

April 26, 2011



Representative Bruce Hanna, H-269
Representative Jim Thompson, H-388
Representative Arnie Roblan, H-295
900 Court Street, NE
Salem, Oregon 97301

Dear Representatives Hanna, Thompson and Roblan,

I am writing you in strong support of HB 2936A. I believe I am representative of many citizens this side of the Cascades that support this legislation. Though it is credit-based, HB2936A will:

- Create living-wage jobs
- diversify our local economies
- improve the health of our forests, and
- enhance our water resources

My entire career has been in Oregon. As a small business owner in Bend, I am leading an effort regionally to support HM3-Energy a biomass briquette producer who plans to site a plant in Prineville. This support will come in the form of sustainable harvest of woody biomass from large private lands and the transport of chipped, woody material to the HM3-Energy plant. From mine and my business partners view (in addition to the 40-some jobs at the plant), there will be between 12 and 15 new, family-wage jobs created from this new market opportunity – jobs that are stable and long-term.

The Business Energy Tax Credit (BETC) system is broken. The capital investment of such a key market-driver such as a biomass plant is intense...and it is a biomass market that we have been missing. HB2936A will create clear and direct economic support for HM3-Energy, and companies like them, in their quest for capital sources. Representing the supply-chain, in the case of HM3-Energy in Prineville, I also see the web of related economic benefits related to the connections between public and private woody biomass material flowing to the local processing plant, the production of clean-burning briquettes at the plant, and the product transported via the City of Prineville Railroad to PGE's Boardman energy production facility. At each link in the chain, jobs are created, money is spent locally, and innovation will continue as the chain is sustainable.

I also represent the interests of the private forest owner. HB2936A will incentivize and support the sustainable harvest of woody biomass from our local watersheds – the same watersheds that are significantly overstocked with small-diameter trees as a function of a hundred years of fire

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suppression. Catastrophic wildfire, in my opinion, is the greatest known threat to water resources and habitat in Oregon. Proceeds from the sale of woody biomass will help pay property taxes. Biomass naturally regenerates after harvest. In addition, as smaller trees are harvested, the growth rates of remaining trees accelerates, thereby creating conditions for other wood product economies, healthier timber stands in general, and more predictability in harvest cycles.



Potentially, one of the greatest impacts from HB2936A is the reduction of forest fire fuels. If rational markets for woody biomass can be created, the fire-resiliency of thinned forest stands is enhanced. In turn, there will be a direct reduction in local, state and federal expenditures required to suppress wildfires.

Studies prove the proportionate relationship between timber stand density and natural water production from watersheds. Creating meaningful incentives for emerging woody biomass markets, as HB2936A does, means that private and public forest stands will produce water longer during a year, will produce a sustained yield of water for fish and wildlife and municipal uses, and forests can become climate change-resilient too.

Please pass HB2936A. The value of the tax credits offered are vastly offset by the economic development and watershed enhancement benefits that accrue. Thank you very much for supporting and shepherding this bill through the legislative process. This bill will help predict the long-term, sustainable future of Oregon's rural economies.

I would appreciate learning more about and potentially participating in the Task Force on Biomass Facility Siting – a body enabled by this legislation.

Thank you again for your leadership on this issue.

Cordially,

Randall A. Jones
Central Oregon Geographic, Inc.

Cc: Hiroshi Morihara, CEO, HM3-Energy;
Jered Rhoden, Principal, Rx2 and Sons, LLC.