

**SENATE COMMITTEE ON INFORMATION MANAGEMENT &  
TECHNOLOGY**

March 16, 2001 Hearing Room 357  
1:00 PM Tapes 17 - 18

**MEMBERS PRESENT:**        **Sen. Verne Duncan, Chair**  
                                     **Sen. Peter Courtney, Vice-Chair**  
                                     **Sen. Jason Atkinson**  
                                     **Sen. Rick Metsger**  
                                     **Sen. David Nelson**

**STAFF PRESENT:**        **Marjorie Taylor, Administrator**  
                                     **Pamela Johansen, Committee Assistant**

**MEASURE/ISSUES HEARD:**        **SB 401 Work Session**  
   **SB 832 Public Hearing and Possible Work Session**

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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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<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 17, A</b>		
005	Chair Duncan	Calls the meeting to order at 1:05 p.m. and opens work session on SB 401.
<b><u>SB 401 WORK SESSION</u></b>		
007	Marjorie Taylor	Committee Administrator. Explains SB 401 modifies provisions regarding Occupational Program Planning System.
013	Sen. Courtney	<b>MOTION: Moves SB 401 to the floor with a DO PASS recommendation.</b>
		<b>VOTE: 5-0</b>
016	Chair Duncan	<b>Hearing no objection, declares the motion CARRIED. SEN. COURTNEY will lead discussion on the floor.</b>
018	Chair Duncan	Closes work session on SB 401 and opens public hearing on SB 832.
<b><u>SB 832 PUBLIC HEARING</u></b>		
044	Dr. Peter Kohler	President OHSU. Testifies in support of SB 832. Submits and refers to written testimony ( <b>EXHIBIT A</b> ). States research advances will fuel tremendous economic growth as biotechnology companies proliferate and commercialize new treatments, medications, biomedical equipment and other technology. Comments the biotech industry created 437,000 new American jobs in 1999 alone, generating revenues approaching \$47 billion with the average salary of \$50,000. Expresses Oregon has the opportunity to capture both the health and economic benefits from the coming biotechnology wave.
108	Chair Duncan	Asks how many medical schools are in the country.
118	Kohler	Responds 125 and OHSU ranks in the top 30 of the group.
147	Kohler	States OHSU sees medical research as a win-win scenario, a win

for health care and a win for the economy. Explains many people believe that the tobacco dollars should be used for a prevention and treatment and at OHSU we agree that finding the cure is part of that picture and for a relatively small part of the settlement. Comments for about 15% annually, biomedical research in our state could be enhanced in such a way that it would have an enormous health care and economic benefit for all Oregonians. Expresses time is a luxury we do not have due to fierce competition for the dollars and battle for leadership in the knowledge economy of the 21<sup>st</sup> century.

- 197 Chair Duncan Relates personal anecdote. Comments we need to be cognizant of the role that OHSU has played statewide.
- 230 Sen. Metsger Asks if we are successful in this type of venture why are there no provisions for the bonds to be repaid back from the intellectual property to the state to use for other ventures and investments.
- 258 Kohler Responds that there have been discussions on this issue.
- 290 Sen. Metsger Comments that even if the payback takes up to 30 years it shows an intent and desire to be successful but that the program is so good it has the ability to be self-sustained.
- 297 Randall Edwards Oregon State Treasurer. Compliments that biotechnology is becoming the next evolution in technology. Submits and refers to written material (**EXHIBIT B**). States the Oregon Opportunity could be a very timely investment for Oregon and one with long-term financial benefits to the state. Comments he has been working closely with President Kohler and Jim Warner, his Chief Financial Officer to better understand the investment and to begin putting together a financial package. States SB 832 and the amendments reflect that work to date.

**TAPE 18, A**

- 012 Edwards States OHSU has a long track record of success as a medical school, hospital and research facility. Comments this is an attractive investment for the state to make.
- 039 Lesley Hallick Provost and Vice President for Academic Affairs, OHSU. Submits and refers to written material (**EXHIBIT C**).
- 080 Hallick States if Oregon captures only 2% of new revenue for biotechnology industry in 2006 would equate to \$1.4 billion dollars annually.
- 190 Hallick Details criteria used in recruitment for scientist and professionals. Comments as part of SB 832 two specific programs supporting rural health care delivery and economic development:
1. The Rural Health Institute.
  2. The Health, Education, Research Oregon Network (HERON).
- 225 Sen. Nelson Asks if SB 622 is compatible with the direction they are headed.
- 234 Hallick Responds that SB 622 is very compatible and compliments what they are trying to do with SB 832.
- 243 Doug Goe Chief of Public Finance and Partner in Ater Wynne. Comments some of the goals of this bill would be to:
1. Insure the flexibility of the bonds to be issued on a tax-exempt basis.
  2. Tie in with HJR 46 that would allow the state to issue

		General Obligation bonds.
		Commenting this would give the state the lowest interest rate possible.
329	Chair Duncan	Asks if both measures would be on the ballot at the same time.
331	Goe	Responds on the amendment to the constitution for the General Obligation bonds would require being on the ballot.
380	Sen. Nelson	Asks about terms for repayment.
383	Goe	Responds that currently there is a 20 or 25 year repayment of the bonds. Comments the Treasurer's office has a fair amount of discretion in terms of payback based on what is the best interest of that state in looking at the bond market at that time.
410	Sen. Courtney	Asks what is the status of OHSU for earthquake preparation.
<b>TAPE 17, B</b>		
007	Kohler	Responds that readiness is variable depending on the age of the building. States the newer buildings are up to code while older ones are not but as they are renovating the campus they will be bringing them up to code. Comments they are in an intermediate to advanced stage of readiness.
015	Sen. Courtney	Expresses concern through current legislation for earthquake preparedness they are targeted for improvements two ways as an academic institution and a hospital.
037	Kohler	Comments that when they became a public corporation the campus was insured in a way that was not done before to protect them from all different types of disasters in terms of getting back to business without the returning to the state for help.
048	Sen. Courtney	Comments their medical services will desperately be needed in the event of a severe earthquake.
051	Sen. Nelson	Asks for Dr. Druker's story to be explained in more detail.
053	Kohler	Responds that Dr. Druker has been working on this treatment for over a decade and had come to a point about 8 to 10 years ago where he needed some chemical compounds to start testing his theory of inhibiting a specific enzyme in the malignant cells. Comments that they did not have the people to turn to immediately and Dr. Druker formed a link with Ciba-Geigy (now Novartis) which provided him with a number of compounds to test. States he found the right one, but in doing this he had to give away the intellectual property rights to these compounds one of which has become Glivec and is the current treatment for leukemia.
076	Sen. Courtney	Asks if they could get someone like Dr. Druker to come to the committee and discuss some successes.
092	Kohler	Responds that Dr. Druker has been to the capitol and is scheduled to come again in the near future and will see that this committee is included in that meeting.
105	Stuart Hall	President & CEO, Liberty Northwest Insurance Corporation. Testifies in Support of SB 832. States he is here for two reasons:
		1. At the request of Dr. Kohler to discuss the importance of this project.
		2. That business community will be long term affected by this project and he wants to be a part of the process.
154	Hall	Comments the state needs to provide the infrastructure for a research organization. References Dr. David Clark states there are more jobs created within a mile and a half radius of MIT than

		in the 13 western states with the exclusion of CA. Research facilities generate revenue. States eastern Oregon and the legislature have talked about the importance of narrowing the urban/rural split. Comments that OHSU has been sensitive to that issue and wants to look outside to promote urban and rural communities as well.
192	Jim Craven	American Electronics Associations. States last fall the American Electronics Board along with the Software Association of Oregon issued a white paper on higher education in anticipation of this legislative session, in addition to calling for enhanced investments of computer science programs our organization and the Software Association endorsed two additional concepts: <ul style="list-style-type: none"> <li>• The merger between OHSU and the Oregon Graduate Institute of Science and Technology (OGI).</li> <li>• The Oregon Opportunity Plan SB 832.</li> </ul>
247	Craven	Comments that this is a bold move for the State and technology. Discusses the dollar amount requested for the Oregon Opportunity project.
261	Sen. Nelson	Compliments Stuart Hall for mentioning the business community and Larry Hess for working on and supporting SB 622.
291	Daniel Brose	Chairman Chemica Technologies Inc. Testifies in support of SB 832. Submits and refers to written material ( <b>EXHIBIT D</b> ). Explains the details and goals of Chemica Technologies Inc. Gives a definition of protiomacs and their importance in drug design. States the entire state stands to benefit by the diversification of our economy, by our enhanced scientific reputation around the country and world, and by keeping our brightest scientists in the state.
<b>TAPE 18, B</b>		
012	Sen. Nelson	Asks for the definition of bioscience.
013	Brose	Responds that bioscience and biotechnology are often used interchangeably. Gives an example of Pfizer Pharmaceuticals. States that most companies of this type are usually by someone from a research background.
026	Mary Decker	Trustee, North Lincoln Health District, Lincoln City. Testifies in support of SB 832. Submits and refers to written testimony ( <b>EXHIBIT E</b> ). Expresses that Oregon has the opportunity to do it our way. Comments on the difficulty of accessing the Coast range. States it is an innovative approach for OHSU to provide scientific leadership and to create economic opportunities for the entire state. Comments the proposal includes consideration for rural communities that will help us diversify our economy and contribute to research in a variety of meaningful ways.
97	Wes Hare	LaGrande City Manager. Testifies in support of SB 832. States that the Oregon Opportunity represents another opportunity towards prosperity for growing higher wage jobs in the region. Comments that the Oregon Opportunity is seen as an investment not only in urban prosperity but also as an investment in rural prosperity.
140	Chair Duncan	Closes public hearing on SB 832 and opens work session.
<b><u>SB 832 WORK SESSION</u></b>		
159	Sen. Courtney	<b>MOTION: Moves to SUSPEND the rules for the purpose of</b>

Conceptually amending the SB 832 -2 amendments dated 3/16/01..

**VOTE: 4-0**

**EXCUSED: 1 - Atkinson**

**Hearing no objection, declares the motion CARRIED.**

175                    Chair Duncan  
                          Sen. Courtney        **MOTION: Moves to AMEND –2 amendments on page 8, in line 15, "January 1, 2003," change "January 1, 2002".**

**VOTE: 4-0**

**EXCUSED: 1 - Atkinson**

**Hearing no objection, declares the motion CARRIED.**

185                    Chair Duncan  
189                    Sen. Courtney        **MOTION: Moves SB 832 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the Senate Revenue committee.**

**VOTE: 4-0**

**EXCUSED: 1 - Atkinson**

**Hearing no objection, declares the motion CARRIED.**

193                    Chair Duncan  
202                    Chair Duncan        **MOTION: Requests unanimous consent that the rules be SUSPENDED to allow SEN. METSGER to BE RECORDED as voting AYE on SB 401".**

208                    Marjorie Taylor        SIMT Administrator. Comments she is working with Tom Cook to set up a videoconference called “Kids in Technology Day” where you as members have the opportunity to chat with students across the state about technology and their views and visions are.

221                    Chair Duncan            Comments that this is a result of Sen. Courtney’s suggestion to listen to young people about their concerns and opinions on technology for the future. States they have a much different perspective on the issue and should be heard. Comments a tentative schedule for March 30, 2001 at 2:00 p.m.

224                    Taylor                    SIMT Administrator. Extends an invitation to the committee from Sen. Hill to DAS-IRMD for Tuesday March 27, 2001. Comments that HP is setting up an office of the future in HR B on the 3/27/01 and will be open all day if they would like to attend.

232                    Chair Duncan            Closes work session on SB 832 and adjourns meeting at 3:15 p.m.

Submitted By,

Reviewed By,

Pamela Johansen,  
Committee Assistant

Marjorie Taylor,  
Administrator

**EXHIBIT SUMMARY**

- A - SB 832, written testimony, Dr. Peter Kohler, 13 pp.**
- B – SB 832, written testimony, Dr. Peter Kohler, 43 pp.**
- C – SB 832, written testimony, Randall Edwards, 4 pp.**
- D – SB 832, written testimony, Dr. Lesley Hallick, 10 pp.**
- E – SB 832, written testimony, Daniel Brose, 2 pp.**

**F – SB 832, written testimony, Mary Decker, 51 pp.**

**G – SB 832-2 amendments, Staff, 9 pp.**