

SENATE COMMITTEE ON BUSINESS AND ECONOMIC DEVELOPMENT

March 18, 2005
10:00 AM

Hood River Valley High School
Bowe Auditorium
1220 Indian Creek Road
Hood River, OR
Tapes 44 - 45

MEMBERS PRESENT: Sen. Rick Metsger, Chair
Sen. Bruce Starr, Vice-Chair
Sen. Ryan Deckert
Sen. Laurie Monnes Anderson

MEMBER EXCUSED: Sen. Jason Atkinson

STAFF PRESENT: Theresa Van Winkle, Committee Administrator
James Goulding, Committee Assistant

MEASURES/ISSUES HEARD:

SB 365 – Public Hearing and Work Session
SB 479 – Public Hearing and Work Session
SB 421 – Public Hearing and Work Session
SB 879 – Public Hearing
SB 866 – Public Hearing and Work Session
SB 896 – Public Hearing and 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.

TAPE/#	Speaker	Comments
TAPE 44, A		
003	Chair Metsger	Open the committee at 10:10 am. Asks the committee members to introduce themselves.
007	Sen. Monnes Anderson	Senate District 25. Introduces herself.
012	Theresa Van Winkle	Committee Administrator. Introduces herself.
014	Sen. B. Starr	Senate District 15. Introduces himself.
016	Sen. Deckert	Senate District 14. Introduces himself
024	Chair Metsger	Opens a public hearing on SB 365 and SB 479.
<u>SB 365 & SB 479 - PUBLIC HEARING</u>		
034	Ken Yates	Testifies in favor of SB 365. Submits packet of information (EXHIBIT A).
090	Yates	Discusses competitive factors hurting the food processing industry.
125	Yates	Talks about the purpose of the legislation before the committee.
150	Yates	Describes the functions of SB 365 and SB 479 in stimulating the food processing industry,
155	Chair Metsger	Asks how Oregon can face global competition even with his legislation.
175	Yates	Offers Oregon can compete in the global market through innovation. Outlines innovation by local companies with value-

		added products.
195	Sen. Monnes Anderson	Inquires about payroll increases and employment decreases.
205	Yates	Clarifies the fluctuation in Oregon and Idaho.
210	Josh Reynolds	Gray and Company. Provides background on his business in making and exporting maraschino cherries. Points out he represents the second generation of growers. Describes the changes in the economics of their business. Talks about the difficulties of sustaining their business growth in Oregon.
250	Reynolds	States the increasing pressure to relocate their business, and their motivation to stay within the state.
270	Sen. Monnes Anderson	Asks about Michigan's minimum wage.
277	Reynolds	Notes Michigan's minimum wage is the national minimum wage.
283	Sen. Deckert	Wonders what Oregon's competitive advantage is.
290	Reynolds	Replies the job pool is better and Oregon's agricultural base is better than some other states.
303	Chair Metsger	Considers what the legislature could do to impact their industry.
320	Reynolds	Talks about cost offsets that could be helpful and changes in their industry practices.
330	Sen. B. Starr	Ask about Michigan's incentives.
340	Reynolds	Discusses the property tax relief for agriculture zones.
357	Mike Townsend	Townsend Farms. Offers his observations on Oregon's farm industry. Talks about fluctuations in their industry.
TAPE 45, A		
005	M. Townsend	Talks about changes in the food processing industry.
025	M. Townsend	Outlines the need to work together to support other industries. Echoes the desire to remain in Oregon, but fears they may have to relocate.
060	M. Townsend	Feels that their toughest obstacle is maintaining the payroll with a higher minimum wage.
067	Billy Townsend	Owner, Townsend Farms. Details that they are working hard in their industry and that they are being forced in directions that make it difficult to compete.
087	Chair Metsger	Asks about Mr. Townsend's background.
090	B. Townsend	Describes that he entered the industry as a young man and intended to build up the family business. Talks about the importance of strong relationships with their workers. Details the difficulties of staying competitive in a global market.
130	B. Townsend	Relates that it is very difficult to keep his business running with the minimum wage hikes. Implores the committee for help.
145	Chair Metsger	Discusses that it is sometimes difficult to keep focus in the legislature. Talks about his wife's family owned business and the similar problems they are facing.
167	Sen. Monnes Anderson	Asks how the tax credit resulting from SB 365 and SB 479 would help them.
170	M. Townsend	Notes the increasing costs of doing business. Offers it is a matter of having assistance to keep businesses in Oregon.
185	B. Townsend	Talks about the financial assistance they provide to their workers.
190	M. Townsend	Asks for the assistance to compete on a level playing field.
200	Sen. Deckert	Comments on the value of hearing their testimony and learning the challenges they face.
220	Jerry Gardner	Oregon Department of Agriculture. Submits testimony and an information packet (EXHIBIT B).

260	Gardner	Further discusses export figures.
290	Gardner	Emphasizes the increasing factor of globalization and consolidation of the industry.
335	Chair Metsger	Wonders what his evaluation of these two bills is.
340	Gardner	Offers the bills would help Oregon's competitive advantage.
345	Sen. Monnes Anderson	Observes that nurseries are getting more support than farmers. Feels the bill could be more emphasized on farmer industry.
375	Gardner	Details the large size of the nursery industry.
390	Ken Yates	Offers clarification on the target of the legislation in assisting the industries that need the most help.
410	Sen. B. Starr	Thanks them for their testimony. Feels these measures are worth supporting.

TAPE 44, B

005	Sen. B. Starr	Speaks of the need to address food provider issues. Talks about the greater issue of feeding the world's growing population.
030	Yates	Talks about concerns of national dependence on outside food sources.
045	Chair Metsger	Feels these bills need to be moved along in the process. Closes public hearings on SB 365 and SB 479. Opens a work session on SB 365.

SB 365 – WORK SESSION

055	Sen. B. Starr	MOTION: Moves SB 365 to the floor with a DO PASS recommendation and BE REFERRED to the committee on Revenue by prior reference.
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057		VOTE: 4-0-1
	Chair Metsger	EXCUSED: 1 – Atkinson
		Hearing no objection, declares the motion CARRIED.

059	Chair Metsger	Closes work session on SB 365. Opens work session on SB 479.
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SB 479 – WORK SESSION

060	Sen. B. Starr	MOTION: Moves SB 479 to the floor with a DO PASS recommendation and BE REFERRED to the committee on Revenue by prior reference.
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062		VOTE: 4-0-1
	Chair Metsger	EXCUSED: 1 - Atkinson
		Hearing no objection, declares the motion CARRIED.

063	Chair Metsger	Closes work session on SB 479. Opens public hearing on SB 421.
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SB 421 – PUBLIC HEARING

067	Theresa Van Winkle	Committee Administrator. Explains the provisions of SB 421. Discusses -2 amendments (EXHIBIT C).
070	Jerod Broadfoot	Pac/West Communications. Testifies in favor of SB 421. Supports the -2 amendments, but has one objection. Suggests that the word "promote" on page 1, line 10 of the amendment be changed to "provide".
100	Chair Metsger	Asks if he has consulted other agencies about the changes.
110	Broadfoot	Replies that they are supportive.
120	Chair Metsger	Considers if there are areas in the state that appear to have greater difficulty interpreting the uniform building code.
125	Broadfoot	States the Medford area has had some difficulty.
134	Sen. B. Starr	Observes the -2 amendment doesn't appear to match the line numbers on the bill.
140	Chair Metsger	Examines the measure and amendment.
145	Broadfoot	Offers that additional lines may need to be removed to match it

150	Sen. B. Starr	up.
155	Sen. Monnes Anderson	Feel it is a technical issue to be corrected. Asks if the department has seen this amendment. Wonders about financial impact.
165	Chair Metsger	Asks that they work out the issues in the amendment before moving on.
185	Broadfoot	Estimates the potential fiscal impact of the measure.
188	Chair Metsger	Closes public hearing on SB 421. Opens public hearing on SB 879.

SB 879 – PUBLIC HEARING

190	Sen. Monnes Anderson	Explains the origin and intent of SB 879.
200	Paul Warr-King	Gresham City Counsel. Testifies in support of SB 879.
245	Ken Frost	Finance Director, LSI Logic Corporation. Testifies in support of SB 879.
310	John Fregene	Fregene-Calthorpe Association. Gives a PowerPoint presentation (EXHIBIT D) in support of SB 879.
360	Fregene	Details the Springwater Community Plan.
TAPE 45, B		
010	Fregene	Continues presentation on urban planning.
030	Sen. Monnes Anderson	Asks about businesses who would desire relocating to the Springwater region. Wonders if it would be a difficult process.
035	Fregene	Discusses the difficulties of the local hearings in establishing criteria.
051	Sen. Monnes Anderson	Informs the committee about the efforts of the City of Gresham developing this proposal.
060	Sen. B. Starr	Asks if they have looked at the -1 amendments (EXHIBIT E).
063	Ron Papsdorf	City of Gresham. Observes the amendments add clarity. Relays that there are no objections he knows of.
077	Sen. Deckert	Wonders about details related to traded sector firms in the amendment.
090	Papsdorf	Replies they didn't want to change the overall structure of the strategic investment program.
095	Sen. Deckert	Observes that the current criteria is retained in the zone.
100	Papsdorf	Replies he is correct.
103	Chair Metsger	Appreciates their work. Notes the omission of the City of Damascus in their presentation, hopes that information will be provided. Close public hearing on SB 879. Opens public hearing on SB 866 and SB 896.

SB 866 & SB 896 – PUBLIC HEARING

120	Sen. B. Starr	Testifies in favor of SB 866. Explains the measure and the reasoning behind it.
150	Sen. B. Starr	Testifies in favor of SB 896. Discusses the measure to create a new Portland area industry with water transit vessels.
180	Sen. B. Starr	Describes the boat design process. Ventures that this could be an alternative form of moving people in urban areas.
210	Sen. B. Starr	States SB 896 would open the door.
220	Chair Metsger	Asks for the business implications.
225	Sen. B. Starr	Feels there is a lot of potential for this bill.
237	Chair Metsger	Closes public hearings on SB 866 and SB 896. Opens a work session on SB 866.

SB 866 – WORK SESSION

240	Sen. B. Starr	MOTION: Moves SB 866 to the floor with a DO PASS recommendation and BE REFERRED to the
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243 committee on Revenue by prior reference.
VOTE: 4-0-1
EXCUSED: 1 - Atkinson
Hearing no objection, declares the motion CARRIED.

245 Chair Metsger
Chair Metsger Closes work session on SB 866. Opens a work session on SB 896.

SB 896 – WORK SESSION

250 Sen. B. Starr
MOTION: Moves SB 896 to the floor with a DO PASS recommendation and BE REFERRED to the committee on Revenue by prior reference.

253 Sen. Deckert
Discusses the issue of tax credits.

255 Chair Metsger
Responds to Sen. Deckert’s comments on the issue.

260
VOTE: 4-0-1
EXCUSED: 1 - Atkinson
Hearing no objection, declares the motion CARRIED.

284 Chair Metsger
Chair Metsger Closes work session on SB 896. Opens a work session SB 421.

SB 421 – WORK SESSION

287 Broadfoot
Relates his discussion with legislative counsel. Explains the clarification needed in the -2 amendment. Notes the proposed changes.

320 Chair Metsger
Offers they adopt the amendments as conceptually amended (drafted as -3 amendments, EXHIBIT F).

335 Sen. B. Starr
MOTION: Moves to ADOPT SB 421-2 amendments dated 3/17/05 and that the measure be FURTHER AMENDED on page 1, line 10, by deleting "Promote" and by inserting "Provide".

340 Sen. Monnes
Anderson Relates past troubles with conceptual amendments not turning out as planned. States that she will be a “no” vote.

343 Sen. Deckert
Clarifies the change being made.

350 Broadfoot
Notes that all parties are okay with the changes.

355
VOTE: 3-1-1
AYE: 3 - Deckert, Starr B., Metsger
NAY: 1 - Monnes Anderson
EXCUSED: 1 - Atkinson
The motion CARRIES.

360 Chair Metsger
Sen. B. Starr
MOTION: Moves SB 421 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Ways and Means by prior reference.

365
VOTE: 3-1-1
AYE: 3 - Deckert, Starr B., Metsger
NAY: 1 - Monnes Anderson
EXCUSED: 1 - Atkinson
The motion CARRIES.

380 Chair Metsger
Chair Metsger Closes work session on SB 421.

390 Chair Metsger
Chair Metsger Makes concluding remarks. Adjourns committee at 12:00 p.m.

EXHIBIT SUMMARY

- A. SB 365 & SB 479, Oregon Food Processors Packet, Ken Yates, 55 pp
- B. SB 365 & SB 479, “Oregon Agriculture...”, Jerry Gardner, 16 pp
- C. SB 421, -2 amendments, staff, 2 pp

- D. **SB 879, Springwater Community Plan, John Fregenese, 10 pp**
- E. **SB 879, -1 amendments, staff, 5 pp**
- F. **SB 421, -3 amendments, staff, 2 pp**