

April 2, 2015

Ways and Means Subcommittee on Natural Resources

Senator Richard Devlin, Co-Chair
Representative Dan Rayfield, Co-Chair

Re: SB 5511

As members of the Oregon Department of Fish and Wildlife's (ODFW) External Budget Advisory Committee and representatives of the commercial seafood industry in Oregon, we have a strong interest in ensuring that ODFW has sufficient funds to carry out its conservation and management missions. In particular, because Oregon's commercial seafood industry has committed to paying its own way via taxes and fees imposed on our industry and deposited in the Commercial Fish Fund we have been working closely with ODFW staff to achieve a delicate balance of maintaining a positive balance in the Fund without taxing our industry to the extent that economic hardship occurs or that fishermen are encouraged to land their catch in adjacent states to avoid paying Oregon landing taxes. We believe that the proposal for permit fee and *ad valorem* landing tax increases being submitted by ODFW achieves this balance.

In working with ODFW staff on this proposal, we looked carefully at projected landings over the next several years; market conditions; environmental effects such as the likely El Niño event; regulatory proposals at the state, federal, and international level; license and fee levels in adjoining states; and the costs already incurred by Oregon fishermen. We developed an equitable method of differentiating between resident and non-resident fees. We used what we believe are somewhat conservative projections for future landings and resulting revenue. We deliberately chose a set of increases that would be applied up front in the next biennium so that there would be a degree of cost stability over the next six years.

The resulting proposal builds on the positive ending balance in this biennium and maintains a positive ending balance over the next six years while minimizing disruptions to ODFW's Marine Program and its staff. It encompasses an equitable range of adjustments both to licenses and fees and to *ad valorem* landing taxes. It provides stability over a range of years and eliminates the need to seek legislative approval for higher fees and taxes each biennium. Most important, it provides funding for the critical programs that affect Oregon's marine fisheries.

This proposal was not easily arrived at – it took several face to face meetings, conference calls, and email exchanges to reach consensus – and it will not be universally supported by the public. There are those in the commercial seafood industry who – while agreeing with the concept of paying their own way – question whether higher fees and taxes are needed instead of significant additional program reductions. We raised some of those same questions in our meetings with ODFW staff, but after examining the program reductions and proposed transfers to General Fund accounts we somewhat reluctantly agreed that increases will be necessary to properly fund ODFW programs.

Again, we want to emphasize that the proposal we are endorsing is very carefully crafted and takes into consideration assumptions and projections based on the collective knowledge and experience of all of us, including ODFW staff. Significant changes – especially those that add programs back into the Commercial Fish Fund which are now slated to be transferred to the General Fund, or shifts in what we believe is an equitable sharing of the cost burden – could result in erosion of support. We urge that you move this portion of the ODFW funding package forward as proposed.

As always, we appreciate the opportunity to work constructively with ODFW on the conservation and management of Oregon’s marine resources.

Sincerely,

Nancy Fitzpatrick
Oregon Albacore Commission /
Oregon Salmon Commission

Hugh Link
Oregon Dungeness Crab Commission

Rod Moore
West Coast Seafood Processors Assoc.

Brad Pettinger
Oregon Trawl Commission

Joe Rohleder
Seafood Oregon

Terry Thompson
Lincoln County Commission