

HB 2695

TO: Chair McKeown
Members of the House Transportation Committee

FROM: Greg Peden, Gallatin Public Affairs
Dave Bartz, Schwabe Williamson & Wyatt

RE: HB 2695

DATE: 2/7/17

On behalf of Southport Lumber Company, we urge you to support HB 2695 for the following reasons:

- . This bill corrects an onerous decision made last year by the Oregon State Marine Board to require U.S. tugs towing barges of a limited size carrying forest products from British Columbia, to pay the added cost of hiring a separate, state-licensed pilot to enter Oregon Ports.
- The State Marine Board now agrees with us that this fee is not required.
- For roughly 30 years previously, tugs were not required to pay this fee and this bill returns us to that status.
- As a practical matter, this bill primarily affects forest products (wood chips or logs) that are used in commercial operations in Coos Bay, Oregon. The forest products that are the focus of the exemption come to Oregon from British Columbia.
- The exemption in this bill is similar to a decades-old exemption in Washington law. RCW 88.16.070. Forest products competitors in Puget Sound are not exposed to pilot charges on tug/barge imports from Canada.
- The U.S. tugs towing barges covered by this exemption are operated by mariners with the same U.S. Coast Guard licenses and pilotage endorsements required when the same tugs enter Oregon ports from other U.S. ports. The forest product

mills that need this exemption are cost-sensitive businesses. The savings to the just one lumber mill in Coos Bay exceeds \$100,000, annually.

- The cost for a separate, Oregon-licensed pilot to board tugs hauling forest products barges from British Columbia would add \$7,500-8,000 per delivery.
- The bill does NOT change the current and ongoing requirement that foreign ships and foreign tugs calling Oregon ports must hire an Oregon-licensed pilot.
- The exemption helps other local businesses exporting logs and wood chips from Coos Bay. By keeping lower value, smaller B.C. logs cost competitive to Oregon mills specially tooled to use them, the locally sourced, higher value export logs are more available for the strong revenue produced by log exports. Likewise, B.C. log imports support cost competitive wood chip production to Oregon paper mills and chip exporters.