

**HOUSE COMMITTEE ON**  
**TRADE AND ECONOMIC DEVELOPMENT**

**March 21, 2005 Hearing Room 343**

**8:30 A.M. Tapes 43 - 44**

**MEMBERS PRESENT:           Rep. John Lim, Chair**

**Rep. Scott Bruun, Vice-Chair**

**Rep. Jeff Merkley, Vice-Chair**

**Rep. Peter Buckley**

**Rep. John Dallum**

**Rep. Chuck Riley**

**MEMBERS EXCUSED:           Rep. Donna Nelson**

**STAFF PRESENT:             Jim Stembridge, Committee Administrator**

**Erin Seiler, Committee Assistant**

**MEASURES/ISSUES HEARD:**

**Oregon's Public Ports – Informational Meeting**

**HB 2199 – Work Session**

**HB 2176 – Work Session**

**Introduction of Committee Sponsored-Measures – Work Session**

**These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.**

<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 43, A</b>		
001	Chair Lim	Opens the meeting at 8:35 a.m. Opens the informational meeting on Oregon's Public Ports.

**OREGON'S PUBLIC PORTS – INFORMATIONAL MEETING**

009	Ken Armstrong	Director, Oregon Ports Groups. Introduces Don Mann of the Port of Newport, Dave Harlan of the Port of Hood River, and Pat Egan of the Port of Portland
020	Armstrong	Briefly explains the size, purpose, and economic role of Oregon Ports system.
040	Don Mann	General Manager, Port of Newport. Speaks to the role of the Port of Newport and the entire coastal port system in advancing commerce, tourism, and economic development opportunities throughout Oregon.
071	Mann	Discusses why it is important that coastal ports maintain commercial viability and commercial fishing industry.
088	Rep. Dallum	Asks if the state has a role in maintenance drudging.
093	Mann	Explains that Army Corps of Engineering is responsible for maintenance drudging and the role of the state is limited to providing financial support for local projects through the Marine Navigation Improvement Fund.
111	Pat Egan	Representative, Port of Portland. Submits Port of Portland Introduction and Overview PowerPoint presentation ( <b>EXHIBIT A</b> ).
121	Egan	Gives an overview of the Port Charter and Mission ( <b>EXHIBIT A, Page 1</b> ).
147	Egan	

Explains the economic impact of marine activities at the Port of Portland (**EXHIBIT A, Pages 5 – 8**).

- 155 Chair Lim Asks, in total volume, what the top two ports in container shipping on the West Coast.
- 160 Egan In terms of volume, believes that Tacoma is the number two and Long Beach the number one port in container shipping.
- 169 Egan Explains why the Port of Portland is largest auto handler on the West Coast (**EXHIBIT A, Page 9**).
- 181 Egan Discusses the current status of the Columbia River channel deepening project (**EXHIBIT A, Pages 10 -11**).
- 190 Egan Addresses the economic impact of aviation and value of international air travel to the state (**EXHIBIT A, Page 12 – 13**).
- 199 Egan Explains the Port of Portland’s logistical challenges and strategic investment plans (**EXHIBIT A, Page 14**).
- 228 Egan States the economic importance of the multi-modal transportation package, Connect Oregon.
- 237 Rep. Riley Asks what the Port of Portland’s immediate plans are for the Hillsboro Airport.
- 244 Egan Explains that the Port of Portland is discussing how to improve airport and terminal infrastructure and road access.
- 261 Chair Lim Expresses concern about the ability of the Port of Portland to compete with other West Coast ports and whether the Oregon Port system has the infrastructure necessary to “capture” new economic opportunities.
- 287 Egan Explains how the Port of Portland is “doing everything that we can to address the challenges that we have got today.”
- 330 Armstrong Explains the infrastructure expansion challenges of the Port of Coos Bay and Port of Astoria.

- 365 Rep. Dallum Asks what role Oregon Ports play in exporting timber and agricultural products.
- 371 Egan States that federal and state forest policy have limited timber activity, but the Port of Portland remains the only major port on the West Coast that has more export than import activity.
- 394 Mann Explains how agricultural exporting at coastal ports has decreased due to geographical constraints.

**TAPE 44, A**

- 013 Rep. Dallum Asks what the Oregon Legislature can do to stimulate the export of Oregon's raw materials and products.
- 016 Mann Points out that agricultural export markets are "very market driven commodities" and until market demand changes coastal ports will continue to suffer.
- 024 Rep. Dallum Asks how the Oregon Legislature can assist the Port of Portland in the exporting of farm products.
- 025 Egan Explains why the most significant help that the state can provide is investing in transportation infrastructure which would ensure the ability to move items as quickly as possible.
- 049 Dave Harlan Executive Director, Port of Hood River. Explains the operational responsibilities and primary economic development activities at the Port of Hood River.
- 072 Harlan Cites several active economic development projects at the Port of Hood River and several potential projects in Hood River and surrounding area.
- 147 Harlan Addresses how economic growth and business expansion in Hood River has been negatively impacted by the lack of "marketable, competitive, shovel-ready, and available industrial property."
- 211 Rep. Dallum Asks what can be done in the Oregon Legislature to make industrial land development "agile, competitive, and available."

- 223 Harlan Cites efforts to change administrative rules regarding “Goal Nine,” the state-wide planning goals for economic development, as positive steps forward.
- 259 Armstrong Confirms necessity to change “Goal Nine” administrative rules and provide transportation infrastructure vital to attracting new industry and business.
- 301 Chair Lim Asks how much is in the State Port Revolving Fund.
- 308 Armstrong States that there is between \$12 million and \$13 million dollars in the process of being repaid to the fund and nearly \$2 million dollars available for loan.
- 327 Chair Lim Asks what industrial land has been sold by the Port of Portland.
- 336 Egan Explains that the Port of Portland recently sold Terminal 1 to the City of Portland and currently negotiating with Freightliner to purchase additional land from the Port of Portland.
- 359 Chair Lim Asks how many jobs have been created by Port of Portland.
- 369 Egan Explains the job creation potential at the Port of Portland, Portland International Airport, and subsequent tertiary jobs in the communities.

**TAPE 43, B**

- 011 Chair Lim Asks what the long-term plans are for capturing and expanding the market share of international business in Oregon Ports.
- 018 Egan Speaks to plans in the area of aviation to expand Oregon’s market.
- 037 Chair Lim Closes the informational meeting on Oregon’s Public Ports. Opens the work session on HB 2199.

**HB 2199 – WORK SESSION**

- 040 Jim Stembridge Committee Administrator. Explains HB 2199, which moves oversight of vertical housing development zone program from Economic and Community Development Department to Housing and Community

Services Department. Submits and summarizes -1 amendments **(EXHIBIT B)**.

- 073 John Fletcher Legislative Director, Oregon Housing and Community Services Department. Testifies in support of HB 2199 and explains the technical changes in -1 amendments.
- 110 Arthur Fish Business Incentives Coordinator, Oregon Economic and Community Development Department (OECDD). Testifies to OECDD support for HB 2199.
- 128 Fletcher Comments that HB 2199 makes “positive changes” to the vertical housing program and will spur activity within the program.
- 134 Rep. Bruun Asks if there will be a change in the way the program is marketed.
- 140 John Warton Representative, Oregon Housing and Community Services Department. Speaks to how Oregon Housing and Community Services Department intends to promote the vertical housing program by merging it with existing marketing program.
- 147 Rep. Merkley Asks what the mission of the vertical housing project tax deduction is.
- 153 Fletcher Identifies and explains the primary and secondary objectives of the vertical housing tax deduction.
- 166 Rep. Merkley Expresses concerns about how broadening the definitions of vertical housing and urban core would inhibit the ability to establish a coherent program because it would remove the clear and focused target of what the program is intended to accomplish.
- 193 Warton Explains why Oregon Housing and Community Development Department wants to statutorily establish a broader and more flexible definition of vertical housing and urban core.
- 221 Fletcher States that several agencies have expressed similar concerns about the effect on the cohesiveness of the program with the broadening of the definition of vertical housing; however most concern has been allayed because said agencies will be involved in the drafting of the administrative rules and criteria defining vertical housing project.
- 248 Rep. Buckley

Asks if giving cities flexibility to negotiate the length of the tax exemption was considered or was it decided that ten years was the necessary incentive.

- 255 Fletcher Believes that such an idea has not been considered.
- 285 Rep. Buckley Asks if the League of Oregon Cities have ever asked to have the flexibility to negotiate the total length of tax exemption.
- 295 Rep. Dallum Comments on the potential for new development in The Dalles because of the broader language in HB 2199.
- 302 Warton Explains how the broader language would allow substantial building rehabilitation of existing buildings to qualify for the vertical housing tax exemption.
- 322 Rep. Dallum Confirms that HB 2199 effectively expands the scope of the vertical housing program “from high-density urban areas to rural communities, broadening the scope to make it a statewide program.”
- 341 Art Schlack Policy Director, Association of Oregon Counties (AOC). States that AOC has conditional support for HB 2199, provided cities and counties retain the ability to define land use criteria because the tax-exemption has an effect on property taxes.
- 378 Chair Lim Confirms that HB 2199 will be referred to House Revenue.
- 388 Rep. Bruun MOTION: Moves to ADOPT HB 2199-1 amendments dated 3/11/05.**
- VOTE: 6-0-1**
- EXCUSED: 1 - Nelson**
- Chair Lim Hearing no objection, declares the motion CARRIED.**
- 399 Rep. Bruun MOTION: Moves HB 2199 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Revenue.**

017 **VOTE: 6-0-1**

**EXCUSED: 1 - Nelson**

**Chair Lim Hearing no objection, declares the motion CARRIED.**

022 Chair Lim Closes the work session on HB 2199. Opens the work session on HB 2176.

**HB 2176 - WORK SESSION**

028 Jim Stembridge Committee Administrator. Explains HB 2176, which eliminates position of Brownfields Redevelopment Coordinator. Submits and summarizes -1 amendments (**EXHIBIT C**).

049 Karen Homolac Regional Coordinator, Oregon Economic and Community Development Department (OECDD). Explains that -1 amendments provide OECDD with the authority to establish the Brownfields Cleanup Program and authority to enter into loan and grant agreements.

055 Rep. Riley Asks if -1 amendments have a fiscal impact.

059 Homolac Explains there is no fiscal impact because the monies are already in the fund, -1 amendments give OECDD the statutory authority to use the monies.

065 **Rep. Bruun MOTION: Moves to ADOPT HB 2176-1 amendments dated 03/16/05.**

**VOTE: 5-0-2**

**EXCUSED: 2 - Merkley, Nelson**

**Chair Lim Hearing no objection, declares the motion CARRIED.**

073 **Rep. Bruun MOTION: Moves HB 2176 to the floor with a DO PASS AS AMENDED recommendation.**

**VOTE: 5-0-2**



**EXCUSED: 2 - Merkley, Nelson**

**Chair Lim                   Hearing no objection, declares the motion CARRIED.**

**REP. DALLUM will lead discussion on the floor.**

088           Chair Lim                   Closes the work session on HB 2176. Opens the work session for the introduction of committee-sponsored measures.

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**Introduction of Committee Sponsored-Measures – WORK SESSION**

102           Jim Stembridge           Committee Administrator. Submits and summarizes LC 3340  
**(EXHIBIT D).**

105           Rep. Bruun                   **MOTION: Moves LC 3440 BE INTRODUCED as a committee bill.**

**VOTE: 5-0-2**

**EXCUSED: 2 - Merkley, Nelson**

**Chair Lim                   Hearing no objection, declares the motion CARRIED.**

111           Chair Lim                   Closes the work session for the introduction of committee-sponsored measures. Adjourns the meeting at 10:08 a.m.

**EXHIBIT SUMMARY**

- A. Oregon's Public Ports, Port of Portland Introduction and Overview PowerPoint Presentation, Pat Egan , 14 pp
- B. HB 2199, -1 amendments, staff, 13 pp
- C. HB 2176, -1 amendments, staff, 2 pp
- D. Introductions, LC 3440, staff, 10 pp