

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

**May 11, 2005 Hearing Room 343**

**8:30 A.M. Tapes 73 - 75**

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

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

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

**Rep. Donna Nelson**

**Rep. Chuck Riley**

**MEMBER EXCUSED:       Rep. Peter Buckley**

**Rep. John Dallum**

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

**Erin Seiler, Committee Assistant**

**MEASURES/ISSUES HEARD:**

**Oregon Tourism Plan for 2005-07 – Informational Meeting**

**HB 3307 - Work Session**

**HB 2174 - 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 73, A</b>		
001	Chair Lim	Opens the meeting at 8:35 a.m. Opens the informational meeting on the Oregon Tourism Plan for 2005-07.

**OREGON TOURISM PLAN FOR 2005-07 – INFORMATIONAL MEETING**

004	Todd Davidson	Chief Executive Officer, Oregon Tourism Commission. Submits and summarizes the Travel Oregon Strategic Marketing Plan and Budget 2005-07 report ( <b>EXHIBIT A</b> ).
045	Davidson	Explains Travel Oregon’s domestic consumer marketing program ( <b>EXHIBIT A, Pages 15 – 16</b> ).
075	Davidson	Discusses the new advertising and partnership opportunities that Travel Oregon will be pursuing for 2005-07 ( <b>EXHIBIT A, Pages 17 – 18</b> ).
121	Davidson	Explains Travel Oregon publications, media relations, and promotion activities ( <b>EXHIBIT A, Pages 20 – 25</b> ).
181	Davidson	Explains Travel Oregon’s domestic travel trade strategy ( <b>EXHIBIT A, Pages 31 – 32</b> ).
206	Davidson	Explains Travel Oregon’s international marketing program and the primary and secondary markets that are being targeted ( <b>EXHIBIT A, Pages 33 – 35</b> ).
227	Davidson	Addresses the performance measurements instituted by Travel Oregon ( <b>EXHIBIT A, Page 37</b> ).
244	Davidson	Explains the five goals of the Travel Oregon Tourism Industry Services department ( <b>EXHIBIT A, Page 38</b> ).
275	Davidson	Explains the Tourism Industry Services department three-tiered approach that would be implemented in order to meet the five goals

and reviews strategy for providing resources and educational opportunities about Oregon tourism (**EXHIBIT A, Pages 38 – 40**).

- 308 Davidson Reviews the second strategy, which is to facilitate the development of tourism products (**EXHIBIT A, Pages 40 – 42**).
- 323 Davidson Reviews the third strategy, which is to support tourism industry workforce development (**EXHIBIT A, Page 43**).
- 353 Rep. Nelson Suggests that Travel Oregon create a Veterans Memorial guide and a “Four Seasons of Oregon” program.
- 394 Davidson Explains that Travel Oregon is in the process of developing a database that will index local attractions in cities and counties throughout Oregon.

#### **TAPE 74, A**

- 007 Rep. Nelson Asks about the participation of Oregon Tribes in the promotion of tourism.
- 023 Davidson Speaks to the partnership between Travel Oregon and Oregon Tribal communities.
- 031 Rep. Bruun With regards to the seven billion dollars in annual tourism revenues generated in Oregon, asks how does the revenue breakdown by industry and what has been the growth of these industries in the last few years.
- 036 Davidson Speaking in broad terms, explains how the seven billion dollars in tourism revenue breaks down within the various travel industries.
- 052 Rep. Bruun Asks for the specific ways that Travel Oregon markets and promotes “Oregon to Oregonians.”
- 058 Davidson Explains the programs and strategies for promoting tourism and travel opportunities in Oregon to Oregonians.
- 075 Chair Lim Asks how Oregon’s “welcome to come, but do not stay” reputation has effected the tourism industry in the state.

081	Davidson	Acknowledges that that is a stigma that continues to plague the state, but explains the marketing program developed by Travel Oregon to repair that image.
100	Chair Lim	Asks about the meaning and concept behind the “Oregon Dreamer” marketing campaign.
107	Davidson	Explains the concept, intention, and positive response to the “Oregon Dreamer” campaign.
130	Chair Lim	Asks how the Travel Oregon Strategic Marketing Plan for 2005-07 plan is different from previous years.
144	Davidson	Explains how the Travel Oregon Strategic Marketing Plan for 2005-07 is an expansion on successful programs and marketing strategies from previous years.
171	Chair Lim	Speaks to the importance of international tourism for Oregon and desire to see Travel Oregon increase the promotion and marketing of international tourism.
202	Chair Lim	Closes the informational meeting on the Oregon Tourism Plan for 2005-07. Opens the work session on HB 3307.

**HB 3307 – WORK SESSION**

210	Jim Stembridge	Committee Administrator. Explains HB 3307, which eliminates requirement that jobs made available to JOBS Plus Program participants do not displace regular employees or fill unfilled positions previously established. Submits and summarizes -1 amendments ( <b>EXHIBIT B</b> ). Submits and summarizes -2 amendments ( <b>EXHIBIT C</b> ).
250	Tamara Brickman	Legislative Coordinator, Oregon Employment Department (OED).
256	Rep. Merkley	In regards to -2 amendments, asks for clarification about the \$88 million dollar charge to the unemployment fund and whether it would trigger an increase in employer’s unemployment tax rates.
264	Brickman	Explains how the -2 amendments would effect the amount of the diversion from the unemployment trust fund to JOBS Plus trust fund and how, if enacted in conjunction with the extension of

unemployment insurance and reduction in unemployment insurance taxes, employers unemployment tax rate would increase.

- 288 Rep. Merkley Asks if it correct that \$88 million dollars plus an additional \$200 million dollars in reductions would be “wiped out.”
- 298 Brickman Clarifies that the tax reduction employers receive would be reduced to \$112 million dollars.
- 301 Rep. Merkley Verifies that there would be an impact on the unemployment tax rate charged to employers if the JOBS Plus Program was continued.
- 304 Brickman Explains how the passage of HB 2127 (2005) and -2 amendments would effect an employers pay roll tax rate schedule and the amount of money diverted into the JOBS Plus trust fund.
- 315 Rep. Merkley Asks if the change in schedule translates to a per hour rate or percentage increase.
- 318 Brickman States that the \$88 million dollars represents a 15.5 percent increase in what OED projects to collect without the JOBS Plus Program.
- 326 Rep. Nelson Asks if an individual who had owned their own business can be placed in a job through the JOBS Plus Program.
- 340 Brickman Explains why an independent contractor or one time small business owner may not be eligible to participate in the JOBS Plus Program.
- 355 Rep Nelson Asks for a definition of an independent contractor.
- 358 Brickman Explains how independent contractor is defined by state statute.
- 367 Rep. Nelson Asks what percentage of unemployed people coming to OED are not able to participate in the JOBS Plus Program.
- 375 Brickman Estimates the percentage of unemployed people covered by OED.
- 388 Deborah Lincoln Director, OED. Clarifies that unemployment insurance claimants are the only people eligible to participate in JOBS Plus Program.

401 Brickman Explains the employment assistance programs that OED offers to people who are not eligible to participate in the JOBS Plus Program.

**TAPE 73, B**

002 Rep. Merkley Asks if recent high school graduates or college students with no work history are eligible to participate in the JOBS Plus Program.

007 Brickman Explains that students, whether high school or college, are not eligible to participate in the JOBS Plus Program because they do not have the requisite work history to qualify for unemployment insurance benefits.

014 Rep. Merkley Asks if people returning to the workforce or whose unemployment insurance benefits have expired are eligible to participate in JOBS Plus Program.

020 Brickman States that 90 percent of people are only eligible for placement in a JOBS Plus job during the eight week period after making an unemployment insurance claim.

027 Rep. Merkley In reference to the 15.5 percent increase in taxes, how would that tax increase affect the number of jobs that are available.

032 Brickman Discusses the negative impact on job availability if unemployment insurance taxes increased.

040 Rep. Nelson Inquires as to whether there was a surplus in the unemployment insurance trust fund.

042 Brickman States that the money in the unemployment insurance trust fund is not a surplus, but money kept in reserve to pay unemployment benefits for eighteen months during a period of recession and explains that OED intends to reduce the rate of collection to allow employers to put more money back into their businesses.

055 Rep. Nelson Asks how much money is in the trust fund.

056 Brickman States that there is between \$1.3 million dollars and \$1.4 million dollars.

061	Rep. Riley	Verifies that all employers in the state, through unemployment insurance pay-roll taxes, subsidize the JOBS Plus trust fund.
066	Brickman	States that 100 percent of employers pay, through pay-roll taxes, the tax that provides the JOBS Plus fund that less than two percent of all employers are actually utilizing.
074	Chair Lim	Asks how much the administrative costs are for the JOBS Plus Program.
076	Lincoln	Explains why 33 percent of the JOBS Plus Program appropriation is spent on administrative costs.
088	Chair Lim	Clarifies that OED spends \$2 million dollars each fiscal year to run the JOBS Plus Program.
094	Lincoln	Cites the high administrative costs as one of the reasons that OED does not support the continuation of the JOBS Plus Program.
095	Chair Lim	Identifying the success of the Oregon Lottery Commission to operate with low administrative costs, asks how OED can reduce administrative costs of the JOBS Plus Program to similar levels.
106	Lincoln	States that without an audit function, the OED does not have the ability to assess administrative functions and explains that reauthorizing the program with the additional placement requirements would substantially increase administrative costs.
135	Chair Lim	Asks how many OED employees staff the program.
138	Lincoln	States current number of staff OED employees to administer the JOBS Plus Program.
153	Chair Lim	Asks what happens to the OED employees who administer the program if it was discontinued.
155	Lincoln	Explains how OED, in anticipation of the discontinuation of the JOBS Plus Program, have eliminated positions through attrition.
163	Rep. Bruun	

		Asks about training and educational alternatives to the JOBS Plus Program, in particular how efficient and cost effective the program alternatives are.
169	Lincoln	Describes the various claimant reemployment, job training, and case management programs.
214	Rep. Merkley	Asks if it is correct that the type of job placements that JOBS Plus participants are supposed to be placed in are new, long term jobs, that are not seasonal or temporary positions.
218	Lincoln	Confirms that the intent of the program is to place participants in new job positions that will become permanent; however that is not how employers are utilizing the program.
231	Rep. Merkley	Citing the aforementioned purpose questions why temporary agencies are involved in this program, asking if these agencies are filling temporary jobs or filling permanent jobs on behalf of companies.
238	Lincoln	Cites several ways that temporary agencies have used JOBS Plus jobs and antidotal evidence that temporary agencies have received JOBS Plus subsidies for temporary placements.
260	Rep. Merkley	Asks if that is a violation of program guidelines for temporary agencies to receive subsidies for that type of job.
266	Lincoln	Explains how program guidelines prevent OED from auditing or assessing whether job listings by temporary agencies actually meet statutorily required training component as described in job submission.
281	Rep. Nelson	Asks who Hire Calling is.
282	Lincoln	States that it is a staffing agency.
284	Rep. Nelson	Asks why are the administrative costs 33 percent if half of JOBS Plus participants are going to Hire Calling.
287	Lincoln	Agrees that it is not a good use of the program money.
292	Rep. Nelson	Asks who SITEL is.



- 295 Brickman Believes that SITEL staffs calling centers.
- 300 Rep. Nelson Comments on companies who utilize JOBS Plus Program and how they “provide skills” and “opportunities that a person would never have any other place.”
- 323 Lincoln Suspects that companies who provide on-the-job training would have provided it regardless of whether they received a state subsidy, adding that companies such as Nike or Columbia Sportsware are not involved in the JOBS Plus Program because such companies “do not need, do not asked for, or do not believe that they should be taking a government subsidy in order to fill their jobs or train their future workforce.”
- 344 Lincoln States that the decision to reauthorize the JOBS Plus trust fund diversion is whether one believes that there are enough people taking advantage of the JOBS Plus Program to justify an increase in pay-roll taxes or if it is more cost effective for companies to reinvest those same dollars into the company for training and expansion.
- 349 Rep. Nelson Asks why does OED “keep talking about big, fat tax increase” and why not contract JOBS Plus Program out to private enterprise.
- 360 Lincoln Points out that regardless of whether JOBS Plus is government or privately administered “it has to be paid for” and explains why reauthorizing the diversion will result in a tax increase.
- 399 Rep. Nelson Asks if OED has tried to contract the JOBS Plus Program out to a private contractor.

**TAPE 74, B**

- 001 Lincoln Explains that OED is statutorily required to operate the program.
- 015 Chair Lim Comments as to intention to preserve the JOBS Plus Program and whether it more fiscally responsible to pay unemployment benefits or provide training through the JOBS Plus Program.
- 026 Brickman States what the average amount and period of time that OED is paying to an individual in unemployment benefits.

040	Chair Lim	Expresses need to have cost analysis of the JOBS Plus Program and review data with regards to employer utilization or “over-utilizing” of the program.
080	Marc Kane	Lobbyist, Hire Calling Public Affairs. Submits and summarizes written testimony in support of HB 3307 ( <b>EXHIBIT D</b> ).
199	John Courtney	Lobbyist, Hire Calling Public Affairs.
210	Chair Lim	Asks for explanation of who Hire Calling Public Affairs is.
213	Courtney	Explains the type of staffing company that Hire Calling Public Affairs is.
239	Chair Lim	Asks what direct interest Jeld-Wen and Hire Calling Public Affairs have in the JOBS Plus Program.
245	Courtney	Addresses the reason that Jeld-Wen and Hire Calling Public Affairs promotes and participates in the JOBS Plus Program.
261	Kane	Comments on Hire Calling Public Affairs promoting the JOBS Plus Program as a “good resource for other temporary staffing companies.”
274	Rep. Nelson	In respect to the people Hire Calling Public Affairs hired through the JOBS Plus Program, asks how many were employed by Jeld-Wen.
284	Courtney	States that in the past four years, Jeld-Wen has not hired anybody through Hire Calling Public Affairs.
291	Rep. Nelson	Inquires as to why the JOBS Plus Program is so expensive to administer.
312	Courtney	Gives opinion regarding why the administrative costs for the JOBS Plus Program are high.
339	Rep. Merkley	Asks whether the survey taken by Hire Calling Public Affairs regarding the JOBS Plus Programs distinguished between the program administered by the Department of Human Services and the one administered by OED.

- 352 Kane States that he was not directly involved in the survey, but will provide copy of the survey.
- 359 Courtney States that the vast majority of the placements and activity in the JOBS Plus Program have been in the OED JOBS Plus Program.
- 374 Rep. Merkley Asks for a justification as to why it is “really good public policy” to pit recent graduates seeking employment, without a subsequent government subsidy, against individuals with a government subsidy seeking employment.
- 389 Kane Speaks to the positive impact that the JOBS Plus Program has on the individual and their family.

**TAPE 75, A**

- 007 Rep. Merkley Comments on the negative effect on both families if “both people are unemployed and looking for work and to say it is healthier for one family, but for the other family who does not get the job, it is a wash.”
- 014 Kane Agrees that the JOBS Plus Program “does give some an advantage, but there are other tools available to others.”
- 024 Rep. Merkley Points out that while it has been deemed permissible, asks if it is appropriate and consistent with the purpose of the program to fill temporary jobs with JOBS Plus participants.
- 029 Kane Speaks to the intention of the JOBS Plus Program, noting that the concerns with regards to the abuse and ability to audit are “not real problems at the field level.”
- 044 Courtney Addresses the disagreement regarding an increase in employer’s unemployment pay-roll taxes.
- 060 Chair Lim Closes the work session on HB 3307. Opens the work session on HB 2174.

**HB 2174 – WORK SESSION**

- 080 Jim Stembridge Committee Administrator. Explains HB 2174, which makes certain site preparation and planning costs eligible for payment in economic

development projects. Submits and summarizes -1 amendments **(EXHIBIT E)**. Submits and summarizes -3 amendments **(EXHIBIT F)**.

- 092 Gary Whitney Policy and Program Coordinator, Oregon Economic and Community Development Department (OECDD). Submits and summarizes written testimony in support of HB 2174 **(EXHIBIT G)**.
- 220 Chair Lim Closes the work session on HB 2174. Adjourns the meeting at 10:43 a.m.

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#### **EXHIBIT SUMMARY**

- A. **Oregon Tourism Plan for 2005-07, Travel Oregon Strategic Marketing Plan and Budget 2005-2007 Report, Todd Davidson, 47 pp**
- B. **HB 3307, -1 amendments, staff, 1 p**
- C. **HB 3307, -2 amendments, staff, 26 pp**
- D. **HB 3307, written testimony, Marc Kane, 11 pp**
- E. **HB 2174, -1 amendments, staff, 3 pp**
- F. **HB 2174, -3 amendments, staff, 42 pp**
- G. **HB 2174, written testimony, Gary Whitney, 4 pp**