

# HOUSE COMMITTEE ON SMART GROWTH AND COMMERCE

January 17, 2001  
3:30 PM

Hearing Room 50  
Tapes 1-3

**MEMBERS PRESENT:** Rep. Bill Witt, Chair  
Rep. Betsy Johnson, Vice Chair  
Rep. Alan Bates  
Rep. Alan Brown  
Rep. Janet Carlson  
Rep. Richard Devlin  
Rep. Bill Garrard  
Rep. Laurie Monnes-Anderson

**MEMBER EXCUSED:** Rep. Tim Knopp, Vice-Chair  
Rep. Jerry Krummel  
Rep. Vicki Walker

**STAFF PRESENT:** Dan Clem, Committee Administrator  
Renee' Lunsford, Committee Assistant

**MEASURE/ISSUES HEARD:** Oregon Economic and Community Development Department  
Oregon Progress Board

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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 1, A</b>		
010	Chair Witt	Calls the committee to order at 3:40 p.m. Welcomes the Senate Business, Labor and Economic development Committee.
013		Calls for introductions by committee members. Introductions are made by Rep. Alan Bates, Rep. Alan Brown, Rep. Betsy Johnson, Rep. Richard Devlin, Rep. Janet Carlson, Rep. Laurie Monnes-Anderson, Rep. Bill Garrard.
033		Calls for introductions by staff. Introductions are made by Dan Clem, committee administrator and Renee' Lunsford, committee assistant.
041		Instructs members to look over the committee rules ( <b>EXHIBIT A</b> ). Outlines committee procedures.
<b><u>ADOPTION OF COMMITTEE RULES</u></b>		
<b>050</b>	<b>Chair Witt</b>	<b>MOTION: Moves to ADOPT the proposed Committee Rules.</b>
<b>055</b>		<b>VOTE: 8-0</b> <b>EXCUSED: 3 - Knopp, Krummel, Walker</b>
	<b>Chair</b>	<b>Hearing no objection, declares the motion CARRIED.</b>

**OREGON ECONOMIC AND COMMUNITY DEVELOPMENT DEPARTMENT**

065	Bill Scott	Director, Oregon Economic and Community Development Department (OECDD).  Introduces: Doris Penwell, who represents the Oregon Economic and Community Development Department during this session; Mike Burton, assistant director of the department; Sherry Shung, deputy director; Evonne Addington, manager of the department's finance team; Chris Claflin, regional development officer for Coos, Curry and Douglas counties; and Ron Fox, the manager of business and industry team.  Submits written material ( <b>EXHIBIT B</b> ) and testifies on OECDD's history, budget and organization.
233		Continues testimony on OECDD's organization. Notes that there are several specialized bodies supported by their staff: <ul style="list-style-type: none"><li>• The International Trade Commission (Representative Butler and Senator Gordley).</li><li>• The Connecting Oregon Communities Advisory Board (created by SB 622).</li><li>• Oregon Arts Commission</li><li>• Oregon Progress Board</li><li>• Oregon Tourism Commission</li></ul>
273		Highlights \$342 million budget sources.
301		Continues testimony by discussing recommended funding sources for the next biennium.
340		Reviews history and trends in the Oregon economy and defines what problems they are trying to solve.  Talks about changes and redirection. States there is significant push for business location assistance in rural areas.  Projection emphasis for 2002 and 2003. <ul style="list-style-type: none"><li>• Rural infrastructure package</li><li>• Business location assistance for rural areas</li></ul>
355	Ron Fox	Manager of the Business Industry Team, Oregon Economic Development Association. Describes how OECDD is working on the recruitment of companies that would be specifically interested in Oregon's rural communities.
360	Scott	States that globalization and technology changes in the entrepreneurial growth of the economy were instrumental in the development of the Internet Commission and the Joint Board's Working Group.  Discusses the Governor's approach on environmental, social and economic sustainability and how that interacts with the agency's goals.  Discusses the index of economic stress for communities and the resulting impact.
<b><u>TAPE 2, A</u></b> 010	Rep. Devlin	Asks about potential returns on economic development.

053	Scott	Responds that if they focus too hard on the speed or size of results, that tends to guide them toward investments in the places that are easiest to get those results.
072	Chair Witt	Questions what would have happened in these communities without the initial support or investment. Asks whether the teams are out in the territory or in an office in Salem.
075	Scott	Responds, "Both."
079	Chris Clafin	Regional Development Offices, Coos, Curry, and Douglas County. Says his office is located in Coos Bay. Explains how the program works within the community.
093	Scott	Continues the explanation adding more detail.
099	Rep. Johnson	Asks what the relationship is between the community delivery teams and the community solutions team.
105	Clafin	Explains the difference between the two teams.
123	Rep. Johnson	Asks would it be possible for Mr. Scott to give them, by region, a breakdown of who those people are.
130	Scott	Responds affirmatively. Referencing a map, explains that there is a field person for each unit.
153	Rep. Carlson	Notes that she has seen a trend of social problems escalating in distressed communities and asks if that is a fair assessment.
160	Clafin	Responds affirmatively and expands on other impacts.
178	Rep. Carlson	States that the local Commission on Children and Families is involved in coordinating through SB 555 as well as the Community Partnership team. Asks how OECCD's delivery team connects with these other entities.
180	Clafin	Responds that they are drawing from those populations as much as they can.
195	Scott	Gives an overview of preliminary results of department organization.
205	Chair Witt	Asks how long OECCD has been doing this and whether they have seen much change over the years.
220	Brown	Responds that this is the third biennium and that changes are pretty modest." He then reviews the economic changes in Oregon.
255	Chair Witt	States that the gap that we are experiencing is part of a national reality and is actually less in Oregon than the national level.
262	Scott	Responds affirmatively and adds that the rural areas in the west are suffering the most, which is not unique to Oregon. Discusses unemployment areas, income gaps, job growth and patterns.
289	Rep. Garrard	Says he has seen some success stories in the Klamath County area and commends Mr. Scott and staff for their vital role in that success.
315	Scott	Refers to results of internal surveys, which shows strengths and weaknesses.
329	Sen. Deckert	Comments on the weaknesses of internal surveys.
381	Mike Burton	Assistant Director, Oregon Economic and Community Development Department. Speaks of the importance of the customer-related approach. Elaborates on the relationship approach. Outlines business services provided.

**TAPE 1, B**

001 Scott  
040 Rep. Johnson Talks about the successes materializing in rural Oregon. Asks if the 224 companies OECDD has selected are companies that have had previous experience with the department, or are they doing outreach that identifies companies who don't know how to access government.

058 Scott Responds that Oregon companies tend not to call and out-of-state companies always call. Outlines the way OECDD delivers small business services. Outlines how OECDD interacts with international trade assistance, with overseas offices in Taipei, Korea and the United Kingdom.

107 Rep. Monnes-Anderson Refers to the statistics involving small business education centers. Asks if there are statistics that show what their follow-up is.

110 Scott Responds that they did an in-depth study with the employment department.

125 Chair Witt Asks for confirmation that the three offices overseas have direct employees and the rest are done through contractor relationships.

145 Scott Responds affirmatively. Outlines what they do for their community customers versus the business customers. States that many communities are vague about their needs, so OECDD is involved in leadership training and community planning to be a "one-stop" resource for committees. Gives an overview of financial expenditures.

224 Lists requests for this session, which is \$196 million, and gives a brief outline of what this would entail.  
Notes the bills OECDD is sponsoring.

**OREGON PROGRESS BOARD**

240 Jeffrey Tryens Executive Director, Oregon Progress Board. Gives an overview of what Oregon Shines is, outlines its visions and submits a written report (**EXHIBIT C**). Discusses Oregon's Behchmarks. Outlines where the areas of growth for Oregon are occurring.

States there are 92 indicators. He then outlines the ones he feels are most relevant to this group.

363 Chair Witt  
365 Tryens States they will be issuing a report card for Oregon in about two weeks.  
Asks if the growth has come about largely in central Oregon.  
Responds that this is correct. Notes that the percent of professional services provided within the state is down. Says professional services are what they refer to as a lead indicator.

370 Rep. Bates  
375 Tryens Asks if this is a reflection on our higher education system.  
Responds that the level of graduates has stayed the same as it was in the beginning of the 1990s. Notes that the educated in-migrant stream (group of highly-educated moving into the state) has stopped increasing. Outlines Oregon's national rank in economy.

		States Oregon is ranked 40 for cost of doing business on a national level.
400	Rep. Carlson	Asks if these targets were ever revised when they went in and looked at the initial benchmark reports. Asks if it is useful to have these targets.
418	Tryens	Responds that these targets were changed pretty dramatically when they went through the review in 1996 and 1997. Outlines how the targets are set, how practical they are, and how useful they are.
<b><u>TAPE 2, B</u></b>		
030	Rep. Devlin	Asks if there is any clear connection between the goals set and the policies that the state establishes.
040	Tryens	Responds with examples of goals that have worked and goals that have not worked. Outlines how Oregon is faring in the following classifications. <ul style="list-style-type: none"> <li>• Traded sector</li> <li>• Economic diversification</li> <li>• Research and development</li> <li>• Venture capitol</li> <li>• Net job growth</li> <li>• Income gap</li> <li>• Competition in regulation (state permitting)</li> <li>• Cost of doing business</li> <li>• Work Force Productivity. States, "In the late 1990s, we are one of the most productive work forces in the country."</li> </ul>
122	Chair Witt	Asks if the high technology in Oregon has grown at a significantly faster pace in the 90s than it has in other states.
130	Tryens	Responds affirmatively. Continues discussing how Oregon is faring. <ul style="list-style-type: none"> <li>• Tax costs, which includes state income tax.</li> <li>• Energy cost</li> <li>• Labor costs (rural and urban)</li> <li>• Family wage</li> <li>• Unemployment rate (relative to US)</li> <li>• Labor force training</li> <li>• Higher education level</li> </ul> <p>Tryens stated this flattened out in 1996 and dropped in the year 2000 for the first-time in the last ten years</p> <ul style="list-style-type: none"> <li>• Percentage of adults with technical training</li> <li>• High school drop-out rate.</li> </ul>
211	Chair Witt	Asks for clarification as to whether the 6% high-school drop out rate projected was yearly.
214	Tryens	Answers affirmatively. Continues discussing how Oregon is faring.
217		<ul style="list-style-type: none"> <li>• Literacy rate</li> </ul>

- Infrastructure, energy and telecommunications
- Sewage compliance
- Energy measure CO2 emissions
- Internet access

Speculates on the results of the Oregon Report Card for 1999.

Summarizes by saying, “80% of Oregonians felt that government services were pretty good. 90% of Oregonians felt pretty-good about Oregon and about living here.”

States, however, that the economy has slowed down significantly since 1997 and says, “I think that the legislature needs to not take the urban economy for granted in the next two-to-four years.”

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Chair Witt

Announces the following schedule for committee meetings.

- Friday, January 19, 2001: cancelled.
- Monday, January 22, 2001: not meeting
- Wednesday, January 24, 2001: Overview of current power in the West
- Friday, January 26, 2001
- Monday, January 29, 2001: Additional testimony regarding the power crisis will be presented

Encourages members to read up on the power situation in the Northwest.

Chair Witt

Adjourns the committee at 5:30 PM.

Submitted By,

Reviewed By,

Renee’ Lunsford,  
Committee Assistant

Dan Clem,  
Committee Administrator

**EXHIBIT SUMMARY**

**A - Committee rules, staff, 2pp**

**B - Oregon Economic and Community Development Department Overview, written material, Bill Scott, pp**

**C - Measuring Up: Benchmarks on Oregon’s Economy, Oregon Progress Board, written material, Jeffrey Tryens, pp**