

HOUSE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

March 12, 2003 Hearing Room D
1:00 PM Tapes 25 - 26

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

MEASURES HEARD: HB 2691 – Work Session
HB 2298 – Public Hearing and Work Session
HB 2671 – Public Hearing and Work Session
HB 2300 – Public Hearing

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.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
<u>TAPE 25, A</u>		
003	Chair Smith	Calls the meeting to order at 1:10 p.m. and opens the public hearing on HB 2691. Refers to the -4 amendments, (EXHIBIT A) , and comments on the positive impact of the bill. Opens the work session on HB 2691.
<u>HB 2691 WORK SESSION</u>		
017	Chair Smith	MOTION: Moves to ADOPT HB 2691-4 amendments dated 03/07/03.
018		VOTE: 7-0
	Chair Smith	Hearing no objection, declares the motion CARRIED.
020	Chair Smith	MOTION: Moves HB 2691 to the floor with a DO PASS recommendation.
024	Rep. March	States for the record that this is an excellent concept.
033	Rep. Richardson	States this will be a benefit to the southern Oregon region.
044		VOTE: 7-0
	Chair Smith	AYE: In a roll call vote, all members present vote Aye. The motion CARRIES.
		REP. PATTI SMITH will lead discussion on the floor.
056	Chair Smith	Closes the work session on HB 2691 and opens the work session HB 2298.
<u>HB 2298 – WORK SESSION</u>		
058	Kim Medford	Committee Administrator. Reviews HB 2298 and the -6 amendments, (EXHIBIT B) .
085	Rep. Berger	MOTION: Moves to ADOPT HB 2298-6 amendments dated 03/11/03.

Chair Smith

**Hearing no objection, declares the motion CARRIED.
MOTION: Moves HB 2298 DO PASS AS AMENDED
recommendation and BE REFERRED to the
committee on Revenue by prior reference.**

100 Rep. March

Recommends that the committee request a budget note for the department to report back to the legislature.

119

VOTE: 6-0

AYE: In a roll call vote, all members present vote Aye.

EXCUSED: 1 – Hass

120 Chair Smith

The motion CARRIES.

120 Chair Smith

Closes the work session on HB 2298 and opens the public hearing on HB 2671.

HB 2671 – PUBLIC HEARING

124 Kim Medford

Committee Administrator. Reviews HB 2671 and the -1 amendments, **(EXHIBIT C)**.

135 Rep. Bill Garrard

HD 56. Explains that HB 2671 would create a more positive business climate in Oregon. States that the Peoples Energy Resources Corp. project will invest \$700 million. Provides details on how this will impact Klamath county.

195 Robert A. Trotta

Director, Power Generation Peoples Energy Resources Corp. States the name of the project is COB, California Oregon Border. Provides a history of Peoples Energy and its status in the market. Explains the specifics of the effects HB 2671 will have on long term Enterprise Zones.

254 Trotta

Continues to review the economic benefits to Klamath county. Reviews incentives that are offered by other states.

279 Rep. Richardson

Asks where the employees will be recruited from.

281 Trotta

Responds that a commitment has been made to the Oregon Trade Union.

290 Rep. Richardson

Asks will the 10 long term jobs be employed from Oregon or brought in from the outside.

294 Trotta

Responds that they always try to retain people from the local community but the job requires specific skills. Adds it is a job that would require being a resident of the area.

320 Rep. Berger

Notes that the statute speaks of 20 employees. Asks how many employees will staff this facility.

341 Trotta

Answers that the facility would employ from 20 – 25. States it is his understanding that the number 10 is a firm number; expresses that the number of 20 after three years would be questionable.

356 Rep. March

Asks what type of generating facility this is.

357 Trotta

Responds it will be natural gas.

365 Trey Senn

Director, Klamath County Economic Development Association. Comments on the advantages of power companies being located in Klamath County and the reasons why Peoples Energy was selected.

399 Rep. March

Ask if 10 will be a sufficient number or should it be higher. Asks how is the number determined.

412 Trotta

Responds that 10 is number that would not put the project in jeopardy.

420 Rep. Garrard

Clarifies that presently other generation plants in the area employ approximately 22 people.

450 Rep. Gallegos

Asks if a study has been performed on the result of what these salaries will generate in the community.

465	Senn	Responds the economic impact analysis was done on a \$239 million investment and looked at the ripple effect for five years. The result was \$511 million for the first five years including construction, just within the county.
484	Trotta	Notes that this is a conservative number.
TAPE 26, A		
037	Andrew Stuedli	Klamath/Lake County Economic Development District. States support noting that this is a positive impact on the area and will provide economic diversification.
047	Chair Smith	Announces that Senator Harper has expressed his support for HB 2671.
052	Bob Shiprack	Building and Construction Trades Council. States support for HB 2671 and notes that the building trade sector is currently dealing with a 25% unemployment rate in Oregon.
063	Rep. Hunt	Asks for suggestions on how to encourage projects like this.
072	Shiprack	Responds that the state needs to continue to work on streamlining the permit process.
148	Rep. Gallegos	Comments that it appears there are no big construction jobs scheduled.
158	Shiprack	Responds affirmatively. Explains that the unemployment rate for the trades is approximately 25% and growing.
175	Chair Smith	Closes the public hearing on HB 2671 and opens the work session on HB 2671.

HB 2671 WORK SESSION

175	Rep. March	MOTION: Moves to ADOPT HB 2671-1 amendments dated 03/10/03.
177		VOTE: 7-0
	Chair Smith	Hearing no objection, declares the motion CARRIED.
190	Rep. March	MOTION: Moves HB 2671 with a DO PASS recommendation and BE REFERRED to the committee on Revenue by prior reference.
190		VOTE: 6-0
		AYE: In a roll call vote, all members present vote Aye.
		EXCUSED: 1 – Hass
	Chair Smith	The motion CARRIES.
185	Chair Smith	Closes the work session on HB 2671 and opens the public hearing on HB 2300.

HB 2300 PUBLIC HEARING

203	Kim Medford	Administrator. Reviews the current status of HB 2300.
211	Mike Burton	Assistant Director, Oregon Economic and Community Development Department, (OECDD). Begins with Section 2, page 3.
240	Vice-chair Gallegos	Clarifies that the section being reviewed is about the revolving loan fund.
244	Burton	Responds that the revolving loan fund is one the programs and the bond is a financing mechanism. Continues to testify and explains the proposal affecting Section 8, page 6.
312	Ken Armstrong	Oregon Ports Association and Oregon Ports Group. States that Oregon's 23 ports support this bill.
336	Burton	Continues with testimony, begins review of Sections 11 and 12, page 8.
376	Burton	Discusses interest rate restrictions.
407	Burton	Discusses the Port Planning and Marketing Fund.

450	Rep. Richardson	Asks why is the recommendation to repeal the sunset completely.
TAPE 25, B		
028	Burton	Responds that an extension of the sunset would be welcomed also.
032	Armstrong	Adds that the sunset is on the transfer of the interest from the revolving fund into the Port Planning and Marketing program.
048	Burton	Concludes testimony on the specific issues relating to ports. Begins testimony on community colleges.
077	Burton	Explains that there are 21 small business development centers in the state and 50-percent are funded by community colleges.
120	Burton	Expresses that this program provides businesses with the nuts and bolts support for people who have a specialized knowledge of the business but not business operations.
145	Rep. March	Refers to the broad language of community colleges providing services inadequately and asks who would determine that. Suggests it would be better written if the language said; if the community college declines.
200	Burton	Recommends re-visiting the language in line 10.
204	Rep. Berger	Expresses interest in the community colleges position.
206	Rep. Richardson	Asks for the definition of the term service providers.
211	Burton	Responds by asking if there would be a set of potential providers that would appeal to the committee.
219	Rep. Richardson	States that this bill deals with many areas, the statement is broad and does not provide accountability on how the funds are allocated.
303	Burton	Begins overview of infrastructure programs and segregating out the grant capacity.
363	Rep. Gallegos	Express concerns about community development.
370	Burton	Responds that a community without adequate sewer and water cannot host economic development; uses the semiconductor industry as an example.
TAPE 26, B		
035	Burton	Discusses Section 16, storm drainage systems.
042	Rep. Gallegos	Asks what funds the storm drain systems.
045	Burton	Answers that this section would clarify that storm drainage systems are an infrastructure project and could be funded by the Special Public Works Fund or the Water Fund.
051	Burton	Continues to review Sections 17 -20, and 21.
080	Burton	Reviews Section 23.
105	Graham Slater	Administrator for Workforce and Economic Research, Oregon Employment Department. Discusses the confidentiality of information that the Employment Department receives from businesses. States support for the OECD's information request, submits (EXHIBIT D) . Notes the -1 amendments, (EXHIBIT E) .
202	Rep. Gallegos	Asks for what reason has this information been kept confidential.
207	Slater	Answers that the bottom line is the privacy of the employer.
222	David Sparks	OR OSHA. Submits (EXHIBIT F) and summarizes the request of the -3 amendment, (EXHIBIT G) .
272	Medford	Announces that Mark Landeau has submitted testimony for the record, (EXHIBIT H) .
290	Chair Smith	Closes the public hearing on HB 2300 and adjourns meeting at 2:55 p.m.

EXHIBIT SUMMARY

- A. HB 2691-4 amendments dated 3/7/03, Rep. Patti Smith, 2 pp**
- B. HB 2298-6 amendments dated 3/11/03, staff, 7 pp**
- C. HB 2671-1 amendments dated 3/10/03, staff, 1 p**
- D. HB 2300, prepared testimony, Graham Slater 4 p**
- E. HB 2300-1 amendments dated 3/4/03, staff, 1 p**
- F. HB 2300, written testimony, David Sparks, 2 pp**
- G. HB 2300-3 amendments dated 3/10/03, staff, 1 p**
- H. HB 2300, written testimony, Mark Landeau, 2 pp**