

# HOUSE SPECIAL SESSION COMMITTEE ON ECONOMIC GROWTH AND JOB DEVELOPMENT

September 6, 2002 Hearing Room 357

2:00 pm Tapes 7 – 8

**MEMBERS PRESENT:** Rep. Jeff Kropf, Chair  
Rep. Alan Brown  
Rep. Elaine Hopson  
Rep. Al King  
Rep. Kathy Lowe

**MEMBER EXCUSED:**  
Rep. Greg Smith  
Rep. Tim Knopp

**STAFF PRESENT:** Ray Kelly, Administrator  
Nancy Masee, Administrative Support

**MEASURE/ISSUES HEARD:**  
Informational 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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TAPE/#	Speaker	Comments
<b>TAPE 7, A</b>		
004	Chair Kropf	Opens meeting at 2:16 p.m.
014	Rep. Tom Butler	House District 60. Ontario, Oregon. Worked with group on ways to attract businesses to Oregon. The ideas of attracting venture capital, biotechnology and research firms to Oregon were discussed. Presents concept Small Communities Incentive Program (SCIP).
085	Rep. Butler	Continues explaining how experts in particular areas would get an income tax exemption for up to ten consecutive years in return for locating a business in Oregon. The groups referred to are to be proven venture capitalists with at least \$100 million capital to invest in technology or bioscience.
150	Rep. King	Asks if income tax exempted is earned income only.
165	Rep. Butler	Responds income tax exclusion would be exclusive to the partner. Yes, only Oregon earned income would be exempt.
214	Rep. Hopson	Asks if income earned with the state of Oregon whether earned with the venture capital or other, would be exempt?
221	Rep. Butler	Explains how the exemption would be allowed.
255	Rep. Butler	Continues describing Legislative Counsel's explanations regarding tax exemptions. Describes individuals who would qualify. The group would be quite small in number consisting of researchers, Ph.D.'s and M.D.'s.
365	Rep. Butler	After venture capitalists, the second group to attract would be qualified bio-scientists and companies not already in Oregon. Describes requirements for these people. Continues explaining how high tech industries have operated in Oregon trading

**TAPE 8,A**

043 Rep. Butler  
 053 Rep. Hopson

employees.

Summarizes how this tax exemption would benefit Oregon. Asks about the three groups of venture capitalists, individual Ph.Ds, M.D., and what else? Are the qualifiers for the economically distressed areas already in place?

061 Rep. Butler

Responds the qualified bio-science individuals and then the qualified high tech individuals. High tech is already here. We are trying to attract the bio-science field.

073 Rep. Butler

Describes some qualifiers. Counties that presently qualify are Sherman, Gilliam, Wheeler, and Lake. Describes some port districts.

113 Rep. King

Comments on bringing biotech industries to Oregon. Stresses importance of getting this business and the fact that it is a highly competitive field.

141 Rep. Butler

Continues describing qualified bio-science industry possibilities. Suggests there is great opportunity to change Oregon's goals in attracting business.

207 Chair Kropf  
 390 Rep. Butler

Asks for clarification on the groups that would be approached. Clarifies.

**TAPE 7,B**

007 Rep. Butler

Describes needs of access to funds, access to personnel, and access to natural resources.

020 Rep. King

Discusses venture capitalists in California. Oregon only recently has attracted venture capitalists. Oregon could be a northwest partner to New York venture capitalists, as an example. If Oregon got four or five venture capitalists Oregon would realize financial power.

055 Chair Kropf

Does this program pay for itself? Where does this fall economically?

067 Rep. Butler

Responds Oregon Economic and Community Development Department (OECD) is already trying to attract new staff. The business community is trying to attract these companies and individuals. Explains how revenue would be gained. Cost for a biennium for the program would not be over \$200,000. It would be revenue and expense neutral and no fiscal. OECD would need authority to expend the money for the applications. A hundred new businesses in this category would bring billions to Oregon's economy.

087 Chair Kropf

Asks if Oregon can attract these people, should Oregon accept some short term lower revenues to create longer term, stable, economic diversity.

105 Rep. Butler

Answers he does not believe this program will reduce revenues in any way. These new businesses would be investing in property and offices in Oregon.

140 Chair Kropf

Supports this concept to attract venture capitalists and highly trained people to Oregon's business community.

144 Rep. Butler

Refers to Legislative Counsel and OECD witnesses to testify.

149 Dexter Johnson

Legislative Counsel. Says this is a complicated bill that could not be drafted until possibly Monday.

152 Chair Kropf

Asks what complications there could be in drafting the bill.

168 Johnson`

Responds by discussing constitutional requirements of taxation. If a personal limitation is in the bill there could be problems. Discusses other drafting issues to meet requirements.

197	Rep. Butler	Introduces Ron Fox from OECDD.
210	Ron Fox	OECDD. Supports this concept and offers help. The concept is worth further discussion.
266	Rep. Butler	Thanks participants.
280	Chair	Asks Rep. Butler and Dexter Johnson to move forward on the draft. Adjourns meeting at 3:33 p.m.

Submitted by,                      Reviewed by,

Nancy Massee	Ray Kelly
Committee Assistant	Committee Administrator