

HOUSE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

April 18, 2003 Hearing Room D
1:00 PM Tapes 47 - 48

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 3584 Work Session
HB 3548 Work Session
HB 3613 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.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 47, A		
003	Chair Smith	Calls the meeting to order at 1: 12 p.m. and opens the work session on HB 3584.
<u>HB 3584 WORK SESSION</u>		
010	Rep. Hunt	MOTION: Moves to ADOPT HB 3584-2 amendments dated 04/16/03, (EXHIBIT A).
013	Rep. Hunt	Reviews the changes proposed in the -2 amendments.
029		VOTE: 7-0
	Chair Smith	Hearing no objection, declares the motion CARRIED.
030	Rep. Hunt	MOTION: Moves HB 3584 with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Ways and Means by prior reference.
035	Rep. Hunt	Notes that it is his belief that the fiscal issues have been addressed.
040		VOTE: 7-0
	Chair Smith	Hearing no objection, declares the motion CARRIED.
045	Chair Smith	Closes the work session on HB 3584 and opens the work session on HB 3548.
<u>HB 3548 WORK SESSION</u>		
049	Rep. Richardson	MOTION: Moves to ADOPT HB 3548-1 amendments dated 04/18/03, (EXHIBIT B).
052	Rep. Richardson	Explains the proposed changes in the -1 amendments. Reads the proposed changes and explains this is the net result.
078		VOTE: 7-0
	Chair Smith	Hearing no objection, declares the motion CARRIED.

080 Rep. Richardson MOTION: Moves HB 3548 to the floor with a DO PASS AS AMENDED recommendation and the SUBSEQUENT REFERRAL to the committee on Ways and Means BE RESCINDED.

084 Rep. Gallegos Asks if there is a fiscal impact.
 090 Doris Penwell Economic and Community Development Department. Explains that HB 3548 as amended allows the department flexibility in the promotion of trade with China. Explains that as the bill stands now there is not a fiscal impact to the department.

119 Rep. Hass Expresses concern that the department is being micro-managed.
135 VOTE: 6-1
AYE: 6 - Berger, Gallegos, Hunt, March, Richardson, Smith P.
NAY: 1 - Hass
Chair Smith The motion CARRIES.
REP. RICHARDSON will lead discussion on the floor. (*see tape 48A click #160).

141 Chair Smith Closes the work session on HB 3548 and opens the work session on HB 3613.

HB 3613 WORK SESSION

145 Rep. Hunt MOTION: Moves HB 3613 to the floor with a DO PASS recommendation.

148 Rep. Hunt Reviews the discussions on HB 3613. Asks does the legislature have the role of setting guidelines or standards in terms of investments.

166 Rep. Hunt States that there are conceptual amendments and reviews them for the record.

- Page 1, eliminate the section that begins on lines 27, 28, 29 and line 1 on page 2.
- Page 2, line 36, eliminate the words “nor more than 200 million” and in line 37 after “Oregon” add the words “unless, under the circumstances, it is not prudent to do so” and delete lines 38, 39, and 40.

Explains the intent is that the prudent standard test should hold. Adds it is hopeful the senate will make these changes.

208 Randall Edwards State Treasurer. Submits the Attorney General’s opinion and correspondence from Olympic Venture Partners, (**EXHIBIT C**). Reviews key concerns and requests that the bill not pass too hastily.

289 Kate Richardson Chief of Staff, Oregon State Treasury. States that the constitutional concerns are not alleviated by the conceptual amendments.

308 Richardson Explains concerns about amending the prudent investment standard.

330 Rep. Hunt Asks how do the conceptual amendments change the prudent investment standard.

335 Richardson Responds that the conceptual amendments would still leave in 4a and 4b, and the Department of Justice’s correspondence discusses the meaning of that.

358 Rep. Hunt Clarifies the intent of lines 6 and 7 “unless it is not prudent to do so” and the “shall up to 1%”.

380	Richardson	Responds that it adds a different implementation of the prudent investment standard and is therefore amending the standard.
392	Rep. March	Ask if there were two equally sound investments and one was in Oregon and one was not, would it be imprudent to invest in the Oregon investment.
399	Edwards	Answers that the due diligence process would establish the risk and the Oregon Investment Policy would direct that the investment be in Oregon. Explains that first and foremost the objective is to get a return on investment.
426	Rep. Richardson	Asks Rep. Hunt if on page 2 line 36 of the proposed amendment if deleting “no more than 200 million” is the recommended wording.
437	Rep. Hunt	Reads “the council may not have investments at any one time of less than 100 million dollars in emerging growth businesses in Oregon unless under the circumstances it is not prudent to do so”.
448	Chair Smith	Notes that this is a conceptual amendment and reminds the committee that the motion is to move the bill to the floor with a do pass recommendation.
TAPE 48, A		
011	Harvey Matthews	Associated Oregon Industries, (AOI). Reviews Section 1 of HB 3613, current statute and notes that this is language that was passed in 1985.
029	Matthews	Pledges to work these amendments on the senate side. Notes for the record that Olympic Venture Partners currently benefit from the investments from the Oregon Investment Council; and that about half of the states in the union apply the prudent investment standard.
053	Rep. March	Confirms that it is the intention on page 2 line 33 to change “shall” to “may” and the prudent standard language.
064	Matthews	Answers affirmatively.
072	Rep. Berger	Explains that because there is pension money involved she is not comfortable voting on the bill.
081	Rep. Richardson	Explains that he will be a no vote because of the \$100 million requirement and the use of pension money.
117	Rep. March	States that it is his intention to work on language that will address everyone’s concern. States that he will give the bill a courtesy yes vote.
124	Rep. Hass	Explains that due to the new information and possible consequences he would prefer to hold off on taking action on the bill.
140	Rep. March	Discusses the values.
150		VOTE: 4-3 AYE: 4 - Gallegos, Hunt, March, Smith P. NAY: 3 - Berger, Hass, Richardson The motion CARRIES. REP. GREENLICK will lead discussion on the floor.
	Chair Smith	
160	Chair Smith	Closes the work session on HB 3613. *Confirms that Rep. Richardson is the carrier for HB 3548. Adjourns the meeting at 2:00 p.m.

EXHIBIT SUMMARY

- A. HB 3584-2 amendments dated 4/16/03, Rep. Dave Hunt, 3 pp**
- B. HB 3548-1 amendments dated 4/18/03, Rep. Dennis Richardson, 1 p**
- C. HB 3613, Department of Justice legal opinion and Olympic Venture Partners correspondence, Treasurer Randall Edwards, 6 pp**