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Logs are loaded onto trucks after a thinning operation. A bill that would slash funding for the Oregon Forest Resources Institute is heading for a vote on the House floor.

Oregon House to vote on bill slashing OFRI funding

By MATEUSZ PERKOWSKI
Capital Press

Funding for the Oregon Forest Resources Institute would be substantially decreased under a bill that's been cleared for a House vote by a key legislative committee.

The institute provides education to landowners and the public about forest management but has come under fire from critics for alleged bias and lobbying on behalf of timber interests.

Currently, OFRI receives nearly \$4 million in annual funding from a timber harvest tax.

Under House Bill 2357, 67% of the harvest tax revenues would be directed to accounts aimed at encouraging sound forestry practices and assisting family forestland owners, overseen by the Oregon Department of Forestry.

One-third of the harvest tax revenues would continue going to OFRI, whose board of directors would include new members representing the environment community and fish and wildlife scientists.

The original version of HB 2357 would have eliminated OFRI but the House Committee on Agriculture and Natural Resources approved a scaled-back version of the bill earlier this year.

The House Revenue Committee has now recommended an amended version of the bill for a vote on the House floor with a "do pass recommendation."

"I do think it provides the additional accountability we would like to see," said Rep. Andrea Valderama, D-Portland, during a recent legislative hearing.

Rep. Khanh Pham, D-Portland, said she was comfortable with the changes made by HB 2357, noting that funding for family forestland owners and sound forestry practice education would remain stable under the bill.

"I'm glad we're keeping the overall amount of money and keeping the important landowner education program and other education programs," she said. "But shifting it to ODF can actually lend some expertise and specificity that landowners receive."

Opponents of the bill, such as Rep. Werner Reschke, R-Klamath Falls, said the bill was an overreaction and urged lawmakers to hold off on cutting OFRI's funding until a pending audit was completed by the state's Secretary of State.

"We're taking a drastic step here and we can't walk it back until the next session. Reducing the budget by two-thirds eliminates a lot of what OFRI does today," he said.

The allegations of ethical violations favoring the timber industry also occurred under a previous executive director, Reschke said.

"Do we need to tighten things up? Do we need to take a look at it?" he said. "Yeah, I think we do but we also need to use the Secretary of State's audit as a guide."

Wash. Farm Bureau takes lead in fighting new tax

By DON JENKINS
Capital Press

The Washington Farm Bureau has taken a leading role in challenging the state's new capital gains tax, enlisting farmers as plaintiffs and former state attorney general Rob McKenna as the lead attorney.

The law exempts from taxation income from the sale of real estate or livestock, but taxes income from selling shares of business partnerships, stock or bonds. The tax will hit many agricultural producers, according to the lawsuit filed by the Farm Bureau.

The Farm Bureau doesn't want to wait for administrative rulings or further legislative actions to pinpoint the tax's reach, CEO John Stuhlmiller said.

"We're going for the whole thing. It's a bad policy," he said.

Beginning in 2022, capital gains over \$250,000 in a year will be taxed at 7%. The state Department of Revenue estimates that in 2023 some 7,000 taxpayers will owe a total of \$415 million. Taxpayers will have to submit their federal tax returns to the state.



Capital Press File

Former state attorney general Rob McKenna represents the Washington Farm Bureau in a lawsuit challenging the state's new capital gains tax.

The Farm Bureau claims the capital gains tax violates the state constitution.

The suit was filed in Douglas County in Central Washington. The conservative think-tank Freedom Foundation filed a similar lawsuit in the same farm-rich county.

McKenna said May 28 voters have repeatedly rejected constitutional amendments to tax income. Instead of trying again, lawmakers are seeking to put over a tax on income by "mislabeling" it as

an excise tax, he said.

"They know in their hearts voters are not going to approve a constitutional amendment," McKenna said. "I took this case on because I think voters ought to be respected, and the constitution ought to be respected."

In signing the bill last month, Inslee said the tax would make the state's tax system more just, calling it an "excise tax on extraordinary profits that will impact a small number of Washingtonians."

Inslee stressed the word "excise," and the bill enacting the tax calls it an excise tax. An excise tax, levied on transactions, would not have the same constitutional problem as an income tax.

The Farm Bureau suit argues that other states and the Internal Revenue Service classify capital gains as income, so taxing capital gains amounts to an income tax.

The state Supreme Court has consistently ruled that income equals property. The state constitution requires classes of property to be taxed uniformly. Also, total taxes can't exceed 1% of the property's value.

By exempting the first \$250,000 of capital gains, the capital gains tax doesn't tax all property the same. By setting the rate at 7%, the tax far exceeds the 1% limit, the suit argues.

Under the suit's reasoning, the state could impose a flat 1% tax on all income, but that's it.

The state Supreme Court handled a similar case in 1932 after voters approved a graduated income tax, while lowering property taxes. Land-rich but cash-poor farmers supported the initiative.

The court overturned the law. One justice wrote that "it might not be unwise, or even unfair" to tax a man with 10,000 cattle at a higher rate than a man with 1,000 head, "but the constitution forbids it."

A dissenting judge accused the majority of putting the state in a "straitjacket" and disregarding the "conditions that brought it into being."

Democrats are making a similar argument for taxing capital gains. "We are taking a big stride on the arc of the moral universe towards a more just Washington state," Inslee said.

Pilot project uses dogs to sniff out little cherry disease

By SIERRA DAWN McCLAIN
Capital Press

WENATCHEE, Wash. — "Cherry!"

At the command, Aspen, an Australian Shepherd, bounded along a row of boxes, sniffing each. Jan Flatten, the dog's owner-trainer, ran behind, holding the leash.

Suddenly, Aspen stopped. After smelling a box, she sat by it and looked at Flatten.

"Yes! Good girl," said Flatten. She gave Aspen a treat.

Aspen had just sniffed out, among a row of clean cherry branches, the one piece of wood infected with little cherry disease, which researchers call an "existential threat" to the industry. Here at the Wenatchee Kennel Club in central Washington, volunteers are working with researchers, growers, detectives and USDA experts to train dogs sniff out little cherry disease.

For decades, people have trained dogs to detect explosives, diseases, drugs and criminals. The new frontier for detection dogs, experts say, is agriculture.

Little cherry disease, caused by phytoplasma or one of two viruses, prompts trees to produce cherries that are small, pale and weak-flavored, making them unmarketable.

Growers typically can't detect the disease until it's too late — when the only solution is removing the infected tree to prevent the disease's spread.

In a draft survey by Oregon

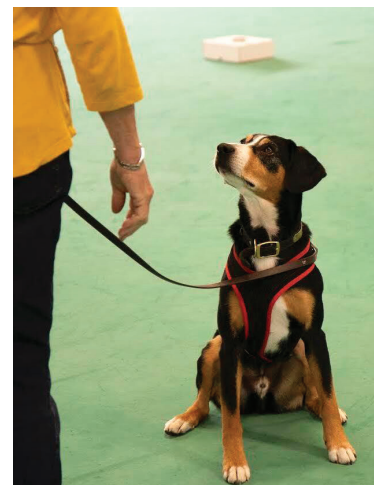


Texas Tech University/Ashley Rodgers
The Wenatchee Kennel Club plans to bring in Nathan Hall, Texas Tech University assistant professor of companion animal science, for some third-party consulting, controlled trials and verification later this year.

State University and Washington State University, growers across the two states reported removing 974 acres of sweet cherries due to the disease between 2015 to 2020. \$115 million in lost revenue and costs. Because survey respondents manage only 26% of acreage across the region, experts estimate real losses are much higher.

"It's unbelievable the number of cherry orchards ripped out. We're at epidemic levels," said Teah Smith, agricultural consultant and entomologist at Zirkle Fruit Company.

Smith, along with Hannah Walter, orchard project lead at Stemilt



Sierra Dawn McClain/Capital Press
Cubby, a dog in the pilot project, looks up at Sue Edick, waiting for the cue to smell the boxes.

Growers LLC, are providing the Wenatchee Kennel Club with both clean and diseased cherry tree samples for trials.

The goal of this project is to train dogs to differentiate between clean and diseased wood and to detect the disease early, when the trees are dormant or in the nursery before planting.

"They're doing really well so far," said Ines Hanrahan, executive director of the Washington Tree Fruit Research Commission. "Everything looks very promising."

Lynda Pheasant, the pilot project's leader at the kennel club, agreed.

"There's no doubt now the dogs know what they're doing," she said.

Wenatchee Kennel Club is a volunteer-run organization founded in 1963. The club has about 150 members and offers 33 weekly classes in tracking, hunting, agility and scent work.

Six kennel club volunteers and their dogs were chosen for the pilot project. They come from a range of professional backgrounds, including the U.S. Forest Service, Housing Authority, USDA and CMI Orchards. Most are retired.

Their dogs represent a range of breeds. For the dogs, detection "work" is really play.

The dogs recently completed the first seven-week series and are now into their second course. The goal is to get the dogs in orchards by the end of 2021.

For this project, the Wenatchee Kennel Club has sought support from outside experts, including Hallie McMullen, an Idahoan who started training detection dogs for criminal justice work in 1995, and Nathan Hall of Texas Tech University, who recently won a \$475,000 USDA grant for his own detection dog research.

The project's leaders say they envision a future where some people will become dog entrepreneurs, some farmers will train their own dogs and volunteers will offer community service.

Sue Edick, a volunteer, said she's excited to serve the community with her dog, Cubby.

"It's incredible what dogs can do," she said. "It's thrilling to witness."

World's largest meat processor, JBS, hit by cyberattack

By SIERRA DAWN McCLAIN
Capital Press

JBS USA, a subsidiary of JBS, the world's largest meat processing company, announced Monday the company had been hit by an "organized cybersecurity attack" over the weekend.

According to the company's statement, JBS determined Sunday it was the target of a ransomware attack affecting some servers in its North American and Australian IT systems.

In response to the attack, according to a company statement, JBS took immediate action, suspending all affected systems and calling on third-party experts to help resolve the problem.

Sunday, the company also notified the Biden administration of the attack.

In a press briefing aboard Air Force One Tuesday, Karine Jean-Pierre, the principal deputy press secretary at the White House, told reporters aboard a plane to Oklahoma that JBS had notified the administration of the attack right away and noted it appeared to come from a criminal organization likely based in Russia.

"The White House has offered assistance to JBS, and our team and the Department of Agriculture have spoken to their leadership several times in the last day," Jean-Pierre told reporters.

The White House, she said, is "engaging

directly with the Russian government" and the FBI is investigating.

After the attack, JBS also temporarily shut down slaughter operations in Australia, altered shifts at some Canadian operations and canceled shifts at several plants across the U.S.

Although JBS did not immediately respond to the Capital Press's request for comment about the scale of shutdowns, according to labor unions and notices issued to employees, JBS's five biggest beef plants in the U.S., which together process 22,500 cattle daily, have halted or slowed processing. These include plants in Colorado, Texas, Nebraska, Minnesota, Iowa and Pennsylvania.

In total, JBS employs more than 66,000 people at 84 locations across the U.S.

Marc Perrone, president of United Food and Commercial Workers, a union representing JBS meatpacking workers, said he's pleased with JBS's work to resolve the disruptions. Perrone said he is also calling on JBS to continue paying workers even during plant shutdowns.

JBS has not yet commented on how long the shutdowns might last, although the company statement said that "resolution of the incident will take time" and customers and suppliers can expect delays.

According to the White House, USDA officials have spoken to several major meat processors across the U.S. and alerted them of the situation. USDA is assessing how the incident may impact the nation's meat supply, including possible impacts for consumers and agricultural producers. In all, the company controls about 20% of beef sold nationwide, according to industry estimates.

Brooke Miller, president of the U.S. Cattleman's Association, said he's concerned the disruption, if it lasts long, could create a supply chain bottleneck, potentially dropping live cattle prices "dramatically."

"We'll have to wait and see, but it certainly looks like this sort of unnatural disaster could have the same kind of affect that COVID-19 had, and because of how big JBS is, maybe even worse in terms of scale," said Miller.

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