

BILL SUMMARY
2nd Session of the 52nd Legislature

Bill No.:	HB 2686
Version:	CCS
Author:	Morrisette
Date:	5/25/2010
Impact:	Impact dependent upon the amount of revenue generated by the check-off and license plate programs

Salary cost for FTE to Agriculture of \$200,000 annually, if they fulfill the provisions of the measure

Bill Summary

Research Analyst: Dante Giancola

The conference committee substitute for HB2686 removes the requirement that the Eastern Red Cedar Registry Board work with the Oklahoma Tax Commission to develop recommendations for tax incentives for private property owners who donate eastern red cedar trees to the Eastern Red Cedar Tree Registry.

The CCS also:

- Makes the requirement that the Board prepare an annual report of all activities for each fiscal year and then file that report with the Governor, House and Senate contingent upon available funds;
- Requires DCS to give preferences to Oklahoma-harvested wood – as opposed to only eastern red cedar – when accepting bids for wood products and materials; and
- Removes any purchasing requirements as it relates to eastern red cedar on any state agency not subject to the Oklahoma Central Purchasing Act.

HB2686 creates the “Eastern Red Cedar Registry Board Act.”

The Act creates the Eastern Red Cedar (ERC) registry and Registry Board. The ERC Registry Board’s duties include:

- Providing for the administration of the ERC Registry;
- Promoting the harvesting of ERC trees;
- Maintaining harvesting records;
- Developing new uses and markets for ERC trees and products;
- Promoting marketing, research and education efforts concerning ERC trees;

This measure allows trees harvested from state lands to be made available to all harvesters registered with the Eastern Red Cedar Registry Board.

This measure also creates an 'Eastern Red Cedar Tree License Plates and the Eastern Red Cedar revolving fund in the State Treasury for the ERC Registry Board.

Fiscal Summary

Fiscal Analyst: Mark Nichols

The conference committee substitute for HB 2686 creates the Eastern Red Cedar Initiative Act of 2010. It creates the Eastern Red Cedar Registry Board, under the authority of and with administrative duties performed by the Department of Agriculture, as permitted by existing funding and agency resources. The purpose of the board is to create a registry of eastern red cedars in the state and promote the harvesting of red cedars. The measure creates the "Eastern Red Cedar Revolving Fund" in the Department of Agriculture and provides for a check-off program on state income tax returns.

The measure states legislative intent for agencies to add materials made from red cedars to their procurement activities. The measure also directs the Tax Commission to create a Remove the Eastern Red Cedar license plate and provides that \$23 of the license plate fee be deposited in the Eastern Red Cedar Revolving Fund.

The measure directs the Department of Commerce to utilize existing resources and staff to emphasize existing economic and tax incentives for entities involved in the processing of or products related to red cedars. The measure also adds fuels derived from red cedars to the definition of biofuels as defined in the Oklahoma Bioenergy Center Act.

Finally, the measure directs the Corporation Commission to set a cedar tree energy goal by July 2012 and have that goal achieved by 2014.

Fiscal Analysis

The check-off and license plate provisions will generate some revenue, but the exact impact will be dependent upon the number of persons using the check off or purchasing the license plate.

Officials at the Department of Agriculture state that existing personnel and resources would not be enough to fulfill the provisions of the measure and that if they fulfilled the provisions as written, an additional 4.5 FTE would be required, at an annual cost in salary and benefits of \$200,000.

The Department of Commerce states that they can fulfill the provisions of the measure with existing staff and resources, based on their interpretation of 'special emphasis'.

Officials at the Corporation Commission state that they would be able to set the renewable cedar goal outlined in the bill with existing resources.

Officials at the Department of Central Services and the Tax Commission state that the provisions of the measure would provide no additional administrative expense.

Long Term Fiscal Considerations

The removal and processing of red cedars would ease the infestation of these trees in certain parts of the state, and Oklahoma State University estimates economic losses of \$447 million by 2013, if these trees continue to increase at the current rate.

Fiscal Analysis Reviewed By:

Janice Buchanan

House Fiscal Director