

HOUSE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

April 28, 2003 Hearing Room D
1:00 PM Tapes 49 - 50

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

MEMBER EXCUSED: **Rep. Mark Hass**

STAFF PRESENT: **Kimberly A. Medford, Committee Administrator**
 Ryan Sherlock, Committee Assistant

MEASURE HEARD: **SB 215B – 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.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 49, A		
003	Chair Smith	Calls the meeting to order at 1:06 p.m. and opens the public hearing on SB 215B.
<u>SB 215B PUBLIC HEARING</u>		
005	Kimberly A. Medford	Committee Administrator, provides an overview of SB 215B.
015	Mark Huston	Oregon Economic and Community Development Department. Offers written testimony (EXHIBIT A) in support of SB 215B: 1. Increases the Maximum Loan Amount of the Oregon Business Development Fund (OBDF) to \$1 million from \$500,000.
075	Rep. March	Asks whether the maximum loan amount is in statute or in rule.
080	Huston	Explains that the maximum loan amount is defined by statute at 50%, but is further defined by rule at 40%.
085	Rep. Hunt	Asks how much is currently in the fund.
090	Huston	Explains that the fund currently holds about nineteen million dollars, and further discusses the make-up of the fund.
095	Rep. Hunt	Asks for the current status of requests for additional funds through the lottery.
100	Huston	Explains that the issue is currently before the Committee on Ways and Means.
105	Doris Penwell	Oregon Economic and Community Development Department. Comments on issue of funding through bond sales.
110	Rep. March	Ask how the bonds are sold and marketed.
115	Huston	Discusses marketing of the bonds in question, and continues with testimony in favor of SB 215B: 2. Eliminate the Set-asides in the Oregon Business Development Fund.

160	Chair Smith	Asks how the business community is alerted to the availability of these funds.
165	Huston	Discusses how the business community is notified including reference to regional offices, partnerships, and the organization's website. Continues with testimony in support of SB 215B: 3. Eliminate Local Government Resolution of Support for Oregon Business Development Fund Loan. 4. Modify the County Limit on Loans from the Oregon Business Development Fund.
200	Rep. March	Asks whether the department exceeded its statutory authority in assessing loans to businesses in Lane County.
205	Huston	Explains the department did not exceed authority.
210	Rep. March	Points out language in the written testimony which indicates the department exceeded its statutory authority.
215	Huston	Clarifies that the wording in question is misleading and the OBDP has not issued more funds in Lane County than allowed by statute. Continues with testimony in support of SB 215B: 5. Capital Access Program: Allows the Department to Make Initial Deposits in Loan Loss Reserve Accounts for the Capital Access Program.
255	Rep. Richardson	Clarifies that this would make the state liable, effectively limiting the issuing banks liability.
260	Huston	Discusses the banks risk versus the risk incurred by the state.
280	Rep. Richardson	Clarifies figures in the testimony regarding the number of loan applications.
290	Huston	Comments on the figures in question.
315	Rep. Berger	Asks how "distressed areas" are defined by the department.
320	Huston	Explains the process and formula for defining "distressed areas."
340	Rep. Berger	Asks Ms. Penwell whether there are inconsistencies in the differing definition of "distressed areas."
355	Penwell	Discusses the various ways in which "distressed areas" is defined, with reference to the Distressed Areas and Associated Index Values chart (EXHIBIT B).
365	Rep. March	Clarifies how the capital access program works.
370	Huston	Outlines the function of the capital access program.
390	Rep. March	Clarifies the default rate.
395	Huston	Explains that the default rate is about 5%, and continues with testimony in favor of SB 215B: 6. Eliminate the Statutory Provision of the Insurance Account for Industrial Development Bonds (Umbrella Reserve Bonds).
425	Rep. Gallegos	Asks for a definition of "eligible projects" wording in the bill.
435	Huston	Discusses the way in which "eligible projects" are defined.

TAPE 50, A

030	Chair Smith	Closes the public hearing on SB 215B, and opens a work session on SB 215B.
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SB 215B WORK SESSION

035	Rep. Gallegos	Comments on her perceptions of the bill and the issue.
040	Rep. Gallegos	MOTION: Moves SB 215B to the floor with a DO PASS recommendation.
045		VOTE: 6-0
		EXCUSED: 1 - Hass
	Chair Smith	Hearing no objection, declares the motion CARRIED.

050	Rep. March	MOTION: Moves SB 215B be placed on the CONSENT CALENDAR.
055		VOTE: 6-0 EXCUSED: 1 - Hass
	Chair Smith	Hearing no objection, declares the motion CARRIED.
060	Chair Smith	Closes the Work Session on SB 215B, and adjourns the meeting at 1:42 p.m.

EXHIBIT SUMMARY

A – SB 215B, written testimony, Mark Huston, 7 pp

B – SB 215B, Distressed Areas and Associated Index Values (chart), Mark Huston, 1 p