member's predecessor was appointed, except in case of a vacancy
8 when the appointee shall serve the unexpired part of the term of the member
9 whom the appointee replaced.

10 **SECTION 8.** (1) The State Forester shall immediately declare the office
11 of any member of the board of directors vacant whenever the member ceases
12 to be an active producer in this state, becomes a resident of another state
13 or is unable to perform the duties of office.

14 (2) The State Forester may remove any member of the board of directors
15 for inefficiency, neglect of duty or misconduct in office, but not until after
16 a public hearing thereon and service upon such member of a copy of the
17 charges together with a notice of the time and place of such hearing. Service
18 shall be made not less than 10 days prior to the hearing. At the hearing the
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20 and shall be permitted to present evidence to answer the charges and explain
21 the facts alleged.

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2 industry and its issues and concerns and shall help educate the public with
3 respect to the practice of forestry and the use and benefits of forest products.

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7 (2) Sue and be sued as an institute without individual liability for acts
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11 to carry out the duties, functions and powers imposed upon the institute by
12 law.

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14 directors' estimate of the institute's revenue from the current year's harvest.

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19 **SECTION 13.** The institute may accept grants, donations or gifts from
20 any source for expenditures for any purposes consistent with the purposes
21 of sections 2 to 20 of this 1991 Act. All funds so received shall be handled
22 as specified in sections 2 to 20 of this 1991 Act for other moneys received
23 by the institute.

24 **SECTION 14.** The institute administrator and any person authorized to
25 receive or disburse moneys received by the board of directors shall file with
26 the institute a fidelity bond executed by a surety company authorized to do
27 business in this state in favor of the institute and the State of Oregon, in
28 such amount equal to the maximum amount of moneys the board of directors
29 determines such person will have subject to control at any one time and
30 upon such conditions as the board of directors shall prescribe. The cost of
31 the bond shall be paid by the institute.

1 **SECTION 15.** The State of Oregon is not liable for the acts or omissions
2 of the institute or agents or officers thereof.

3 **SECTION 16.** The provisions of ORS 576.410 to 576.450, pertaining to
4 budget and expenditure control, apply to budgets and expenditures of the
5 institute except that:

6 (1) All references in such statutes to the Director of Agriculture shall be
7 considered references to the State Forester.

8 (2) All references in such statutes to the board shall be considered refer-
9 ences to the State Board of Forestry.

10 (3) Copies of proposed budgets required by ORS 576.425 (1) shall not be
11 sent to county extension agents, but shall be available for inspection at the
12 institute office and at the office of the State Forester in Salem.

13 **SECTION 17.** Except as otherwise provided in sections 2 to 20 of this
14 1991 Act, ORS 291.026, 291.202 to 291.222, 291.232 to 291.260, 291.322 to
15 291.336, 292.210 to 292.250, 293.260 to 293.280, 293.295 to 293.346 and 293.590
16 to 293.640 do not apply to the institute or to the administration and
17 enforcement of sections 2 to 20 of this 1991 Act.

18 **SECTION 18.** The commission shall keep accurate books, records and
19 accounts of all its dealings which shall be open to inspection and audit by
20 the Secretary of State.

21 **SECTION 19.** (1) After five years from the effective date of this 1991 Act,
22 producers of 25 percent or more of all merchantable forest products harvested
23 on forestland in the previous year may petition the State Forester to hold
24 a referendum on discontinuance of the institute. The referendum shall be
25 held in such manner as the State Forester, by rule, may prescribe.

26 (2) If the State Forester determines that producers who harvested 60 per-
27 cent or more of all merchantable forest products harvested on forestland in
28 the previous year vote in the referendum in favor of discontinuance of the
29 institute, the institute, as rapidly as possible, shall convert its assets to cash
30 and do all other things necessary to terminate its activities. Upon the ter-
31 mination of activities, all moneys in the Oregon Forest Resources Institute

1 Fund shall be paid into the Forest Research and Experiment Account.

2 (3) When a referendum on discontinuance of the institute is held and
3 there are insufficient votes in favor of discontinuance, a subsequent refer-
4 endum on discontinuance shall not be held within five years from the date
5 of the result of the previous referendum ordered by the State Forester.

6 **SECTION 20.** The Oregon Forest Resources Institute Fund is created in
7 the State Treasury, separate and distinct from the General Fund. Except as
8 otherwise provided by law, all moneys received by the institute shall be paid
9 into the State Treasury and credited to the fund. All moneys in the fund are
10 appropriated continuously to the institute to carry out its duties, functions
11 and powers. Interest earnings on all moneys in the fund shall be retained in
12 the fund.

13 **SECTION 21.** Section 22 of this Act is added to and made a part of ORS
14 321.005 to 321.185.

15 **SECTION 22.** (1) In addition to the taxes levied under ORS 321.015 (1)
16 to (3), there hereby is levied a privilege tax upon taxpayers on the harvesting
17 of all merchantable forest products harvested on forestland on or after July
18 1, 1991, in the amount provided in subsection (2) of this section.

19 (2) The rate of tax levied in subsection (1) of this section shall be estab-
20 lished annually by the board of directors of the institute, at a rate not to
21 exceed 75 cents per thousand feet, board measure, on all merchantable forest
22 products harvested on forestlands. The maximum tax rate prescribed by this
23 subsection may be increased by the board of directors in an amount equal
24 to the previous year's increase in the Consumer Price Index (Portland area
25 -- all items) as published by the Bureau of Labor Statistics of the United
26 States Department of Labor for the Portland, Oregon area.

27 (3) The tax shall be measured by and be applicable to each per thousand
28 feet, board measure, and such shall be subject to and determined by the
29 procedures and provisions of ORS 321.015 (4) and (5).

30 (4) The tax levied by subsection (1) of this section shall be due and pay-
31 able to the department in the manner and procedure, including penalties and

1 interest, as set forth for the collection of the privilege tax in ORS 321.005
2 to 321.185.

3 (5) The revenue from the tax levied by subsection (1) of this section shall
4 be remitted to the State Treasurer who shall deposit it in a suspense account
5 established under ORS 321.145 (1). After payment of refunds, which shall be
6 paid in the same manner as other forest products harvest tax refunds are
7 paid in ORS 321.145 (2), the balance of the additional tax imposed under
8 subsection (1) of this section shall be deposited in the Oregon Forest Re-
9 sources Institute Fund.

10

LC 679

Bill 2419

Title: Relating to forest products; and appropriating money.

() Ordered printed by the President of the Senate pursuant to Senate Interim Rule 213.28. Pre-session filed.

() Ordered printed by the Speaker pursuant to House Rule 12.00A (5). Pre-session filed.

At the request of

Representative Walt Schroeder

All agencies, organizations and persons that have formally requested the measure are named herein in accordance with ORS 171.127

Walt Schroeder, State Representative

Chief Sponsor/Agency Head/Committee Chairperson

FOR INFORMATION ONLY

WALT SCHROEDER
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BECAUSE OF BACKLOG, LEGISLATIVE COUNSEL WAS NOT ABLE TO PREPARE THIS PACKET BY DEC. 14. BY AGREEMENT OF BOTH THE HOUSE AND SENATE DESKS, YOU ARE BEING GRANTED ONE ADDITIONAL CALENDAR WEEK FROM THE DATE STAMPED AT THE RIGHT TO FILE THIS DRAFT. IT MUST BE FILED NO LATER THAN 5:00 P.M. ONE WEEK AFTER THE NOTED DATE. THIS NOTE MUST ACCOMPANY THE DRAFT TO THE DESK.

