

# HOUSE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

February 10, 2003 Hearing Room D  
1:00 PM Tapes 9 - 10

**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**

**MEASURE HEARD:**         **HB 2298 Public Hearing**

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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 9, A</b>		
004	Chair Smith	Calls the meeting to order at 1:09 p.m. and opens the public hearing on HB 2298.
<b><u>HB 2298 – PUBLIC HEARING</u></b>		
007	Kimberly A. Medford	Committee Administrator. Summarizes HB 2298.
014	Rep. Tom Butler	HD 60. Explains that the Oregon Youth Authority is closing a facility in Burns, Oregon. Compares the loss of these 61 jobs as the equivalent of 8,755 jobs in the metro area.
060	Rep. Butler	Explains the “New to Oregon” concept. Explains how this affects small towns in rural Oregon, <b>(EXHIBIT A)</b> and supports the proposed amendments from Rep. Greg Smith, <b>(EXHIBIT B)</b> .
135	Rep. Greg Smith	HD 57. States that HB 2298 is pro-active economic development legislation that will bring family wage jobs to rural Oregon. Introduces HB 2298-2 and -3 amendments, <b>(EXHIBIT B)</b> .
190	Rep. Greg Smith	States that they want to amend the language to delete ‘port’ and insert ‘industrial zone land’.
200	Ron Herbison	Legislative Aid to Rep. Greg Smith. Refers to HB 2298-3 amendments and explains that the current language is too limiting. Reviews the proposed changes.
229	Herbison	Refers to HB 2298-2 amendments and explains that this deals with the Enterprise Zone property tax exemption. Notes how it would affect the counties; example Morrow county.
253	Rep. Gallegos	Asks for clarification on what a good living wage with benefits would be in Washington County.
265	Gary Neil	General Manager, Port of Morrow. Refers to the chart on page four of <b>(EXHIBIT A)</b> . Explains how a specific restriction relative to industrial recruitment efforts prompted HB 2298.

270	Neil	Explains why this is meant for any industrial property; not port properties only.
353	Neil	Comments that businesses like to locate along the I-5 corridor but I-5 does not reach out to eastern Oregon.
384	Mike Burton	Oregon Economic and Community Development Department (OECDD), Assistant Director. Testifies in support of HB 2298 and comments on HB 2299. Clarifies that the law does not change the land use, but addresses existing industrial zoned sites. Notes that the per capita income relates to counties that by definition have unemployment at the highest rate in the state; at or above 10-percent.
425	Arthur Fish	OECDD. Refers to the Oregon Enterprise Zones map, page one of <b>(EXHIBIT A)</b> and the chart on page two that lists the cities currently covered by the Income Tax Exception.
<b>TAPE 10, A</b>		
045	Fish	Refers to pages three and four, <b>(EXHIBIT A)</b> .
082	Rep. Gallegos	Refers to the compensation criteria.
087	Fish	Explains that these numbers come from the employment department. Explains that the requirement maybe \$40,000 but benefits can be included.
097	Rep. Gallegos	Asks how someone transitions from \$27,000 to \$40,000.
104	Burton	Responds that basically if people are competing for jobs this will drive the wages down; in labor markets where there are more people than jobs the market would drive the wage.
123	Rep. Gallegos	Asks would an employer that could not meet the salary requirements be overlooked.
140	Fish	Clarifies that the company must meet the salary requirement if it wants to participate. Explains that the concept is that well paying employers may consider locating there if there are benefits to that location.
147	Burton	Adds that this program is to provide an incentive to pay more than they have to.
169	Chair Smith	Notes for the committee that at Wednesday's meeting Mr. Burton and Mr. Fish will be doing an overview on Enterprise Zones and how they work.
180	Rep. March	Notes that this discussion includes two types of compensation, annual per-capita income and payroll compensation. Asks are there controls over the employment of family members.
192	Burton	Responds that the program does not make a distinction on this.
194	Rep. Hunt	Refers to page two of <b>(EXHIBIT A)</b> and notes there are counties that have Enterprise Zones but are not on the chart.
203	Fish	Explains that counties where the compensation standard does not apply have been excluded from the chart.
220	Rep. Hass	Express interest in learning more about how the bill is currently working.
237	Rep. March	Asks does the department have authority to create administrative rules to prohibit a business of all family members.
244	Fish	Answers affirmatively, adds that it would be an extension of that authority.
250	Chair Smith	Closes the public hearing on HB 2298 and adjourns the meeting at 1:50 p.m.

**EXHIBIT SUMMARY**

**A – HB 2298, prepared testimony, Representative Tom Butler, 6 pp**

**B – HB 2298-2 amendments dated 1/28/03; -3 amendments dated 2/10/03, staff 2 pp**