

**MOTION: REP. DWYER:** Moves House Bill 2146 as amended to the Floor of the House with a Do Pass recommendation.

**VOTE:** The motion carries unanimously.

**CARRIER: REP. MEEK.**

**CHAIR SCHROEDER:** Closes the Work Session.

**PUBLIC HEARING ON HOUSE BILL 2419 -- EXHIBITS B, C, D, E, F & G**

**CHAIR SCHROEDER:** Opens the Public Hearing on HB 2419.

155 **BETH PATRINO:** Describes HB 2419 (EXHIBIT B).

-There is a fiscal impact, but we haven't received it yet.

176 **GARY CARLSON, Oregon Small Woodlands Association:** Testifies in support of HB 2419.

-People want reassurance that landowners are replanting the land. People are unaware of the laws regulating forest lands.

-This institute is something all of the producers are prepared to contribute to in order to protect their economic interests and investments in their forest land for the future.

-Without this the industry will become restricted and will become an inviable economic activity.

213 **REP. NORRIS:** Do you think this institute will result in seeking the cooperation of the U.S. Forest Service and the Bureau of Land Management to conduct the same sort of campaigns? Have we discussed this with them?

**CARLSON:** If you're asking whether we can bring them into a community of effort in communicating to the public what's going on in our forest lands--that's probably dependent on their budget. The agencies can't do much beyond the public relations resources they already have.

-He doesn't know if discussions have taken place; you can ask WARD ARMSTRONG.

234 **REP. DOMINY:** Refers to HB 2419-1, Proposed Amendments to HB 2419, dated 1/30/91 (EXHIBIT C). You've increased the size of the original board and have designated some to be elected, representing different parts of the industry.

-Have you given any consideration to a worker's slot? Would you have a problem with one member being elected from unions representing the timber industry? Someone who works in the timber industry and works in timber lands.

**CARLSON:** The workers are a key component of the industry. He personally doesn't object to that change and doesn't think the Small Woodlands Association would.

-The makeup and selection of the board members is somewhat fluid and we're willing to participate in that discussion.

263 **CHAIR SCHROEDER:** Have you seen the amendments?

**CARLSON:** Has just looked them over.

**CHAIR SCHROEDER:** Does the Oregon Small Woodlands Association support the bill in concept?

**CARLSON:** Yes.

270 **REP. DWYER:** How many members do you have?

**CARLSON:** 2500 members statewide and 22 local chapters.

**REP. DWYER:** What's the percentage in the state?

**CARLSON:** Approximately 10 percent. There are estimated to be 25,000 small woodland owners in the state.

**REP. DWYER:** Have any of the independent people been notified what we're doing?

-What do you think their reaction will be to levying a tax of \$.75 per thousand?

286 **CARLSON:** Our 2,500 members represent the core of landowners most interested in managing their property.

-We communicate with all landowners in a county when we invite participation. Generally only 10 or 20 percent get involved and participate.

-It's a physical and financial impossibility to communicate with 25,000 people.

**REP. DWYER:** Refers to the amendments. Would any of the 90 percent not represented by our association be represented on this board?

**CARLSON:** They would be represented by the small, non-industrial representative.

**CHAIR SCHROEDER:** Will every small woodland owner participate in the election?

**CARLSON:** Is not sure how that would be accomplished. That would be difficult.

**CHAIR SCHROEDER:** There must be a list of all small owners somewhere?

338 **JOHN HAMPTON, Chairman, Oregon Forest Industries Council (OFIC):** Presents testimony in support of HB 2419 (EXHIBIT D).

**TAPE 11, SIDE A**

015 **RAY WILKESON, OFIC:** Presents an analysis of HB 2419 (EXHIBIT E).

111 **REP. VANLEEUEWEN:** Aren't the Dean of the School of Forestry and the State Forester ex officio members on the Board of Forestry?

**WILKESON:** Not since the make up of the Board of Forestry was changed in 1987.

-He continues with section 12, page 2.

127 **REP. DWYER:** Is this body under the state liability limits?

**WILKESON:** Section 15 deals with liability.

**REP. DWYER:** We have liability limits. Suits are not uncommon in forestry.

-What are the liability limits applicable to this?

**WILKESON:** Is not sure. My understanding is that there would be no limit. The language is taken directly out of the commodity commission statutes.

-He believes the intent is for liability if there are any financial irregularities.

149 **REP. DWYER:** The Treasurer holds the money.

-What are the institutes liability limits as a quasi-state agency?

**CHAIR SCHROEDER:** That is in statute someplace. BETH will inform us before we take action.

158 **REP. NORRIS:** Isn't the defense provided by the Justice Department?

**WILKESON:** Believes it is, like any other commodity commission.

**REP. DWYER:** What would happen if the state takes a position that this commission is detrimental to their interests and sue? Both parties are represented by the Attorney General.

**WILKESON:** Can't answer. Structurally this is not different than other commodity commissions.

**REP. DWYER:** The only relationship to commodity commissions is that it's a single product.

-The state could make determinations in regards to it's land base or recommendations that might conflict with this commission. Who would represent whom and how would it be resolved?

**WILKESON:** This strikes me as a policy disagreement and not something that would lead to litigation. We'll look into it.

195 **CHAIR SCHROEDER:** Would there be a parallel in a conflict between LCDC and the State Highway Department?

**WILKESON:** Doesn't see how the administrative function of the institute would be affected by that section.

**REP. VANLEEUEWEN:** Refers to Section 12(2). She assumes there is something in existing law. Our administrator could find out how that's related

**CHAIR SCHROEDER:** Would like the Committee Administrator to work with RAY WILKESON to address these issues.

212 **REP. DWYER:** Supports the concept. He wants to be constructive in raising these issues.

**WILKESON:** The board of directors would decide what the institute does; communications is a key priority.

-The purposes and authorities are broad-based. The industry felt we should remove marketing and promotion.

252 **REP. NORRIS:** What relationship do you see between the separate private organizations and the institute?

**WILKESON:** All forestry associations have interests in the institute. He's sure they will all communicate with the board of directors.

**REP. NORRIS:** You see no danger of philosophical gridlock?

**WILKESON:** No; the idea was spread throughout the industry.

282 **REP. DOMINY:** Could the institute operate an advertising campaign against the "Big Green" movement?

**WILKESON:** Supporting or opposing a ballot measure would be prohibited by law.

**REP. DOMINY:** Could they hire an attorney for a law suit on the spotted owl?

**WILKESON:** Does not believe that would be impermissible.

**REP. DOMINY:** Do you have a problem with adding a member that represents the working people?

319 **HAMPTON:** Labor has a fundamental stake in the industry. The absence of a labor representative was not deliberate.

-He thinks the industry would welcome a labor representative.

-He chairs the Northwest Forest Resource Council and it's his perception they would welcome labor's participation.

351 **REP. MEEK:** Supports the concept.

-How do you see the public, institute and State Board of Forestry working together?

**WILKESON:** Hopes that all involved would be supportive and participate in setting the institute's agenda and goals.

-We envision the education would be very broad based. We would make sure the public knows there are regulations and laws to protect the environment and require reforestation.

-I'm sure a small percentage of people know private forest land is state regulated.

-We hope the institute would be able to overcome the misconceptions.

427 **REP. DWYER:** Would the institute hire lobbyists and be able to get political contributions?

**WILKESON:** They would be prevented from receiving contributions by state law. We intend they have nothing to do with lobbying.

-The rest of the sections are extracted from commodity commission law (Chapter 576) and relate to financial administration. They are safeguards, fiscal controls.

-He refers to section 17.

**TAPE 10, SIDE B**

015 **WILKESON:** Refers to sections 19 through 22.

051 **REP. DOMINY:** What rate of tax would make \$4.5 million?

**WILKESON:** It's \$.75 and fluctuates by harvest.

**REP. DOMINY:** What do you estimate the first fee to be?

**WILKESON:** It's up to the board of directors.

-In discussions it's generally been less than half of that.

**REP. DOMINY:** Any estimate what was spent last year?

073 **HAMPTON:** There are a number of industry programs taking place state-wide. The numbers here are not far off what the industry is currently spending.

**REP. DOMINY:** You're spending about \$6 million?

**HAMPTON:** It's more like \$2 million. No one really knows. Some of those industry programs could be taken over by the institute.

**REP. DOMINY:** After this passes the individual companies would not do separate educational programs; it would all done by the institute?

**HAMPTON:** Individual companies will continue their own advertising and public information programs.

-The institute would benefit the entire state by informing people of what's going on in forestry. There's no reason the institute couldn't tell about what an individual company was doing.

116 **REP. VANLEEUEWEN:** Works in an industry where fees are automatically assessed. We accept that those fees for commodity commissions are there.

**REP. DWYER:** What's the land base of the 22,500 small woodlot owners not members of the Oregon Small Woodlands Association? How does that compare to rest of industry?

**HAMPTON:** Doesn't have the acreage. Historically, about five percent of the harvest has come from small woodland owners. They have the potential to produce 15 percent.

**REP. DWYER:** Refers to section 19. Can't the legislature opt out anytime it wants?

**WILKESON:** Yes

148 **CHAIR SCHROEDER:** He refers to section 2. The harvest tax is assessed to the person that buys the timber?

**WILKESON:** Correct; it applies to every harvest public and private.

**CHAIR SCHROEDER:** The Federal timber pays its share?

**WILKESON:** Yes.

**REP. VANLEEUEWEN:** The current tax is collected from the owner of the land, the seller.

162 **JAMES BROWN:** It's collected from the owner of the timber at the time it's harvested.

**CHAIR SCHROEDER:** Who determines whether it's factual information or propaganda?

**WILKESON:** The board of directors. We hope that it will be clear to the board that the key to this is credibility.

189 **JIM GEISSINGER, President, Northwest Forestry Association:** Describes the Northwest Forestry Association.

-He supports HB 2419.

-There is a large degree of mistrust and perceptions of poor stewardship by the forest industry.

-We believe our forests are the most heavily regulated in the world and we are doing a good job of managing the resource.

-We're on the verge of making crucial political decisions based on less than scientifically credible information. A lot of these decisions will be based on political issues and rhetoric rather than factual information.

-The general public is not knowledgeable about forestry.

-The institute has the potential to deliver credible information.

-There is an opportunity for the industry to police itself and fund itself to try and inform the public and key decision makers.

-The products of the institute will be valuable to the State of Oregon.

-People don't talk enough about the counties in this state receiving \$250 million from the Federal Government for the sale of timber administered by the U.S. Forest Service and the Bureau of Land Management. That funding could be cut by half or more depending on decisions about future resource management issues.

-He looks to the institute to do things that go well beyond public relations. To do research, to try and find some factual basis to make decisions about interrelationships between resources and to try and find the proper balance between managing the environment and timber production.

-What is credible or factual is in the mind of the public. This institute has a chance to deliver another scientifically credible point of view.

-We urge your passage.

294 **REP. JOSI:** Would research on your industry's effect on the spotted owl be paramount?

**GEISSINGER:** Not necessarily, it's a subject to be considered. There are a lot of issues such as water, and fisheries that will get equal attention.

308 **MIKE MILLER, Executive Vice President, Associated Oregon Loggers:** Describes the Associated Oregon Loggers.

-We need to make well balanced and informed decisions. People are unfamiliar with the use, management and care of the forests.

-There is a problem of getting accurate information to the public.

-Providing this information is a prime objective of this institute.

-Few understand the regulations and laws that protect the forests.

-Few understand that new plans by the Federal Government propose that over 65 percent of forest lands be set aside for purposes other than timber production.

-Few are aware of the global implications for an increasing demand and a decreasing supply. The supply of timber will come from third world countries that have no environmental protection.

-We can provide sound protection.

-Our association believes the concepts of HB 2419 provide for an opportunity to provide appropriate, sound and accurate information to allow our decision makers and citizens to make decisions about the balance of our forests. We urge passage.

408 **CHAIR SCHROEDER:** Recesses at 9:40 A.M.

-He calls the meeting back to order at 9:45 A.M.

419 **IRV FLETCHER, President, Oregon AFL-CIO:** Presents testimony in support of HB 2419 (EXHIBIT F).

-Both the Western Council of Industrial Workers and the International Woodworkers of America support this concept.

**TAPE 11, SIDE B**

014 **CHAIR SCHROEDER:** People in the east can't relate to timber as much as they can to labor.

**FLETCHER:** On February 18, the AFL-CIO Executive Council will take a position on this issue.

022 **REP. NORRIS:** Will you be addressing any concerns of the Endangered Species Act?

**FLETCHER:** The major wood products union joined with the American Forest Resource Alliance to form the Timber Industry Labor-Management Committee. They've hired a major national firm to lobby Congress on the timber issues.

**REP. NORRIS:** That's a good idea.

-With labor's national base, can't you translate the impacts of the Endangered Species Act into the impact on people?

**FLETCHER:** Will be meeting with the Tennessee AFL-CIO in March about the Northwest's labor concerns and needs.

056 **REP. DOMINY:** Could you explain what your environmental committee is doing?

**FLETCHER:** There doesn't seem to be public sympathy unless and until you talk about how it affects them.

-There will be a presentation to the representatives of our major public employee unions by the O and C counties about timber receipts from Federal forests.

-We maybe a lawsuit or two away from a complete shutdown on housing timber on the O and C.

**CHAIR SCHROEDER:** JIM, please explain who pays the harvest tax.

085 **JIM BROWN:** Presents testimony on HB 2419 (EXHIBIT G).

-He supports the amendments.

-In law, the harvest tax is termed a privilege tax and is paid by the owner of timber at the time after it is severed.

-Within the law there is a separation of the landowner and timber owner. It's the timber owner who pays the tax.

120 **REP. VANLEEUEWEN:** Refers to Section 2(2). She thought we needed clarification on who pays the tax.

**BROWN:** Who pays the tax is defined in section 22.

**REP. VANLEEUEWEN:** What line addresses the purchaser of public timber?



**BROWN:** Line 6, page 4.

- "Taxpayer" is defined elsewhere in Chapter 321.

**REP. NORRIS:** If a mill owner has a contract with the U.S. Forest Service to harvest timber and a contract with a logging company to cut the timber and the logging company hires independent contractor log haulers; who pays the harvest tax?

**BROWN:** The mill that buys the timber from the U.S. Forest Service pays the tax.

**REP. NORRIS:** This applies regardless of the ownership of the forest land? It applies to the ultimate owner of the logs prior to processing or export?

**BROWN:** It applies to the owner of logs at the point between where they're severed and first milled.

158 **CHAIR SCHROEDER:** Isn't it also the way the contract is prepared?

**BROWN:** If it's private timber, it's the contract between the landowner and the purchaser of the timber. That's spelled out in the contract.

**CHAIR SCHROEDER:** In some cases it's the landowner and other cases it's the purchaser of the timber.

**BROWN:** It depends on how that transfer occurs.

**CHAIR SCHROEDER:** We need to look at this and come back to a Work Session later.

**REP. NORRIS:** Will this be our last chance to ask OFIC any questions?

**CHAIR SCHROEDER:** I would ask them to be back at a Work Session. We can bring them back now.

**REP. NORRIS:** Please.

175 **REP. DWYER:** Hopes BETH would answer the legal questions he raised.

**REP. NORRIS:** Do you think you can encourage the Federal timber managers to participate in putting signs up to inform the public that clearcut land has been replanted?

198 **HAMPTON:** The industry has been in contact with the U.S. Forest Service and BLM. To a limited degree, there has been an exchange of information between the private and public sector. It's imperative the public agencies maintain their independence from the forest industry.

-It would be useful to disseminate to the public the common message of what is going on in the forest. We hope to encourage that type of cooperation.

214 **REP. DWYER:** Depending on where your forest is, all units have signs when they've been harvested. The problems are along the highways.

**REP. NORRIS:** If this institute is created an effort needs to be made to communicate.

-Have you communicated with the Department of Education to integrate some of this information into their curriculum?

237 **HAMPTON:** That's an appropriate place to disseminate information. Our previous attempts to do this have not been successful.

**REP. NORRIS:** Are there any current satellite photos of Oregon's forest?

251 **MIKE MILLER:** In early February the U.S. Forest Service will release a study which is aimed at inventorying the old growth resource using state of the art satellite imagery techniques. Hopefully it will settle the debate about old growth.

**REP. NORRIS:** Will your organization be receiving that?

**MILLER:** We've been trying, but it's not yet public.

269 **REP. VANLEEUWEN:** The textbook, Get Organized has an excellent section on forestry.

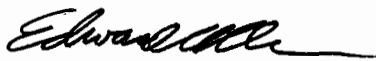
**CHAIR SCHROEDER:** "Tim Bear" is a good educational tool for kids.

-He closes the Public Hearing.

296 **BETH PATRINO:** Summarizes Tuesday's meeting.

**CHAIR SCHROEDER:** Adjourns at 10:07 A.M.

Submitted by:



Edward C. Klein,  
Committee Assistant

Reviewed by:



Beth Patrino,  
Committee Administrator

**EXHIBIT LOG:**

- A - HB 2146-1, Proposed Amendments to HB 2146, dated 1/28/91 - Staff - 1 page
- B - SMS, Fiscal and Revenue impacts on HB 2419 - Staff - 2 pages
- C - HB 2419-1, Proposed Amendments to HB 2419 - Rep. Schroeder - 2 pages
- D - Testimony in support of HB 2419 - John Hampton - 3 pages
- E - Analysis of HB 2419 - Ray Wilkeson - 2 pages
- F - Testimony in support of HB 2419 - Irv Fletcher - 1 page
- G - Testimony on HB 2419 - Jim Brown - 1 page

-He also appreciates the reminder, "if it ain't broke, don't fix it."

**CHAIR SCHROEDER:** Closes the Public Hearing.

**PUBLIC HEARING ON HOUSE BILL 2419 -- EXHIBITS F & G**

Witnesses: Larry Tuttle, The Wilderness Society  
Rep. Rod Johnson, District 45

**CHAIR SCHROEDER:** Opens the Public Hearing.

-REP. DWYER is excused.

240 **LARRY TUTTLE, The Wilderness Society:** Presents testimony on HB 2419 (EXHIBIT F).

307 **CHAIR SCHROEDER:** Refers to page 1, paragraph 3, "... represents government funding". My understanding this is a self-imposed tax on the industry. Does it constitute government funding because the state is collecting it?

**TUTTLE:** Believes it does in this case. If it were just on the finished product it fits the commodity commission model. When the tax is levied on all harvest from private lands it goes beyond the bounds of a commodity commission model and becomes a public fund tax.

324 **REP. NORRIS:** Levies imposed by commodity commissions aren't necessarily on the finished product. The Wheat Commission levy, for example, is on the bushel of wheat and not the flour. That statement doesn't hold up.

**REP. DOMINY:** Your testimony revolved around the appointing authority. Do you agree with the concept of the bill?

**TUTTLE:** We believe there is a public benefit from the types of uses you've described.

-We believe that taxes collected from broad based producers and the decisions on spending those monies on public relations and promotional materials is likely to be better received and received with better credibility if more people have the responsibility for the administration of those funds.

-Does not want the credibility of the institute to be jeopardized, because the people running the institute have built in conflicts of interest.

368 **REP. NORRIS:** If people are willing to charge themselves with the interest of helping their own industry, why should they turn that money over to someone who has no financial responsibility and let them decide on how to spend it?

-How much money does the Wilderness Society contribute to this activity?

**TUTTLE:** At the bottom of page 1 of my testimony are a couple of options for the composition for this institute.

-The reconstitution of the Board of Forestry indicates that public policy decisions relating to forestry are

intended to represent a broad range of interests.

-In this particular case, given the broad based taxing authority in this bill, that is also appropriate for the distribution of these funds.

399 **REP. DOMINY:** Refers to page 1, lines 1 to 15.

-How can people outside of the industry make the policy decisions this section talks about?

-The board you have outlined may not know how to harvest a log. One of biggest concepts that come out of this is how to harvest and get the most use out of the harvest.

-The people you would have involved have nothing to gain except saving more trees.

-Give me an idea how you feel about section 3?

**TUTTLE:** Concurs with how section 3 is stated.

-Additional people benefit and have an interest in forest administration. That's why the State Board of Forestry's appointments were distributed differently.

-There are other non-forest product commodity interests that have an interest in the forests. Those interests ought to be represented where public funds are being spent.

**TAPE 27, SIDE A**

016 **REP. VANLEEUEWEN:** Has a problem with his last statement.

-You're saying the people willing to assess themselves have no right to decide how this organization is to be run.

-Some of us disagree with the changes to the Board of Forestry. Management of our forests has been put in the hands of people who may not know how to manage the forest lands.

**TUTTLE:** We have a difference of philosophy.

-My view of resource management includes people beyond the commodity interest. The state has a broad interest in the policies developed out of the expenditure of tax dollars. That's why he has recommended the representative body overseeing the distribution of these dollars be more broadly based.

**REP. VANLEEUEWEN:** You want every person to be a non-industry related person.

**TUTTLE:** That's one option; it may not be the best.

050 **REP. MEEK:** You don't support the bill the way it is currently drafted.

-The focus of the bill is outlined in sections 11 and 12 .

-This bill promotes products in the industry. It's to educate the public on the value of cutting timber.

-That would no longer be a relevant issue in your focus?

**TUTTLE:** If it is a commodity commission and its purpose is to do what commodity commissions do, the tax should be on the finished product rather than on all the landowners contributing timber.

-As constituted, the body that's represented are the producers, who may or may not be landowners.

-He doesn't believe we should provide a disincentive to the private non-industrial forest owner by taxing the harvest of their trees to promote the finished product.

078 **REP. DOMINY:** Your third concept addresses another piece of legislation dealing with buyer retention.

-As he interprets the third argument; we shouldn't be funding this program through a severance tax. We should be funding things like forest retention.

-Do you believe the rest of the public has no responsibility for fire suppression; the industry should be the only one responsible?

**TUTTLE:** No. If the harvest tax is increased, it should be increased to provide full funding of the implementation of the Forest Practices Act and for any increases for fire protection. It should also go to the Research Laboratory.

-He does not think it is the right public policy that the harvest tax has to support the full amount of fire protection. If the tax is to be increased it should be increased for funding fire protection rather than to a special account.

**REP. DOMINY:** Does not agree, but hears his point.

**CHAIR SCHROEDER:** Would it better to have people appointed by the Governor or elected by the people who are affected? Which is more democratic?

**TUTTLE:** The collection of the tax in the form it's proposed creates a responsibility for the state to see those funds are administered in a way consistent with other public funds.

-In this case his recommendation is for the Governor to make the appointments to oversee the distribution of those funds.

**CHAIR SCHROEDER:** You talk about it being a commission; it's not, it's an institute.

-How would you feel about state employees having a check off for this program?

**TUTTLE:** Has no problem with that.

127 **REP. ROD JOHNSON, District 45:** Urges the committee to reject MR. TUTTLE's arguments.

-He anticipated the preservationists would try to have control over how the institute exercises its powers.

-Timber problems were the primary issue in his campaign.

-People outside of Oregon have totally erroneous ideas about what is going on in Oregon's forests.

-A number of facts are not being presented to the rest of the country that need to be presented so there can be balanced, reasonable decisions made on our federal forest land.

-We're getting adverse decisions from the Federal Government affecting the people of Oregon, the future of Oregon, the children of Oregon.

-Congress is not receiving the full facts.

-He urges passage so someone can have an advocacy position for those that depend on the timber industry.

**REP. JOSI:** Thanks **REP. JOHNSON**.

**CHAIR SCHROEDER:** Closes the Public Hearing.

**WORK SESSION ON HOUSE BILL 2419 -- EXHIBIT**

Witnesses: Ray Wilkeson, Oregon Forest Industries Council

**CHAIR SCHROEDER:** Opens the Work Session.

175 **MOTION: REP. NORRIS:** Moves HB 2419-3, Proposed Amendments to HB 2419, dated 2/19/91.

**REP. DOMINY:** Would like someone to go over the amendments to get their intent on the record.

185 **RAY WILKESON, Oregon Forest Industries Council:** The bulk of the amendments are to facilitate the changes in the bill as expressed at the previous hearing; changing the appointment process to an election process.

-He describes the amendments.

**REP. DOMINY:** For the record: "I was the first one to suggest that we add someone representing labor. I had hoped that it would be somebody that labor could select, I suppose this is second best in that category and I am not going to be opposing the selection process. I would like to have seen it a little bit differently.

-"Ray and I had discussed it; there would be no problem with using a retired timber industry hourly person who represents workers .... There would be no problem with that ...?"

**WILKESON:** We would not want to preclude such a person from serving.

251 **REP. DWYER:** These are public monies collected and administered by the state and distributed to your organization and there is no public involvement.

-If you want credibility, one public member should be included.

**WILKESON:** We have discussed this. The point **REP. DWYER** makes is a good one.

-OFIC's Executive Committee discussed this last week. He related REP. DWYER's concerns. It wasn't automatically rejected; they were uncomfortable expanding the board of directors.

-This has to be credible if it's to create a balance between the types of information people are receiving about the forests and some of the disinformation from other quarters.

**REP. DWYER:** Wouldn't it be more credible with a public member?

**WILKESON:** Can't go beyond his membership in terms of their official position.

**REP. DWYER:** Objects to the amendment.

-The program has merit; the only way he can show his displeasure that the public was not included is by voting no on the amendment.

**VOTE:** The motion passes 6 to 1.

**AYE:** REP. DOMINY, REP. JOSI, REP. MEEK, REP. NORRIS, REP. VANLEEUEWEN, REP. SCHROEDER.

**NAY:** REP. DWYER.

333

**MOTION: REP. NORRIS:** Moves to approve HB 2419 as amended and refer it to the House Committee on Revenue by prior reference.

**VOTE:** The motion carries unanimously.

**CHAIR SCHROEDER:** Will follow through with the Revenue Committee.

-He adjourns at 10:41 A.M.

Submitted by:



Edward C. Klein,  
Committee Assistant

Reviewed by:



Beth Patrino,  
Committee Administrator

**EXHIBIT LOG:**

- A - SMS/Fiscal/Revenue impacts for HB 2322 - Staff - 3 pages
- B - Testimony on HB 2322 - Joe Misek - 2 pages
- C - SMS/Fiscal/Revenue impacts for HB 2320 staff - 4 pages
- D - Testimony on HB 2320 - Joe Misek - 4 pages
- E - Testimony on HB 2320 - Don Duhrkopf - 2 pages
- F - Testimony on HB 2419 - Larry Tuttle - 2 pages
- G - Amendments and Hand Engrossed Bill on HB 2419 - Staff - 7 pages

**OREGON LEGISLATIVE ASSEMBLY  
PRELIMINARY STAFF MEASURE SUMMARY  
House Committee on Agriculture, Forestry & Natural Resources**

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**MEASURE: HB 2419**

**House Committee On Agriculture,  
Forestry & Natural Resources**

Bill No. HB 2419 Pages 2  
Exhibit B Date 1/31/91  
Presented by Staff

**Working Title:** Oregon Forest Resources Institute  
**Meeting Dates:** 1/30 (PH)  
**Action:**  
**Vote:**

**Yeas:**  
**Nays:**  
**Exc.:**

**Carrier:**  
**Prepared By:** Beth Patrino, Committee Administrator

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**WHAT THE BILL DOES:** Establishes the Oregon Forest Resources Institute to educate the public about the forest industry and forest products. Creates a seven-member board of directors to govern the Institute. Allows producers to petition the State Forester to hold a referendum on the discontinuance of the Institute after five years. Creates the Oregon Forest Resources Institute Fund. Levies a privilege tax, not to exceed \$.75 per thousand board feet of merchantable forest products, to support the Institute.

**ISSUES DISCUSSED:**

**EFFECT OF COMMITTEE AMENDMENTS:**

**BACKGROUND:**

*This summary has not been adopted or officially endorsed by action of the committee.*





STATE OF OREGON  
LEGISLATIVE REVENUE OFFICE  
H-197 ~~100~~ 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.

**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 elected by  
6 producers as provided in this section. The term of office of a member is four  
7 years.

8 "(2) The State Forester shall solicit nominations and conduct an election  
9 to form the board as follows:

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

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

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

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

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

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

24 After line 30, insert:

- 1 “(1) Two members shall serve for a term of one year.”
  - 2 In line 31, delete “(1)” and insert “(2)”.
  - 3 On page 2, line 1, delete “(2) Two” and insert “(3) Three”.
  - 4 In line 2, delete “(3)” and insert “(4)”.
  - 5 In line 36, delete “scientific”.
  - 6 On page 3, line 28, delete “commission” and insert “institute”.
  - 7 In line 30, delete “five” and insert “two” and delete “25” and insert
  - 8 “35”.
  - 9
-



**OREGON FOREST INDUSTRIES COUNCIL**

1149 Court St. N.E./P.O. Box 12519/Salem, OR 97309-0519

House Committee On Agriculture,  
Forestry & Natural Resources  
Bill No. HB 2419 Pages 3  
Exhibit D Date 1/31/91  
Presented by John Hampton

TESTIMONY ON HOUSE BILL 2419  
PRESENTED TO THE HOUSE COMMITTEE ON  
AGRICULTURE, FORESTRY AND NATURAL RESOURCES

By John Hampton, Chairman  
Oregon Forest Industries Council  
January 31, 1991

Good morning. I am John Hampton, chairman of the Oregon Forest Industries Council and chief executive officer of Hampton Affiliates.

Like many Oregonians, I have strong ties to and great respect for the people in this state's timber industry. My father started our company in 1942. I went to work at Willamina Lumber in 1947. My son David now works in our managed forest as a third-generation lumberman, like many of our independently owned Oregon companies.

We have a good story to tell ... a story about 110-thousand Oregonians employed in timber jobs, a story about the world's most environmentally sound building material, a story about forest stewardship that protects our environment.

Oregon's tourism slogan is, "Things Look Different Here." And indeed, they do. It used to be that most Oregonians knew loggers, were neighbors to sawmill workers, or sold goods to timber companies and suppliers. Today, many more Oregonians live in urban areas, and still other Oregonians have only recently come here from somewhere else and don't understand our industry.

As a result, many Oregonians do not know how the work in our forests affects their livelihoods or that workers in our forests practice good stewardship of the resource. Part of that is the fault of inadequate communications. As the need to tell our story increased, our resources to tell that story decreased.

Last year, OFIC assembled a special committee to examine the challenges that the forest industries will face during the 1990s. Our 1990s Committee carefully identified the challenges that lie ahead, and concluded that the state would benefit from a credible, factual program of public education and research about the work of its largest industry.

The result is House Bill 2419.

House Bill 2419 will permit us to deliver on that promise. House Bill 2419 will permit forest producers to tax themselves to finance a consistent, balanced, equitably financed program of public education about our industry. House Bill 2419 will permit the forest industries to do what producers of 28 agricultural commodities already do.

There are those who have asked, why should the state sanction a propaganda machine for the forest industries? The answer is, the people of Oregon are too sophisticated to be fooled by propaganda and, frankly, people like me who will pay for this program would not stand for it.

I can guarantee you, on behalf of my competitors and myself, that we will develop a factual informational program consisting of first-rate education about what is happening in our forests. To ensure that our information is solid, part of the proceeds will be used to sponsor research.

It will include details about state regulation of our industry, profiles of the people in our industry, and information about the high-quality product that we produce. It will rely on documented fact and reliable science, not on wishful myths or clever slogans.

We believe that every major timber association in Oregon supports this bill, and our commitment to you is that the work authorized by it will promote sound forest stewardship, economic common sense and increased public understanding.

I would now like to introduce Ray Wilkeson, who will explain key elements of this bill. He will be followed by other forest industry leaders who wish to speak to this bill.



**OREGON FOREST INDUSTRIES COUNCIL**

1149 Court St. N.E./P.O. Box 12519/Salem, OR 97309-0519

House Committee On Agriculture,  
Forestry & Natural Resources  
Bill No. HB 2419 Pages 2  
Exhibit E Date 1/31/91  
Presented by Ray Wilkeson

**TESTIMONY ON HOUSE BILL 2419  
PRESENTED TO THE HOUSE COMMITTEE ON  
AGRICULTURE, FORESTRY AND NATURAL RESOURCES  
By Ray Wilkeson, Legislator Director  
Oregon Forest Industries Council  
January 31, 1991**

**HOUSE BILL 2419  
Section-by-section review  
(Includes proposed amendments)**

**Section 1:** Incorporates bill language into ORS chapter 526 (Forestry Administration).

**Section 2:** Establishes name, Oregon Forest Resources Institute, and defines "producer" as any person or entity involved in growing, harvesting or producing timber or timber products. This definition includes purchasers of public timber.

**Section 3:** Recognizes forest-products industry as state's largest, benefiting labor, forestland owners, mill owners and operators, loggers, investors, as well as local and state government treasuries and secondary businesses; says state economy is largely dependent on a healthy, vigorous forest industry.

**\* Section 4:** Creates the Institute, governed by a 10-member board of directors, each member elected by producers for a four-year term, with voting based on geographic region and producer size. Stipulates that one small-woodland owner will serve as a director.

**Section 5:** Specifies staggering of terms for first slate of directors.

**Section 6:** Requires directors to be U.S. citizens living in Oregon who are producers or are designated by producers; says directors must have been actively engaged in producing forest products for at least five years, must derive a substantial share of their income from production, and must have demonstrated a profound interest in the industry.

**Section 7:** Outlines duration of terms and prescribes filling of vacancies.

**Section 8:** Requires State Forester to declare a board seat vacant if a member fails to meet director qualifications.

**Section 9:** Allows Institute's directors, officers and employees to receive reimbursement of necessary travel and other expenses while on official business.

Section 10: Requires board of directors to elect a chairperson, and for directors to meet at least quarterly and as called by the chairperson.

Section 11: Requires Institute to promote public understanding of the forest-products industry in the areas of forest practices and product benefits.

\* Section 12: Authorizes Institute to conduct research and distribute reliable, research-based information; permits Institute to sue and be sued, to enter into necessary contracts, to borrow against portion of estimated revenues, to appoint, assign and compensate subordinate officers and employees.

Section 13: Authorizes Institute to accept grants, donations and gifts consistent with its purposes.

Section 14: Requires appropriate Institute employee(s) to be bonded.

Section 15: Exempts State of Oregon from liability for Institute activities.

Section 16: Stipulates that budget and expenditure provisions of ORS 576.410 to 576.450 shall apply to the Institute, except that references to the Director of Agriculture and to the board shall be considered references to the State Forester and the state Board of Forestry, respectively. Institute will make proposed budgets available for public inspection.

Section 17: Specifies ORS citations (public-finance statutes) that do not apply to the Institute. Agricultural commodity commissions have identical exemptions.

Section 18: Requires Institute to keep accurate books, records and accounts for public inspection and state audit.

\* Section 19: Permits producers after two years to petition for a referendum to discontinue Institute; if producers harvesting 60 percent or more of merchantable forest products vote to terminate, the Institute will convert assets to cash to be paid into the Forest Research and Experiment Account (OSU Forest Research Lab).

Section 20: Requires Oregon Forest Resources Institute Fund, separate from the General Fund, to be created in the State Treasury, with all monies credited to, dispersed by and earning interest from the State Treasury.

Section 21: Adds Section 22 of the bill to ORS 321.005 to 321.185. The state Department of Revenue will collect the assessments using the mechanism employed to collect the other three forest products harvest taxes.

Section 22: Authorizes a Forest Products Harvest Tax on producers of up to 75 cents per 1,000 board feet. The actual tax rate will be determined by the board of directors. The tax would be assessed against all producers, including public-timber purchasers, as is the case with existing harvest taxes.

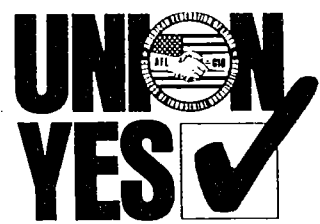
\* Sections proposed to be amended.





IRVIN H. FLETCHER, PRESIDENT  
STEPHEN P. SOCOTCH, SECRETARY-TREASURER

1900 HINES STREET S.E., SALEM, OREGON 97302



TELEPHONE: 585-6320  
(FROM PORTLAND DIAL 224-3169)

January 25, 1991

House Committee On Agriculture,  
Forestry & Natural Resources  
Bill No. HB 2419 Pages 1  
Exhibit F Date 1/31/91  
Presented by Irv Fletcher

To: House Agriculture, Forestry, and National  
Resources Committee  
From: Irv Fletcher, President  
Re: House Bill 2419  
Oregon Forest Resources Institute

The Oregon AFL-CIO supports passage of House Bill 2419 which calls for setting up an Oregon Forest Resources Institute to enhance and provide support for Oregon 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 practices of forestry and the use and benefit of forest products.

The demonstrated need for such an education/research facility has become quite apparent during the past several years, as the debate on timber supply has moved to the forefront of the public arena in Oregon and the nation.

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opeiu #11  
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Department of Forestry

OFFICE OF STATE FORESTER

2600 STATE STREET, SALEM, OREGON 97310 PHONE 378-2560

House Committee On Agriculture,  
Forestry & Natural Resources

Bill No. HB 2419 Pages 1

Exhibit G Date 1/31/91

Presented by Jim Brown

January 31, 1991

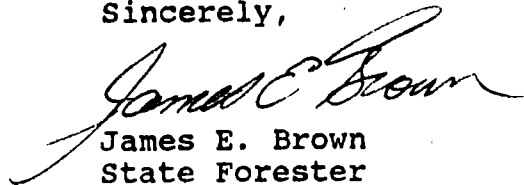
The Honorable Representative Walt Schroeder, Chair  
Members of the House Agriculture, Forestry,  
and Natural Resources Committee  
State Capitol  
Salem, OR 97310

HB2419 establishes the Oregon Forest Resources Institute to enhance and provide support for Oregon's forest products industry. One policy consideration the committee should consider is the role of the State Forester and the Board of Forestry with respect to the Institute.

The 1987 Legislative Assembly changed the Board of Forestry membership to a seven member board-at-large from a larger board with designated "seats". The intent of the Assembly was for the Board and the Department to be natural resource oriented. The 1989 Legislative Assembly moved the Forest Products Marketing Program from the Department of Forestry to the Department of Economic Development, thus completing the transition of Department and Board orientation.

In order to maintain public confidence in the Board and Department's forest resource management roles, I recommend that the Board's and Department's involvement with the Oregon Forest Resources Institute be very limited or nonexistent.

Sincerely,



James E. Brown  
State Forester

JEB:at



# THE WILDERNESS SOCIETY

NORTHWEST REGION

HOUSE AGRICULTURE, FORESTRY  
& NATURAL RESOURCES  
Bill No. HB 2419 Pages 2  
Exhibit F Date 2/21/91  
Presented by Larry Tuttle

TESTIMONY OF LARRY TUTTLE, OREGON REGIONAL DIRECTOR OF THE WILDERNESS SOCIETY, ON HB2419, ESTABLISHING THE OREGON FOREST RESOURCES INSTITUTE, BEFORE THE OREGON STATE HOUSE OF REPRESENTATIVES COMMITTEE ON AGRICULTURE, FORESTRY, AND NATURAL RESOURCES, FEBRUARY 21, 1991

Mr. Chairman, members of the Committee, my name is Larry Tuttle. I am the Oregon Director of the Wilderness Society. The Wilderness Society is a national conservation organization with 8,200 Oregon members and more than 400,000 members nationwide.

Thank you for the opportunity to comment on HB 2419. As drafted, HB 2419 incorporates many aspects of a traditional commodity commission but with substantially expanded powers. All timber owners cutting timber are taxed under the proposed bill. The taxes collected are administered by a small number of producers which may or may not own timber land. Private non-industrial owners are only nominally represented on the administering body and are the least likely to benefit from expenditures of the taxes generated.

HB 2419 represents government funding for a very narrow segment of the wood products industry. As such, it is a poor use of the State's authority to tax. The Oregon Forest Resources Institute, as the name implies, should represent a broad range of forest resources.

If the Institute were to be enacted into law, the only appropriate appointing authority for the administering body exercising broad discretion over the expenditure of these public funds is the Governor of the State of Oregon. Since public relations and public information appear to be dominant uses of the public funds generated by the proposed tax, the Governor also has broad policy interests in the administration of these tax dollars.

The Governor could make the appointments in two ways: 1) appoint a body of seven or more citizens who have no direct financial interest in the expenditure of these tax dollars; or, 2) a body of seven or more representing a broad range of interests i.e. public, labor, producers, wildlife and fisheries, economic development, environment.

610 SW ALDER, SUITE 915, PORTLAND, OR 97205

(503) 248-0452

Additional benefits of changing the appointing authority are:

- insures consistency with overall State of Oregon forest policies including an integrated policy for all forest lands;
- avoids potential conflicts regarding use of funds for direct or indirect lobbying;
- assures accountability for expenditure of broadly collected tax;
- complements other State of Oregon initiatives such as SB 364;
- reduces potential conflicts of interest in expenditure of public funds in a highly charged public policy issue.

The second consideration is the tax itself. Since the primary beneficiaries of the tax are lumber and wood products producers, the tax should be levied on the finished product, not the owner of land from which the raw material is harvested. This obviously is the commodity commission model and should be used for the Oregon Forest Resources Institute if producers wish to be self administering.

Third, the nature and level of the tax should be reviewed. The current harvest tax level is \$0.67. The proposed additional tax could be as much as \$0.75 per thousand. At a time when severance tax rates have been reduced as the result of the passage of Ballot Measure 5, any new harvest taxes should be first applied to the full funding of the costs of fire protection, the Oregon State University Research Laboratory, and the implementation of the Oregon Forest Practices Act. The State of Oregon general fund should not be asked to subsidize these costs at a time when severance tax contributions to local school districts are reduced and the State of Oregon is unable to fully fund basic school support and many other essential programs.

The Wilderness Society has long advocated the greater utilization of private industrial and private non-industrial lands as contributors to total timber supply in the Northwest Region. The under-utilization of private non-industrial lands is well documented. Opportunities to add value to manufactured lumber products and to improve competitiveness are also important elements for the future of Oregon's lumber and wood products industry. If this legislation can be reconstituted to target resources for these efforts; can assure equity between tax payers and beneficiaries; and, can be administered in a manner consistent with other public funds, we believe that the Oregon Forest Resources "fund" can be an important tool for the State of Oregon.

Thank you for providing me this opportunity to testify. I stand ready to work with you Mr. Chairman, Committee Members, or other parties of interest.

HOUSE AGRICULTURE, FORESTRY  
& NATURAL RESOURCES

Bill No. HB 2419 Pages 7  
Exhibit G Date 2/21/91  
Presented by Staff

HB 2419-3  
(LC 679)  
2/19/91 (CW/bg)

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

66th OREGON LEGISLATIVE ASSEMBLY--1991 Regular Session

## 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, <sup>public timber purchasers,</sup> 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.]

"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."

29 SECTION 5. Notwithstanding the term of office specified by section 4 of this 1991 Act, of the  
30 members first <sup>elect</sup> [appointed] to the board of directors of the Oregon Forest Resources Institute:

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

31 <sup>(2)</sup> [(1)] Two members shall serve for terms of two years <sup>from</sup> [from the date of appointment].

1 <sup>(3)</sup> [(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] <sup>of</sup> 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) <sup>(b)</sup> Have demonstrated, through membership in producers' organizations, a profound interest in  
10 the development of Oregon's forest products industry.

11 SECTION 7. Each <sup>elected</sup> member of the board of directors shall be [appointed] <sup>elected</sup> 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] <sup>elected</sup>.

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."

15 SECTION 8. (1) The [State Forester] <sup>Board of Directors</sup> 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] <sup>Board of Directors</sup> 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-  
21 vice shall be made not less than 10 days prior to the hearing. At the hearing the member shall be  
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.

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

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

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

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

35 SECTION 12. The institute may:

36 (1) Conduct [scientific] research and disseminate reliable information based upon such research.

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,  
40 functions and powers imposed upon the institute by law.

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 (G) 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] <sup>institute</sup> 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 <sup>two</sup> [five] years from the effective date of this 1991 Act, producers of <sup>35</sup> [25] 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.

25

**WORK SESSION - HB 2883A**

095 TERRY DRAKE reviewed prior legislation (1989) which provided an exemption (treat as a crop) to Western Oregon fast growing hardwood. HB 2883A extends the tax treatment to fast growing hardwoods in Eastern Oregon.

110 Questions and discussion.

112 MOTION REP. WHITTY moved HB 2883A to the full committee with a do pass recommendation.

122 Discussion regarding representatives from Eastern Oregon.

125 VOTE In a roll call vote, the motion was adopted (4-0).  
AYES: Rep. Whitty, Rep. Clark, Rep. Hosticka,  
Rep. Parkinson. EXCUSED: Rep. Jones

**PUBLIC HEARING - HB 2419A**

134 RAY WILKESON explained that HB 2419A establishes an Oregon Forest Resources Institute modeled after a current agriculture commodity commission which has support from the forestry industry. The Primary purpose is to provide public education with other purposes of research projects. He pointed out that marketing was not a purpose of HB 2419 and explained qualifications for board of directors. Funding for the commission would come from the forest products harvest tax and explained the mechanics of funding.

215 Questions and discussion regarding definition of merchantable forest products.

231 REP. HOSTICKA was concerned with legal implications of what is what is not public money (how taxes are collected and distributed).

253 RAY WILKESON believed a precedent was set from other commodity commissions. He explained various structural requirements and public standards which must be met.

283 REP. SCHROEDER noted his support of HB 2419A.

299 Questions and discussion regarding a public money issue.

300 Questions and discussion regarding public v. private entity and possible constraints.

307 RAY WILKESON discussed public demand over forest industries issues and he addressed public communication issues.

348 Questions and discussion regarding private research groups and public education regarding the forest industry.

380 REP. HOSTICKA noted interest that a private industry was asking for public assistance. He provided an example of a board of directors and problems associated with how public money was spent.

400 RAY WILKESON believed that an election process as proposed in HB 2419A would address a concern as described by Rep. Hosticka.

TAPE 39 SIDE B

001 REP. HOSTICKA was interested in a legal analysis of appointing authority v. limited elected officials administering public funds.

014 Questions and discussion regarding qualification for board members and tax on public timber.

025 REP. HOSTICKA was concerned with the use of state taxing power for limited purposes and related a past situation involving the Cattleman's Association where grazing fees were used for lobbying. He wanted a review of these issues and if the proposal under HB 2419 related to his concerns.


040 Questions and discussion regarding Commodity Commissions (in general) and the World Forestry Center (Portland).

054 RAY WILKESON noted his request for amendments to establish an interim board of directors who would serve before the permanent board was elected.

067 REP. SCHROEDER explained HB 2419 would provide for distribution of factual information to the public.

080 CHAIR PARKINSON conducted administrative business and adjourned the meeting at 10:11.

  
Linda Leach, Committee Assistant

  
Kimberly Taylor, Officer Manager

WORK SESSION - HB 2419A

360 RAY WILKESON presented Proposed Amendments HB 2419-A4 and noted support of amendments from Rep. Schroeder. He reviewed four changes: Exhibit 13

- 1) Changes term of office for board of directors from 4 to 3 years.
- 2) Deletes a section which would require employees of the institute who collect revenues to be bonded.
- 3) Establishment of first year harvest tax rate of 31 cents per thousand.
- 4) Amends current law which provides an exemption from the confidentiality of timber tax records.

TAPE 44 SIDE A

035 REP. HOSTICKA was concerned with a relationship to commodity commissions and the use of the state's taxing power. He questioned legal issues relating to the state's taxing power and a limited board of directors. He provided examples to illustrate his concerns. He did not want to "derail" HB 2419, but wanted HB 2419 to withstand questions.

Questions and discussion interspersed regarding Rep. Hosticka's concerns.

083 MOTION REP. WHITTY moved adoption of Proposed Amendments HB 2419-A4, dated 4/24/91.

087 ORDER There being no objection, CHAIR JONES so ordered.

090 MOTION REP. WHITTY moved HB 2419A as amended to the full committee with a do pass recommendation.

095 REP. HOSTICKA will support the motion, but requested a review of his concerns in the full committee and make appropriate modifications if necessary.

100 MOTION In a roll call vote, the motion was adopted (3-0). AYES: Reps. Hosticka, Whitty, Parkinson. EXCUSED: Reps. Jones, Clark.

WORK SESSION - HB 2320

104 MOTION CHAIR PARKINSON moved HB 2320 to the full committee with a recommendation for an interim study.

106 ORDER There being no objection, CHAIR PARKINSON so ordered.

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

Sub. on Property Taxation  
 HOUSE REVENUE & SCHOOL FINANCE  
 Bill No. HB 2419  
 Exhibit 10  
 Presented by LFD  
 Pages 4/16/91

**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

<b>EFFECT ON EXPENDITURES:</b>	<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	 \$ 206,972	 \$ 224,562

**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.



OREGON LEGISLATIVE ASSEMBLY  
STAFF MEASURE SUMMARY  
House Committee on Agriculture, Forestry & Natural Resources

MEASURE: HB 2419 A-Engrossed

**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.

206. ON PROPERTY VALUATION  
HOUSE REVENUE & SCHOOL FINANCE  
Bill No. HB 2419 Pages 4/19/91  
Exhibit 1 Date 4/19/91  
Presented by LPO

Sub. on Property Taxation

HOUSE REVENUE & SCHOOL FINANCE

Bill No. HB 2419 Pages 4  
Exhibit 13 Date 4/25/91  
Presented by Rep. Schroeder  
OFIC

HB 2419-A4  
(LC 679)  
4/24/91 (CW/lb)

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

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WORK SESSION - HB 2419A

050 CHAIR JONES explained HB 2419A is from the Subcommittee on Property Taxation and has a subsequent referral to Ways and Means Committee.

059 Questions and discussion regarding subsequent referral to Ways and Means Committee.

075 REP. HOSTICKA noted his concern regarding a previous Attorney General opinion and any relationship to HB 2419A. He explained an issue of boards/commissions and their memberships (limited to certain interest groups) which exercise quasi governmental power (control over money raised by the taxing power of the state).

100 RAY WILKESON related a discussion he had with Chuck Wilson from Legislative Counsel. He provided an example of the Board of Forestry and limited authority by the Governor's appointment. HB 2419A provides an elected board from people who pay a harvest tax (elected by peers).

129 Questions and discussion regarding commodity commissions and utilization of taxing power of the State.

156 TERRY DRAKE reviewed HB 2419A which establishes Oregon Forest Resources Institute (commodity commission) which is funded through forest products harvest tax.

187 REP. PARKINSON pointed out Proposed Amendments to HB 2419-A4, 4/24/91 were approved in the Subcommittee on Property Taxation. Exhibit 1

191 MOTION REP. PARKINSON moved adoption of Proposed Amendments to HB 2419-A4.

200 DISCUSSION

208 REP. BURTON questioned Sections 12 and 15 relating to a liability issue (individual/State of Oregon).

216 Questions and discussion regarding Rep. Burton's concern. CHAIR JONES indicated Legislative Counsel will review Rep. Burton's concern.

236 ORDER There being no objection, CHAIR JONES so ordered.

240 MOTION REP. PARKINSON moved HB 2419A as amended to Ways and Means Committee with a do pass recommendation.

250 VOTE In a roll call vote, the motion was adopted (8-0).  
AYES: Rep. Burton, Rep. Clark, Rep. Clarno, Rep. Nelson, Rep. Parkinson, Rep. Schoon, Rep. Whitty, Rep. Jones. EXCUSED: Rep. Hosticka.

**WORK SESSION - HB 2212A**

265 REP. SCHOON explained HB 2212A came from Subcommittee on Income Taxation which limits claim responsibility of Oregon Life and Health Insurance Guaranty Association to Oregon residents and certain nonresidents and provides coverage for certain unallocated annuity contracts.

305 CHAIR JONES clarified a reciprocal arrangement in relationship to other states.

322 TERRY DRAKE commented on the reason why HB 2212A was sent to House Revenue Committee was because the Guaranty Association assessment is underwritten by state revenues. Exhibit 4

354 CHAIR JONES referred to Revenue Analysis of HB 2212A. Exhibit 4

366 ELAINE DAY responded to a question from Rep. Parkinson and explained HB 2212A does not relate to Greater Oregon Health Services (which recently failed). She pointed out health service contractors are not included in HB 2212A and provided examples.

390 Questions and discussion regarding Guaranty Association and responsibility of a licensed company.

420 Questions and discussion.

**TAPE 180 SIDE A**

004 MOTION REP. SCHOON moved HB 2212A to the floor with a do pass recommendation.

013 Questions and discussion regarding other states trend relating to HB 2212A.

025 VOTE In a roll call vote, the motion was adopted (9-0).  
AYES: Rep. Clark, Rep. Clarno, Rep. Nelson, Rep. Parkinson, Rep. Schoon, Rep. Whitty, Rep. Burton, Rep. Hosticka, Rep. Jones.

**RETURN TO HB 2419A**

032 CHAIR JONES explained that CHUCK WILSON from Legislative Counsel will address a previous concern noted by REP. BURTON relating to Sections 12 and 15 of HB 2419A (individual/State of Oregon liability limited).

050 CHUCK WILSON explained that the language in HB 2419A is lifted from existing commodity commission law. He explained to the extent the established commission is considered to be a state agency, it would be subject to the same liability that other state agencies are under the Tort Claim Act.

060 Questions and discussion.

089 CHAIR JONES suggested the committee forward a letter to the Judiciary Committee regarding House Revenue concerns of "boiler plate language" relating to commodity commissions.

126 Questions and discussion.

143 CHAIR JONES conducted administrative business and adjourned the meeting at 8:55.



Linda Leach, Committee Assistant



Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Proposed Amendments to HB 2419-A4, 4/24/91, LRO - HB 2419
2. Staff Measure Summary HB 2419A, House Committee on Agriculture, Forestry & Natural Resources, 5/6/91 - HB 2419
3. Fiscal Analysis HB 2419A, 2/26/91, LFO - HB 2419
4. Revenue Analysis HB 2212A, LRO, 5/3/91 - HB 2212



260 DAVID CANARY referred to his testimony presented to the Subcommittee on Property Taxation on May 2, 1991. He addressed issues of increased assessment, intangibles, current litigation and related examples. He summarized his testimony. Exhibit 6

343 CHAIR JONES questioned Mike Dewey's support of Proposed Amendments to HB 2556-1 with the deletion of lines 15 and 16.

350 MIKE DEWEY responded and noted his support.

352 MOTION REP. PARKINSON moved adoption of Proposed Amendments HB 2556-1, 5/19/91 with the deletion of lines 15 and 16.

356 DISCUSSION

360 Committee at ease from 10:03 - 10:08.

TAPE 196 SIDE B

046 CHAIR JONES repeated Rep. Parkinson's motion.

060 REP. BURTON was concerned with the fiscal impact from HB 2556.

069 VOTE In a roll call vote, the motion was adopted (5-3).  
AYES: Reps. Parkinson, Schoon, Burton, Clark, Jones. NAYS: Reps. Whitty, Clarno, Nelson.  
Absent: Rep. Hosticka.

074 MOTION REP. PARKINSON moved HB 2556 as amended to the floor with a do pass recommendation.

080 VOTE In a roll call vote, the motion failed (3-5).  
AYES: Reps. Schoon, Parkinson, Jones. NAYS: Reps. Whitty, Burton, Clark, Clarno, Nelson.  
Absent: Rep. Hosticka.

WORK SESSION - HB 2419A

112 UNANIMOUS CONSENT CHAIR JONES requested unanimous consent to suspend the rules and reconsider the vote on HB 2419A.

115 ORDER There being no objection, CHAIR JONES so ordered.

120 CHAIR JONES explained HB 2419A passed the House Revenue and School Finance (5/6/91) with a do pass recommendation and referred to Ways and Means Committee. Ways and Means Committee does not want HB 2419A and Speaker Campbell has requested House Revenue Committee send HB 2419A to the floor.

129 MOTION REP. PARKINSON moved HB 2419A as amended to the floor with a do pass recommendation.

133 VOTE In a roll call vote, the motion was adopted (8-0).  
AYES: Reps. Whitty, Burton, Clark, Clarno, Nelson, Parkinson, Schoon, Jones. EXCUSED: Rep. Hosticka.

**PUBLIC HEARING - HB 3416**

157 STEVE MEYER explained HB 3416 relates to rental housing for low income families (1989 legislation). HB 3416 provides two revisions:  
1) Changes the level of low income families qualifying for rental property from an income limit of 50% of median to 80%.  
2) Section 2 allows the governing body approving the application to determine the length of exemption (rather than the current 10 years).

171 CHAIR JONES commented that HB 3416 is from the House Committee on Housing and Urban Development.

173 REP. BELL supported HB 3416 and reviewed work from the House Committee on Housing and Urban Development regarding Oregon's housing situation. She related the conclusion from the Housing committee of a broad base support for low income housing. She discussed current law of a 10 year exemption period and noted difficulties relating to financing when exemptions cannot be guaranteed for longer than 10 years. The increased 80% of median income eligibility provides local officials with flexibility.

212 STEVE MEYER explained the 1989 provisions made the exemption available to "for profit" corporations wanting to develop low income housing.

218 CHAIR JONES was concerned with a number of bills from the House Committee on Housing and Urban Development and a complete picture of the package of housing bills (rather than in pieces).

236 Questions and discussion.

243 Questions and discussion regarding fiscal impact (loss to local governments). REP. BELL related examples of county officials dedication to low income housing. Exhibit 7

266 REP. SCHOON gave his background with the Salem Housing Council and his support of federal funds spent on low income housing. He did not support tax exempt housing because of the cost of administration, and the "significant" increase of taxes to others. He provided examples.

295 Questions and discussion.

300 RANDY MAC DONALD supported HB 3416 and summarized his prepared testimony. Exhibit 8

HB 2419-A4  
(LC 679)  
4/24/91 (CW/lb)

**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.”.

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STAFF MEASURE SUMMARY

House Committee on Agriculture, Forestry & Natural Resources

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

HOUSE REVENUE & SCHOOL FINANCE  
 Bill No. HB 2419 Pages 1  
 Exhibit 2 Date 5/6/91  
 Presented by UCO

**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.

*This summary has not been adopted or officially endorsed by action of the committee.*

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

<b>EFFECT ON EXPENDITURES:</b>	<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 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.

NOTE: These minutes contain materials which paraphrases and/or summarizes statements made during this meeting. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

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**TAPE 143, SIDE A**

000 CHAIR FAWBUSH convenes the meeting at 3:16 p.m.

**HB 2419B (Forest Products Institute) - Public Hearing and Work Session**

- 008 JOE CORTRIGHT: Presents Staff Measure Summary on HB 2419B (EXHIBIT A). Submits the Proposed -6 Amendments to HB 2419B (EXHIBIT B).
- 026 REP. ROD JOHNSON: Begins testimony in support of HB 2419B. Responds to the Proposed -6 amendments (EXHIBIT B). It looks to me that the net effect would be to take the institute out of the business of increasing public understanding and education about the forest products industry.
- 038 CHAIR FAWBUSH: The amendments do not eliminate that, they add to it. What do you think we ought to do? Basically, with these amendments, we are adding to the responsibilities of this institute, rather than take away their educational focus. We have added other focuses.
- 045 REP. JOHNSON: Lines 5, 6 and 7 is important language that appears to be taken out of this bill. There is a tremendous disservice being imposed on the timber industry, and other Oregonians, by other people around the country who are spreading disinformation about what we are doing with our forests. It is critical that we protect our number one industry by correcting the mis-impression that people are getting around the country. This bill would attempt to achieve that goal with an industry-based funding mechanism. To the extent that the Proposed -6 Amendments would handicap this institute from educating the rest of the country about our forests, I would suggest you reject the Proposed -6 Amendments and go with the original bill. I could not support importing a tax on the industry if I am not sure that it will do the job that I think needs to be done.
- 091 SEN. TIMMS: Exactly why are you opposed to the Proposed -6 Amendments?
- 093 REP. JOHNSON: In lines 14 and 15, it deletes lines 5, 6, and 7 on page 3 of the bill. These lines are the heart of the bill.
- 098 CHAIR FAWBUSH: In lines 16 and 17 of the amendments, we have basically replaced line 6. The operative Section of 11 is what you are really after; lines 1 through 4 on page 3. That remains intact.
- 104 REP. JOHNSON: I see the phrase "increasing public understanding". But the original bill give the institute the power to "enhance and provide support for Oregon's forest products by increasing public understanding of the industry and its issues and concerns and to help educate the public with respect to the practice of forestry and the use and benefits of forest products." Line 16 of the Proposed -6 Amendments says, "increase public understanding of the practice of forestry". That is different than understanding of the industry.
- 111 CHAIR FAWBUSH: You just read from Section 11. In Section 12 it lists a number of things that the

institute may do. Under that there are about six or seven things. We have detailed more out. Almost all of the information will continue to be in Section 12. The educational effort is driven by Section 11.

- 127 SEN. DUFF: I have a question about a public person being a member of this board since that member would not pay any fees. This is proposed in the Proposed -6 Amendments (page 1, lines 10 and 11).
- 138 REP. JOHNSON: I believe this institute should be controlled by the people who are putting their money into it. I do not have a problem with a change that was adopted by the House that an industry labor representative be added to the board because that enables the workers themselves be represented.
- 148 CHAIR FAWBUSH: There are three additional members suggested in the Proposed -6 amendments. The Dean of the School of Forestry, the Wood Products Competitiveness Corporation chairperson (or an appointee of EDD, if this corporation does not exist), and a public member appointed jointly by the Speaker and the President. All three of those are non-voting ex-officio members only, precisely for the reason you indicated, that they do not contribute financially.
- 159 SEN. HILL: How do you anticipate that educating the public would be done?
- 160 REP. JOHNSON: I imagine that a television campaign would be the best way to go but that is expensive so I suppose an expert would need to be consulted on how we can get the best exposure for the least amount of money. Perhaps advertising in national publications, etc. I think a lot of people would volunteer to help if it was part of a coordinated effort.
- 181 SEN. HILL: So you would envision this as primarily a media campaign?
- 182 REP. JOHNSON: Primarily. We need to get our side of the story told to the largest number of people possible.
- 184 SEN. HILL: The industry is organized; why is this needed if the industry could do it?
- 186 REP. JOHNSON: The industry is composed of a lot of independent small firms that have a lot of different opinions. Something like this could force them to come to consensus. It will also help, credibility-wise, as an Oregon-generated entity.
- 217 CORTRIGHT: Overviews Proposed -6 Amendments (EXHIBIT B).
- 250 JOHN HAMPTON: Presents testimony in support of HB 2419 (EXHIBIT C). The demographics of Oregon are changing - it is becoming more metropolitan and there are more residents arriving here from out-of-state. That is one reason why it is important to have a mechanism to explain the benefits of good forestry management. The industry is constantly changing as circumstances warrant. Last year we had a special committee that reviewed important issues for the next decade. One important recommendation from that committee's deliberations is the apparent need for better understanding of the forest industry. That has resulted in HB 2419B. The version passed out by the House is ideal from the industry's perspective. But we are aware that there are those in the Senate that do not like commissions, per say, because of the complications they can cause. We are responsive to these concerns and interested in evaluating the proposed amendments. The industry has not yet been able to review these amendments and has no official position on them. However, we can poll our members and get back to this committee with a response. We are very anxious to get the facts in front of the people of the state. There is a lack of public understanding about the use of the forests. We have chosen the term "institute" because most commodity commissions also provide marketing information to their

members as a central part of their mission. This is not the primary purpose of these funds; the funds will almost exclusively be used for public education. There may be a question on why the state should sanction a propaganda machine for an industry. There will be no propaganda coming from this institute. We will disseminate factual information that is backed up by solid research from OSU and other research organizations and our objective will be to inform the public on the real forest practices in the state of Oregon, the responsibility of those practices, and the public benefits of application of enlightened forest management policies. The institute would also disseminate details of state regulation of the industry, profiles of people in the industry, information about the high quality products manufactured. HB 2419, as passed by the House, is endorsed by every forest products trade organization in the state. These organizations need to review these proposed amendments. I would personally prefer that these amendments not be adopted; however, I realize that there are different interests in the Senate and I believe that these amendments are satisfactory and I will recommend them to my peer group.

399 HAMPTON: The industry is already taxing itself .21 cents per thousand on severance of forest products for OSU research. Half of that is funded by industry and half of it is funded by General Fund. This is important because of the research proposed on Page 2, line 10. A significant amount of money is already being invested in research and I don't want anyone to think that a lot more research could also be implemented by this. But there will be additional research needed, not covered by OSU, that is necessary for us to be able to explain forest practices to the public.

448 SEN. HILL: I don't understand why you need the legislature to set up an institute to do this.

455 HAMPTON: We have voluntarily raised \$500,000 annually and devoted those funds to public information program. That is inadequate. The benefits of a well-run public information program would accrue to all members of the industry - even those who do not voluntarily contribute to it. All of the associations are in support of this bill, which would ensure that all of the costs are shared equally of a public information program.

490 SEN. HILL: So, the issue is that some of your members don't voluntarily contribute and you are requesting a bill that would require them to pay for a public information campaign?

**TAPE 144, SIDE A**

028 HAMPTON: Most of the people who have not come to the meetings have had higher priority for their funds. But those same people are represented by the associations that support this legislation. The majority of the industry has agreed to assess itself. This would be an equitable way to share the cost of a program that would benefit everyone.

039 RAY WILKESON: The same argument could be made for all of the existing 28 commodity commissions. That is their purpose. Human nature is that people don't voluntarily "chip in" the money.

052 SEN. HILL: This is more than just membership in a commodity commission. You are talking about an educational process. If I don't feel that way about educating the public then I shouldn't be obligated to pay for it.

060 CHAIR FAWBUSH: That is one of the reasons for the proposed amendments. The amendments take it beyond the education of the public. It is not unusual for commodity commissions to engage in educating the public. Any commission, in order to assess itself across all industry members, has to have legislative approval. This institute would not be as interested in marketing as most commodity

commissions, which has been their traditional focus - promotion of the product. But most commodity commissions have not branched out and engaged in research and education efforts. The amendments ensure that they will also engage in the traditional things that a commodity commission will do - especially working with the members to disseminate and distribute information. One of the questions is whether we should sanction an industry to tax itself. Another question is if the people of the industry should pay collectively for those services.

- 094 SEN. JOLIN: There is a phenomena going on around the country because the propaganda and the media has been biased, misleading, and inaccurate. The funding of this wouldn't be lopsided because everyone in the industry would be participating. I envision that these supporters are interested in also communicating throughout the country. I think this type of proposal lends credibility to the job they have ahead. I think that we have seen an industry that has come before in an effort to be responsible with a new forest practices act and to change themselves.
- 136 SEN. HILL: Is there any idea of using this information beyond Oregon?
- 139 HAMPTON: We will primarily focus on Oregon. We don't believe that we would raise enough funds to make any major national impact.
- 148 CHAIR FAWBUSH: There is concern about the legislature having the approving authority to levy an assessment. You are interested in public education; others are interested in a true commodity commission. The forest industry has a number of different associations, but we are still interested in a focal point for better cooperation, dissemination of information to the members, etc. That is what we are asking for in the Senate. We are interested in a balance. What type of commitment will you make to other things besides disseminating information to the public?
- 167 HAMPTON: The majority of the funds would be spent on a public information program because that is where we believe there is the greatest need. But, there is room for improvement in other areas that are not duplicative of activities undertaken by other organizations. The kind of research would need to be crafted to avoid duplication of OSU research.
- 186 CHAIR FAWBUSH: There is also a strict prohibition against participating in any court action. Are you comfortable with that?
- 192 HAMPTON: I have no problem with that and I don't believe the industry will either. There is a separate organization that addresses legal issues, funding is raised differently and can be completely separate from the activities authorized by this bill.
- 195 SEN. DUFF: I wonder about the character of some of the media you read and what it is aimed at.
- 206 HAMPTON: *The Oregonian* six-article series was a very distorted view of the industry. We need to get our message out to the public to counteract that type of campaign.
- 224 SEN. HILL: Have you done any polling that indicates the industry has an image problem?
- 241 HAMPTON: We do polling and have some recent information. There is a very large margin of people that have no opinion and there is a great lack of understanding about what the industry is really doing in its stewardship of timber lands.
- 251 SEN. HAMBY: With respect to the amendments and the section governing the institute's activities with

respect to state legislation, is there any intent on the part of the institute to affect federal legislation?

- 260 HAMPTON: We will not engage in campaigning for/against any legislation - state or federal - with these funds.
- 268 CHAIR FAWBUSH: Maybe we should insert "and federal" in the amendments.
- 270 SEN. DUFF: I am not sure that entire phrase is enforceable. That could be a violation of free speech.
- 271 CHAIR FAWBUSH: I think it is enforceable. This would be an institute funded by taxes; there is a difference between an entity of that nature and individuals.
- 275 SEN. JOLIN: There is a division in opinion between the rural and urban areas on this issue.
- 282 SEN. TIMMS: Does Washington have this same problem?
- 313 HAMPTON: Yes. The industry there is also adopting procedures to defend themselves.
- 315 SEN. DUFF: Are you going to disseminate public information about the forest health problems that are unique to the eastern section of Oregon?
- 319 HAMPTON: Yes, we will be informing the people of Oregon of the different ecologies that we have here. The infestation eastern Oregon forests are a classic point.
- 352 WILKESON: A section-by-section analysis of HB 2491 has been attached (EXHIBIT C). A lot of the commodity commissions fund lobbying efforts through the commission mechanism. That is permitted under state law. These amendments would prohibit that at the institute. I want to assure that this would not affect a generic education campaign that happened to be conducted during time of policy debate.
- 388 CHAIR FAWBUSH: The intent of that is not to disallow you to persuade the general public but not to have you persuading persons in Salem of your point of view with the funds.
- 397 WILKESON: That is understood. I just want it to be clear that that is a distinction between this and other commodity commissions.
- 400 **MOTION: CHAIR FAWBUSH MOVES the adoption of the proposed -6 amendments (EXHIBIT B).**
- 427 SEN. JOLIN: Even though the member is not a voting member, I have serious reservations about that member. I do not see the purpose of it.
- 432 CHAIR FAWBUSH: That was my recommendation. This is a group that wants to communicate with the public. What is wrong with having a public person helping with advice? This member will not vote, these are open meetings and, my opinion is that if the industry truly wants to communicate with the public, they can start by accepting input from a public member appointed jointly by the President of the Senate and the Speaker of the House.
- 455 SEN. DUFF: None of the other commissions have a public member. They follow the public meeting law. I am suspicious of an industry organization that has a public member.

- 462 CHAIR FAWBUSH: I'm not. I don't think it hurts and, if it were up to me, I would have a public member on every board/commission that exists. It is an important component for balance.
- 486 SEN. TIMMS: Could you give me assurance that this bill will not be referred to the Senate Committee on Agriculture and Natural Resources? If so, I would support these amendments. But I am really opposed to them.
- 498 CHAIR FAWBUSH: I can assure you that without these amendments, the current subsequent referral to the Committee on Agriculture and Natural Resources will not be rescinded.

**TAPE 143, SIDE B**

- 030 SEN. HILL: Why don't we wait and see how HAMPTON's membership feels about the amendments.
- 039 CHAIR FAWBUSH: We can do that. But I just want people to understand our dilemma. In accordance with germaneness, this bill should have gone straight to the Committee on Agriculture and Natural Resources. We have gotten it to act on. Unless we address some of the concerns, it will be sent on to them. This is the best deal we have been able to put together. I would like to adopt these so that the industry knows what we have accepted for them to discuss.
- 051 SEN. TIMMS: Why is it necessary to adopt them, when we are not going to move the bill, before the industry looks at them?
- 054 CHAIR FAWBUSH: It would help all concerned to have the amendments adopted.
- 060 VOTE: Passes, 4-2. The proposed -6 amendments are adopted. Voting AYE: Senators HAMBY, J. HILL, TIMMS, and FAWBUSH. Voting NAY: Senators DUFF and JOLIN.

**HB 3151 (Video Lottery) - Public Hearing and Work Session**

- 091 CORTRIGHT: Presents Staff Measure Summary on HB 3151 (EXHIBIT D).
- 108 DENNY NIXON: Presents written testimony against HB 3151 (EXHIBIT E).
- 161 SEN. DUFF: What would you suggest to help the small vendors?
- 165 NIXON: The timeframe is the main factor. It would be difficult for them to arrange financing, get certified, etc. I am pleased with the amendment that would extend this to December 1. Financing will be difficult for them. A reasonable certification qualification and a service network.
- 178 SEN. HAMBY: Have commitments already been made?
- 185 NIXON: The Lottery Director has been very careful to try to contain this.
- 194 SEN. TIMMS: Am I clear that you would prefer the December 1 starting date? Would that be good enough or would you need more time?
- 196 NIXON: The additional 60 days would be very helpful, but we would like more time if we could. December is better than October.

SENATE LEGISLATIVE COMMITTEE  
ON TRADE AND ECONOMIC DEVELOPMENT

June 12, 1991  
3:00 P.M.

Hearing Room 343  
State Capitol  
Salem, OR

Tapes 148 - 150

**Forest Research Institute  
Workforce**

MEMBERS PRESENT: SEN. WAYNE FAWBUSH, CHAIR  
SEN. SCOTT DUFF  
SEN. JEANNETTE HAMBY  
SEN. JIM HILL  
SEN. PEG JOLIN  
SEN. EUGENE TIMMS

MEMBERS EXCUSED:

STAFF PRESENT: JOSEPH CORTRIGHT, EXECUTIVE OFFICER  
TAMIRA MILLER, POLICY ANALYST  
JERI CHASE, OFFICE MANAGER  
HOLLY BROWN, COMMITTEE ASSISTANT

WITNESSES: RAY WILKESON, LEGISLATIVE DIRECTOR, OREGON FOREST  
INDUSTRIES COUNCIL  
DARYL WARD, DIVISION OF VOCATIONAL EDUCATION  
KIT YOUNGREN, ASSISTANT DEAN OF INSTRUCTION, CLACKAMAS  
COMMUNITY COLLEGE  
BOB BAUGH, ECONOMIC DEVELOPMENT DEPARTMENT

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NOTE: These minutes contain materials which paraphrases and/or summarizes statements made during this meeting. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

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**TAPE 148, SIDE A**

000 CHAIR FAWBUSH convenes the meeting at 3:25 p.m.

**HB 2419B (Forest Research Institute) - Public Hearing and Work Session**

002 CHAIR FAWBUSH: We have tentatively adopted the proposed B-6 amendments to HB 2419B. The industry requested some time to poll membership to see what their response would be.

006 RAY WILKESON: Presents written testimony in support of the Proposed B-6 Amendments to HB 2419B (EXHIBIT A).



023           **MOTION: SEN. JOLIN MOVES a proposed amendment to HB 2419B-6 (EXHIBIT B).**

**VOTE: There being no objection, the above amendment is adopted.**

026    **CHAIR FAWBUSH:** This bill has a subsequent referral to the Committee on Agriculture and Natural Resources. They will probably be involved in a conference committee relating to the Forest Practices bill. I would like to hold this bill in Committee until that issue is resolved. The Senate President has agreed that we could do that. He will not close this Committee until we have moved this bill out.

**HB 3474 (Professional-Technical Education) - Public Hearing and Work Session**

065    **TAMI MILLER:** You have requested information on funding for the Advanced Technology Centers.

070    **DARYL WARD:** Presents Advanced Technology Center Budget Detail (EXHIBIT C) and Oregon Advanced Technology Consortium 1991 - 93 Biennium (EXHIBIT D).

110    **CHAIR FAWBUSH:** What do you see as the mission for this ATC? What does it actually do? What kind of training? Where do graduates get placed?

112    **KIT YOUNGREN:** The mission of the ATC is technology transfer - acting as an intermediary between research done by universities, government, etc., and small/medium companies that do not have the ability to do research and development or testing technologies. We identify these technologies and then share it with businesses/industry. After they identify something they would like to investigate, we pursue setting up an applied research activity that allows them to see if this new technology can assist them. After this has been decided, we do advanced training of engineers, production managers, key operators, etc., so they can install and utilize this new technology in their workplace. That is what we have been trying to do. The purpose of the original grant was to demonstrate our ability doing that.

190    **CHAIR FAWBUSH:** What is the mix of resources and how are you beginning to develop the ability to be self-sufficient?

196    **YOUNGREN:** We are proving to businesses that we have the ability to help them be more competitive. That will encourage them to pay for the time, testing, and training. We may not keep the laser technology that we have - we have proven its efficiency. If someone comes along with another technology for us to research and we have exhausted the current technology (laser equipment), we will remove that and install something else. This is flexible space dependent upon industry.

217    **CHAIR FAWBUSH:** Is there any other example you have worked on (besides the laser)?

219    **YOUNGREN:** We have been working on a computer management system to tie their departments together.

229    **CHAIR FAWBUSH:** That is not tech transfer, it is management.

230    **YOUNGREN:** It is a new process for companies whose departments are having a difficult time interacting.

231    **CHAIR FAWBUSH:** It is still not technology transfer; it is a business procedure.

232    **YOUNGREN:** It makes themselves more efficient and productive, in the company's eyes.

SENATE LEGISLATIVE COMMITTEE  
ON TRADE AND ECONOMIC DEVELOPMENT

June 26, 1991  
3:00 P.M.

Hearing Room 343  
State Capitol  
Salem, OR

Tape 153

**Oregon Forest Resources Institute**

MEMBERS PRESENT: SEN. WAYNE FAWBUSH, CHAIR  
SEN. SCOTT DUFF  
SEN. JEANNETTE HAMBY  
SEN. JIM HILL  
SEN. PEG JOLIN  
SEN. EUGENE TIMMS

MEMBERS EXCUSED:

STAFF PRESENT: JOSEPH CORTRIGHT, EXECUTIVE OFFICER  
TAMIRA MILLER, POLICY ANALYST  
JERI CHASE, OFFICE MANAGER  
HOLLY BROWN, COMMITTEE ASSISTANT

WITNESSES:

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NOTE: These minutes contain materials which paraphrases and/or summarizes statements made during this meeting. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

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**TAPE 153, SIDE A**

000 CHAIR FAWBUSH convenes the meeting at 3:12 p.m.

**HB 2419B (Forest Research Institute) - Work Session**

003 CHAIR FAWBUSH: The Conference Committee on SB 1125 (the Forest Practices bill) has begun. SENATORS SPRINGER and COHEN are interested in having HB 2419B be referred to them as part of that. I am concerned about this. Industry is reluctant to have the two bills linked, but I don't see how this bill will not be affected by the end result on the forest practices bill. I am not comfortable about moving this bill out until the conference committee is over because I have no guarantees. They will not be done with the conference committee for two days. That is going to be one of the last bills out.

030 SEN. DUFF: I believe it is inappropriate to link these two pieces of legislation and I do not believe that it should be referred to the Agriculture Committee. It should pass directly to the Senate Floor and be passed there.

- 032 CHAIR FAWBUSH: I share that concern.
- 036 CHAIR FAWBUSH: We owe it to the Chair of that Conference Committee to see how he wants to handle it, but at the same time I don't want to release this unless I know how things are going to work out.
- 040 SEN. HILL: Why does this have to go to that conference committee?
- 044 CHAIR FAWBUSH: Two of the members of the conference committee want this bill and we are considered interlopers in their business. That is where we are in this. We can stand in recess until some further action. I don't want to hang their conference committee process up and if this bill will facilitate their process we may need to consider that.
- 060 SEN. JOLIN: What is the issue?
- 063 CHAIR FAWBUSH: The conference committee on SB 1125 has begun. We've kept HB 2419B in this committee so that there would be distance between these two bills but the conference committee considers this bill to be a component of the final solution and they would like the bill referred to them. My position is that until we get some understanding among the members of that committee as to the final disposition of HB 2419B, I am reluctant to move the bill to them.
- 074 SEN. JOLIN: I am not willing to move this bill to them either.
- 076 CHAIR FAWBUSH: I have advised the Senate President that there are probably not enough votes to move this bill out without an advance understanding and I will also share that concern with the conference committee members to see what their position is. But, also, I don't want to hinder the process. I want both bills to pass the Senate. If we can facilitate that process with an understanding, we should do that. If it will neither facilitate or hinder anything, I would rather HB 2419B remain in this committee.
- 090 SEN. JOLIN: I could have easily supported HB 2419B as it came to this committee and had to compromise a great deal to accept the amendments that we have adopted in an effort to pass this bill out of the Senate. I appreciate your position because I could not have supported moving it to the Committee on Agriculture.
- 101 CHAIR FAWBUSH recesses the meeting at 3:20 p.m.

Submitted by,



Jeri Chase  
Office Manager

SENATE LEGISLATIVE COMMITTEE  
ON TRADE AND ECONOMIC DEVELOPMENT

June 28, 1991  
1:45 P.M.

Hearing Room 343  
State Capitol  
Salem, OR

Tapes 154

**Forest Research Institute**

MEMBERS PRESENT: SEN. WAYNE FAWBUSH, CHAIR  
SEN. SCOTT DUFF  
SEN. JEANNETTE HAMBY  
SEN. PEG JOLIN  
SEN. EUGENE TIMMS

MEMBERS EXCUSED: SEN. JIM HILL

STAFF PRESENT: JOSEPH CORTRIGHT, EXECUTIVE OFFICER  
TAMIRA MILLER, POLICY ANALYST  
JERI CHASE, OFFICE MANAGER  
HOLLY BROWN, COMMITTEE ASSISTANT

WITNESSES:

---

NOTE: These minutes contain materials which paraphrases and/or summarizes statements made during this meeting. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

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**TAPE 154, SIDE A**

000 CHAIR FAWBUSH convenes the meeting at 2:05 p.m.

**HB 2419B (Forest Research Institute) - Work Session**

002 CORTRIGHT: Presents HB 2419B-7 amendments (EXHIBIT A). These amendments were conceptually adopted by Committee and are now in formal form from Legislative Counsel.

007 MOTION: SEN. HAMBY MOVES the adoption of the Proposed -7 Amendments to HB 2419B (EXHIBIT A).

VOTE: There being no objection, the amendments are adopted.

MOTION: CHAIR FAWBUSH MOVES that the subsequent referral of HB 2419B to the Committee on Environment and Energy be rescinded, and HB 2419B, as amended by the -7 amendments (above) to the Senate Floor, with a Do Pass recommendation.

VOTE: Passes, 5-0. Voting AYE: SEN. DUFF, HAMBY, JOLIN, TIMMS, and FAWBUSH.

Senate T&E Committee  
June 28, 1991  
Page 2

011 CHAIR FAWBUSH adjourns the meeting at 2:06 p.m.

Submitted by,

A handwritten signature in cursive script that reads "Jeri Chase". The signature is written in black ink and is positioned above the printed name.

Jeri Chase  
Office Manager

OREGON LEGISLATIVE ASSEMBLY  
STAFF MEASURE SUMMARY  
Senate Committee on Trade & Economic Development

MEASURE: HB 2419B

TRADE AND ECONOMIC DEVELOPMENT  
Bill  
HB 2419  
Pages 2  
Date 10/10/91  
Presented by Joe Cortright

working Title: Forest Products Institute  
Meeting Dates: June 10, 1991  
Action:  
Vote:  
Ayes:  
Nays:  
Exc.:  
Carrier:  
Prepared By: Joseph Cortright

WHAT THE BILL DOES:

*Creates Forest Resources Institute*

HB 2419B 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.

*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.

*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 :

*What should the Institute Do?*

Sections 11 and 12 of HB 2419-B 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 2419-B 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:**

*House Agriculture  
changed appointments  
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.*

**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.

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

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

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

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

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

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



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

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

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

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

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

14       After line 19, insert:

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

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

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

23       Delete line 24.

24

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**OFIC**

**OREGON FOREST INDUSTRIES COUNCIL**



A Division of Associated Oregon Industries

1149 Court St. N.E./P.O. Box 12519/Salem, OR 97309-0519/Ph. 371-2942

TRADE AND ECONOMIC DEVELOPMENT  
Bill No. HR 2419 Pages 5  
Exhibit 2 Date 6-10-91  
Presented by John Hampton

**TESTIMONY ON HOUSE BILL 2419  
PRESENTED TO THE SENATE COMMITTEE ON  
TRADE & ECONOMIC DEVELOPMENT  
By John Hampton, Chairman  
Oregon Forest Industries Council  
June 10, 1991**

Good afternoon. I am John Hampton, chairman of the Oregon Forest Industries Council and chief executive officer of Hampton Affiliates.

Like many Oregonians, I have strong ties to and great respect for the people in this state's timber industry. My father started our company in 1942. I went to work at Willamina Lumber in 1947. My son David now works in our managed forest as a third-generation lumberman, like many of our independently owned Oregon companies.

We have a good story to tell ... a story about 110-thousand Oregonians employed in timber jobs, a story about the world's most environmentally sound building material, a story about forest stewardship that protects our environment.

Oregon's tourism slogan is, "Things Look Different Here." And indeed, they do. It used to be that most Oregonians knew loggers, were neighbors to sawmill workers, or sold goods to timber companies and suppliers. Today, many more Oregonians live in urban areas, and still other Oregonians have only recently come here from somewhere else and don't understand our industry.

As a result, many Oregonians do not know how the work in our forests affects their livelihoods or that workers in our forests practice good stewardship of the resource. Part of that is the fault of inadequate communications. As the need to tell our story increased, our resources to tell that story decreased.

Last year, OFIC assembled a special committee to examine the challenges that the forest industries will face during the 1990s. Our 1990s Committee carefully identified the challenges that lie ahead, and concluded that the state would benefit from a credible, factual program of public education and research about the work of its largest industry.

The result is House Bill 2419.

House Bill 2419 will permit us to deliver on that promise. House Bill 2419 will permit forest producers to tax themselves to finance a consistent, balanced, equitably financed program of public education about our industry. House Bill 2419 will permit the forest industries to do what producers of 28 agricultural commodities already do.

There are those who have asked, why should the state sanction a propaganda machine for the forest industries? The answer is, the people of Oregon are too sophisticated to be fooled by propaganda and, frankly, people like me who will pay for this program would not stand for it.

I can guarantee you, on behalf of my competitors and myself, that we will develop a factual informational program consisting of first-rate education about what is happening in our forests. To ensure that our information is solid, part of the proceeds will be used to sponsor research.

It will include details about state regulation of our industry, profiles of the people in our industry, and information about the high-quality product that we produce. It will rely on documented fact and reliable science, not on wishful myths or clever slogans.

We believe that every major timber association in Oregon supports this bill, and our commitment to you is that the work authorized by it will promote sound forest stewardship, economic common sense and increased public understanding. And better public understanding will help bring about better quality policy decisions affecting our industry.

I would now like to introduce Ray Wilkeson, who will explain key elements of this bill.

SECTION-BY-SECTION OUTLINE OF HOUSE BILL 2419-B

PRESENTED TO THE SENATE COMMITTEE ON  
TRADE & ECONOMIC DEVELOPMENT  
By Ray Wilkeson, Legislative Director  
Oregon Forest Industries Council  
June 10, 1991

Section 1: Incorporates bill into ORS chapter 526 (Forestry Administration).

Section 2: Establishes name, Oregon Forest Resources Institute, and defines "producer" as any person or entity involved in growing, harvesting or producing timber or timber products. This definition includes purchasers of public timber.

Section 3: Recognizes forest products as state's largest industry, benefiting workers, forestland owners, mill owners and operators, loggers, investors, local and state government, and secondary businesses.

Section 4: Creates the Institute, governed by a 11-member board of directors serving three year terms. Nine producer members to be elected by their peers, with proportional representation from three geographic regions and three producer size classes. One small-woodland owner to be elected statewide. Eleventh member appointed by the other ten to represent the interests of timber workers,

Section 5: Specifies staggering of terms for first slate of directors.

Section 6: Requires elected directors to be U.S. citizens living in Oregon who are producers or are designated by producers; says directors must have been actively engaged in producing forest products for at least five years, must derive a substantial share of their income from production, and must have demonstrated a profound interest in the industry.

Section 7: Outlines duration of terms and establishes process to fill vacancies.

Section 8: Requires Board of Directors to declare a board seat vacant if a member fails to meet director qualifications. Creates a process to remove a Board member if necessary.

Section 9: Allows Institute's directors, officers and employees to receive reimbursement of necessary travel and other expenses while on official business.

Section 10: Requires board of directors to elect a chairperson, and to meet at least quarterly.

Section 11: Directs Institute to increase public understanding of the forest-products industry, forest practices and the benefits of forest products.

Section 12: Authorizes Institute to conduct research and distribute reliable, research-based information; permits Institute to sue and be sued; to enter into necessary contracts; to borrow against portion of estimated revenues; to appoint, assign and compensate subordinate officers and employees.

**Section 13:** Authorizes Institute to accept grants, donations and gifts consistent with its purposes.

**Section 15:** Exempts State of Oregon from liability for Institute activities.

**Section 16:** Stipulates that budget and expenditure provisions of ORS 576.410 to 576.450 shall apply to the Institute, except that references to the Director of Agriculture and to the board shall be considered references to the State Forester and the state Board of Forestry, respectively. Institute budgets to be available for public inspection.

**Section 17:** Specifies ORS citations (public-finance statutes) that do not apply to the Institute. Agricultural commodity commissions have identical exemptions.

**Section 18:** Requires Institute to keep accurate books, records and accounts for public inspection and audit by Secretary of State.

**Section 19:** Permits producers after two years to petition for discontinuance of the Institute; if producers harvesting 60 percent or more of merchantable forest products vote to terminate, the Institute will convert assets to cash to be paid into the Forest Research and Experiment Account (OSU Forest Research Lab).

**Section 20:** Creates Oregon Forest Resources Institute Fund in the State Treasury, with funds continuously appropriated to the Institute.

**Section 21:** Adds Section 22 of the bill to ORS 321.185. The state Department of Revenue will collect assessments using the mechanism employed to collect the other three forest products harvest taxes.

**Section 22:** Authorizes a Forest Products Harvest Tax on producers of up to 75 cents per 1,000 board feet. The actual tax rate will be determined by the board of directors. The tax would be assessed against all producers, including public-timber purchasers, as is the case with existing harvest taxes.

**Section 23:** Establishes a first year harvest tax rate of \$0.31/thousand board feet.

**Section 24:** For the purpose of facilitating the nomination and election of directors, authorizes the Department of Revenue to disclose to the State Forester the names of forest products harvest tax payers.



June 12, 1991

Senator Wayne Fawbush, Chairman  
Senate Trade & Economic Development Committee  
State Capitol, Room 132  
Salem, OR 97310

Dear Senator Fawbush:

John Hampton asked me to let you and the other members of the Senate Trade & Economic Development Committee know that the OFIC Board of Directors has agreed to accept the "B-6" amendments to HB 2419-B.

Mr. Hampton also asked that it be noted for the record that some of the provisions in the B-6 amendments would limit the prerogatives of the Oregon Forest Resources Institute in ways that do not apply to existing agricultural commodity commissions. While our Board generally believed that the amendments would not significantly impair the operation of the Institute, a number of them were troubled by the need to apply a different standard to forestry than is applied to agriculture.

I was also asked to let you know that Mr. Hampton and the Board of Directors appreciate your efforts, and your committee's efforts, to assist the forest industry by moving this bill forward to what we hope will be a successful conclusion. To that end, the Board agreed to accept these amendments in the hope and expectation that HB 2419 will proceed directly to the Senate floor after deliberations in your committee have concluded.

At that point, HB 2419 will have received thoughtful and thorough scrutiny by three separate legislative committees. Absent any constructive suggestions for additional modifications to the bill, we believe it is ready for consideration by the full Senate. Assuming favorable action by the Senate, we will pledge to you our support for concurrence with the B-6 amendments when the bill goes back to the House. Thank you.

Sincerely,

Ray Wilkeson

cc: Senator John Kitzhaber, M.D.  
President of the Senate

**OREGON  
FOREST  
INDUSTRIES  
COUNCIL**

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W. Armstrong  
Executive Director

**PROPOSED AMENDMENT TO HB 2419-B6**

**June 11, 1991**

*From Senator Peg Jolin*

On page 1 of the -6 amendments to HB 2419-B, dated 6/10/91, insert at the end of line 11:

**"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 and promote environmental or conservation issues."**



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

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

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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.”.

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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.”.

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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  
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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.”.

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