
MEMORANDUM

Legislative Fiscal Office
900 Court St. NE, Room H-178
Salem, Oregon 97301
Phone 503-986-1828
FAX 503-373-7807

To: Transportation and Economic Development Subcommittee

From: Steve Bender, Legislative Fiscal Office
(503) 986-1836

Date: May 18, 2015

Subject: HB 2998-A – Relating to western juniper
Possible Reconsideration and Work Session Recommendations

House Bill 2998-A was reported out to the Full Committee on May 6, with the recommendation that the bill do pass with the HB 2998-A4 amendments. As amended, the bill provided funds to support the harvesting of Western Juniper and the manufacture of products from Western Juniper.

Four activities were supported with a total of \$900,000 of funds. These included: (1) \$500,000 of Lottery Funds to the Oregon Business Development Department (OBDD) for economic development assistance business loans and grants, (2) \$200,000 of Lottery Funds to OBDD to provide technical assistance to businesses, (3) \$100,000 of Lottery Funds to OBDD for workforce training projects, and (4) \$100,000 of General Fund to HECC to finance mapping of marketable western juniper stands by the Institute for Natural Resources at Portland State University.

In addition, the HB 2998-A4 amendments provided \$123,917 of Lottery Funds to OBDD for costs of administering the new activities. OBDD subsequently reported that they can implement the new programs without additional administrative support funding. The proposed HB 2998-A5 amendments provide \$900,000 for the four activities as identified above, but do not include additional funds to OBDD for administrative costs.

A copy of the recommendation materials from the May 6 work session are posted to OLIS under the Subcommittee's May 6 meeting date, and are also attached to this memo for your convenience.

Legislative Fiscal Office Recommendation

The Legislative Fiscal Office (LFO) recommends amending the bill to change the fund source for OBDD from General Fund to Lottery Funds. Economic development is one of the constitutionally-authorized uses of Lottery Funds, and the Legislature typically allocates Lottery Funds, and not General Fund, to provide support for OBDD's business, innovation and trade programs. The OBDD activities funded in this bill qualify for Lottery Funds support.

The HB 2998-A5 amendments replace the fund source for OBDD with Lottery Funds.

The Legislative Fiscal Office recommends one-biennium budget support of \$800,000 Lottery Funds to the Oregon Business Development Department, and \$100,000 General Fund to the Higher Education Coordinating Commission, and that House Bill 2998-A be amended by the –A5 amendments.

Motion: *Move adoption of the –A5 amendments to HB 2998-A.*

HB 2998-A Final Subcommittee Action:

Final Motion: *Move HB 2998-A, as amended, to the Full Committee with a Do Pass recommendation.*

Carriers:

Full Committee: _____

House Floor: _____

Senate Floor: _____

HB 2998-A5
(LC 1741)
5/15/15 (CDT/ps)

**PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 2998**

1 On page 4 of the printed A-engrossed bill, delete lines 9 through 12 and
2 insert:

3 **SECTION 7.** Notwithstanding any other law limiting expenditures, the
4 amount of \$800,000 is established for the biennium beginning July 1, 2015,
5 as the maximum limit for payment of expenses from lottery moneys allocated
6 from the Administrative Services Economic Development Fund to the Oregon
7 Business Development Department for deposit in the Western Juniper In-
8 dustry Fund for business, innovation and trade purposes as follows.”.

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Phone 503-986-1828
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To: Transportation and Economic Development Subcommittee

From: Steve Bender, Legislative Fiscal Office
(503) 986-1836

Date: May 5, 2015

Subject: HB 2998-A – Relating to western juniper
Work Session Recommendations

House Bill 2998-A appropriates \$800,000 of General Fund to the Oregon Business Development Department (OBDD), and \$100,000 General Fund to the Higher Education Coordinating Commission (HECC), to support harvesting of western juniper and the manufacturing of products from western juniper. The funds provided to OBDD include: (1) \$500,000 for economic development assistance business loans and grants, (2) \$200,000 to provide technical assistance to businesses, and (3) \$100,000 for workforce training. The \$100,000 for HECC is to finance mapping of marketable western juniper stands by the Institute for Natural Resources at Portland State University.

The House Committee on Agriculture and Natural Resources amended HB 2998, reported it out with a Do Pass with amendments recommendation. The committee also recommended that the bill be referred to the Joint Committee on Ways and Means. A copy of that committee's staff measure summary is attached. The summary notes that western juniper grows across more than six million acres of central and eastern Oregon. The majority of area forested by juniper is split between Bureau of Land Management and privately owned lands. Western juniper in Oregon has increased dramatically since the 1930's due to land management decisions, notably wildfire suppression. Juniper expansion affects plant communities, water availability, fire cycles, forage production and wildlife habitat and biodiversity.

The bill has no revenue impact.

Legislative Fiscal Office Recommendation

The Legislative Fiscal Office (LFO) recommends amending the bill to change the fund source for OBDD from General Fund to Lottery Funds. Economic development is one of the constitutionally-authorized uses of Lottery Funds, and the Legislature typically allocates Lottery Funds, and not General Fund, to provide support for OBDD's business, innovation and trade programs. The OBDD activities funded in this bill qualify for Lottery Funds support.

The HB 2998-A4 amendments replace the fund source for OBDD with Lottery Funds. The amendments also increase funding for OBDD by \$123,917 to finance the agency's administrative costs associated with the bill. The HB 2998-A4 amendments do not make any other changes to the bill.

LFO also recommends establishing one half-time limited-duration Operations & Policy Analyst 4 position (0.50 FTE), in OBDD, to support agency administrative activities related to this bill.

Motion: *Move the LFO recommendations to HB 2998-A.*

Recommended Changes to the Bill:

The Legislative Fiscal Office recommends one-biennium budget support of \$923,917 Lottery Funds to the Oregon Business Development Department, and \$100,000 General Fund to the Higher Education Coordinating Commission, and that House Bill 2998-A be amended by the –A4 amendments.

Motion: *Move adoption of the –A4 amendments to HB 2998-A.*

HB 2998-A Final Subcommittee Action:

Final Motion: *Move HB 2998-A, as amended, to the Full Committee with a Do Pass recommendation.*

Carriers:

Full Committee: _____

House Floor: _____

Senate Floor: _____

STAFF MEASURE SUMMARY**House Committee On Agriculture and Natural Resources****Fiscal:** Fiscal impact issued**Revenue:** No Revenue Impact**Action Date:** 03/24/15**Action:** Do Pass As Amended, Be Printed Engrossed, And Bill Be Referred To Ways And Means.**Meeting Dates:** 02/26, 03/05, 03/24**Vote:**

Yeas: 8 - Esquivel, Frederick, Gorsek, Krieger, McKeown, McLain, Whitsett, Witt

Exc: 1 - Barreto

Prepared By: Chuck Gallagher, Committee Administrator

WHAT THE MEASURE DOES:

Requires Oregon Business Development Department (Department) to establish program to provide economic development assistance in form of loans or grants to persons engaged in western juniper harvesting or manufacturing. Establishes conditions for issuing loans and grants and authorizes forgiveness of loans under certain conditions. Requires Department to establish programs to provide technical assistance and workforce training to persons engaged in western juniper harvesting or manufacturing. Requires Department to establish program to identify and map high-quality stands of western juniper that can be harvested in commercially and environmentally reasonable manners and make information available free of charge. Establishes western juniper Industry Fund and appropriates funds. Requires Oregon Department of Agriculture (ODA) to develop regulations for western juniper harvesting. Declares western juniper harvesting to be agricultural activity and exempts harvesting conducted in accordance with ODA regulations from the Oregon Forest Practices Act (OFPA). Declares emergency, effective July 1, 2015.

ISSUES DISCUSSED:

- Environmental benefits of juniper removal and restoration work
- Creating jobs in rural and eastern Oregon
- Potential for job creation through investments in juniper industry
- Need for increased infrastructure, workforce training and early support for industry
- Concerns about harvesting of old-growth juniper, regulation by ODA, and OFPA exemption

EFFECT OF COMMITTEE AMENDMENT:

Removes provisions designating juniper harvesting as agricultural activity to be regulated by Oregon Department of Agriculture. Authorizes Oregon Business Development Department to administer funds to carry out activities either directly or in coordination with third-party contractors identified by the agency. Appropriates funds to Higher Education Coordinating Commission to be expended to allow Institute of Natural Resources personnel at Portland State University to carry out juniper mapping activities.

BACKGROUND:

Western juniper grows across more than 6 million acres of central and eastern Oregon. The majority of juniper forested areas are split between Bureau of Land Management and privately owned lands. Western juniper in Oregon has increased dramatically since the 1930s due to land management decisions, notably wildfire suppression.

Juniper expansion affects plant communities, water availability, fire cycles, forage production and wildlife habitat and biodiversity.

House Bill 2998 A would require the Oregon Business Development Department to establish programs to provide economic development assistance, technical assistance and workforce training to persons engaged in western juniper harvesting or manufacturing and establish a program to identify and map high-quality stands of western juniper in the state. House Bill 2998 A would establish the western juniper Industry Fund separate from the General Fund and appropriate \$900,000 to the Fund for the biennium beginning July 1, 2015. The measure would also require the Oregon Department of Agriculture (ODA) to develop regulations for western juniper harvesting, declare harvesting to be agricultural activity and exempt harvesting conducted in accordance with ODA regulations from the Oregon Forest Practices Act.

**PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 2998**

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2 insert:

3 **SECTION 7.** Notwithstanding any other law limiting expenditures, the
4 amount of \$800,000 is established for the biennium beginning July 1, 2015,
5 as the maximum limit for payment of expenses from lottery moneys allocated
6 from the Administrative Services Economic Development Fund to the Oregon
7 Business Development Department for deposit to the Western Juniper In-
8 dustry Fund for business, innovation and trade purposes as follows:”.

9 After line 15, insert:

10 **SECTION 8.** Notwithstanding any other law limiting expenditures,
11 **the limitation on expenditures established by section 3 (1), chapter**
12 **_____, Oregon Laws 2015, (Enrolled Senate Bill 5525), for the**
13 **biennium beginning July 1, 2015, as the maximum limit for payment**
14 **of expenses from lottery moneys allocated from the Administrative**
15 **Services Economic Development Fund to the Oregon Business Devel-**
16 **opment Department is increased by \$123,917 for the administration of**
17 **activities financed through the Western Juniper Industry Fund.”.**

18 In line 16, delete “8” and insert “9”.

19 In line 21, delete “9” and insert “10”.