

# HOUSE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

January 31, 2003 Hearing Room D  
1:00 PM Tapes 3 - 4

**MEMBERS PRESENT:** Rep. Patti Smith, Chair  
Rep. Vicki Berger, Vice-Chair  
Rep. Mary Gallegos, Vice-Chair  
Rep. Mark Hass  
Rep. Dave Hunt  
Rep. Steve March  
Rep. Dennis Richardson

**STAFF PRESENT:** Kimberly A. Medford, Committee Administrator  
Linda K. Gatto, Committee Assistant

**ISSUES HEARD:** Informational Meeting  
Oregon Economic and Community Development Department  
Marty Brantley, Director  
Oregon Economic and Community Development Commission  
Brett Wilcox, Chair  
Professor Bruce L. Gates, Willamette University

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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.

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<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
<b>TAPE 3, A</b>		
004	Chair Smith	Calls the meeting to order at 1:05 pm and opens the informational meeting.
<b><u>INFORMATIONAL MEETING</u></b>		
020	Marty Brantley	Director, Oregon Economic and Community Development Department, (OECD). States that the purpose of his testimony is to provide an overview of where OECD has been and current goals. Submits graphs on <i>Budget by Programs 2001-2003</i> , <b>(EXHIBIT A)</b> .
037	Brantley	Notes the percentages on infrastructure spending versus business expansion, retention and recruitment.
050	Brantley	Refers to <i>Budget by Fund Type</i> , page two, <b>(EXHIBIT A)</b> .
072	Brantley	Refers to <i>Budget and Staff, 1987-2003</i> of <b>(EXHIBIT A)</b> .
110	Brantley	States that one component of the plan is to tie the funding for infrastructure closer to job development.
130	Brantley	States a priority is to add approximately 50,000 jobs over the next four years.
161	Brantley	States that accountability is paramount.
187	Rep. Berger	Asks if the major goal of the organization is to create jobs.
197	Brantley	Responds there are dual goals of job creation and/or economic development depending on funds.
208	Rep. Hunt	Asks will there be standards in the economic development plan on the types of jobs that will be developed.
219	Brantley	Responds that one size does not fit all and each geographical area

		has its strengths and weaknesses.
262	Rep. Hass	Comments on call center jobs and associated wages.
280	Rep. Richardson	Suggests focusing on what generates new jobs.
300	Berger	Confirms that the goal is to create an atmosphere for economic growth.
326	Brett Wilcox	Owner of Northwest Aluminum and Chair of the Oregon Economic and Community Development Commission and Vice-Chair of the Progress Board.
375	Wilcox	Comments on the direct relationship between state policy and productions costs.
371	Wilcox	Notes that all businesses compete for revenue. States that there are some general trends: <ul style="list-style-type: none"> <li>• Rate of change</li> <li>• New competition</li> <li>• Expense of moving freight</li> <li>• Structural changes due to global competition</li> <li>• Technology</li> </ul>
<b>TAPE 4, A</b>		
042	Wilcox	States that the focus needs to be on job creation and what can be done to improve the business climate in Oregon.
068	Wilcox	Notes that everything that government does has an impact on business.
087	Wilcox	Refers to the Oregon Business Plan.
147	Wilcox	Notes the similarities and differences of economic and community development; the need for infrastructure. Comments on how one depends upon the other.
177	Wilcox	Discusses Oregon's efforts to attract new businesses to the state.
199	Wilcox	Discusses the financial incentives that Illinois and Texas has. Notes that Oregon does not have that financial incentive ability but Oregon does have site locator advantages.
228	Wilcox	Discusses Oregon Progress Board benchmarks and performance measurements. States it is important to the governor and the people of Oregon to account for fund expenditures relative to jobs and people moved off of welfare.
269	Rep. Hass	Asks what effect the shorting of the school year will have on businesses wanting to locate here.
298	Wilcox	Responds it will be harmful to economic development. Explains that it will fundamentally undercut both short and long-term impacts.
303	Dr. Bruce Gates	Professor, Atkinson Graduate School of Management, Willamette University. Provides <b>(EXHIBIT B)</b> , a report on <i>Luring, Growing, and Retaining Corporate Headquarters and Management Offices</i> .
333	Gates	Explains that the report focused on corporate headquarters and concluded that: <ul style="list-style-type: none"> <li>• Corporations largely stay put;</li> <li>• Have become geographically dispersed; and</li> <li>• Impacted by mergers and acquisitions.</li> </ul>
354	Gates	Notes points that are conducive to a growing firm. <ul style="list-style-type: none"> <li>• Well developed research and development facilities and</li> </ul>

venture capital networks.

- Forums that serve as a center for idea sharing, productive collaboration and employment networking.
- Well developed communications and high quality air service.
- Clusters of industry activities.

**TAPE 3, B**

030	Gates	Reviews recommendations: <ul style="list-style-type: none"><li>• Concentrate on improving conditions that are favorable to business in Oregon.</li><li>• Recognize that the locality of the city is probably more important than the state.</li><li>• Study Oregon's recent successful startups.</li><li>• Evaluate the factors that would keep Oregon business headquarters in Oregon.</li></ul>
056	Gates	Notes the changes since 1999 that have influenced the business community. <ul style="list-style-type: none"><li>• Corporate accountability</li><li>• Offshore jobs, examples call centers</li></ul> Recommends stimulating innovation and industries that are innovative.
083	Gates	Summarizes that Oregon lacks a forum for businesses to create partnerships. Comments on advantages to a high tech/ agricultural partnership and the world wide market potential.
103	Rep. Hass	Asks how quality of life fits into attracting businesses.
110	Gates	Responds that Oregon's environmental quality of life is one of the greatest attractions to Oregon; however, quality of community life may be more important; employment and education.
126	Rep. Hass	Asks if businesses are concerned about amenities.
130	Gates	Responds there is also the qualitative personal preferences of the CEO's.
160	Rep. Richardson	Asks if a corporate headquarters would provide jobs or bring the company with them.
170	Gates	Responds it was assumed that the benefit would out-weigh the cost.
174	Rep. Richardson	Asks should the assets be focused on bringing in new business or developing what is already in place.
177	Gates	Responds that the bias is to keep what is already in place and help those business become more productive.
190	Chair Smith	Closes the informational meeting and adjourns the meeting at 2:10 p.m.

**EXHIBIT SUMMARY**

**A – Budget by Programs, 2001 – 2003 Report, Marty Brantley, 3 pp.**

**B – Research Report, Bruce L. Gates, 16 pp.**