

SENATE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

March 22, 1999 Hearing Room B

3:00 p.m. Tapes 39 - 40

MEMBERS PRESENT: Sen. John Lim, Chair

Sen. Avel Gordly, Vice-Chair

Sen. Verne Duncan

Sen. Tony Corcoran

Sen. Bill Fisher

MEMBER EXCUSED:

STAFF PRESENT: Carol Rives, Administrator

Gary Roulier, Administrative Support

MEASURE/ISSUES HEARD: HCR 1 Public Hearing

SB 404 Public Hearing

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.

TAPE/#	Speaker	Comments
TAPE 39, A		
002	Chair Lim	Opens meeting at 3:13 p.m. and opens public hearing on HCR 1.
<u>HCR 1 PUBLIC HEARING</u>		
019	Carol Rives	Administrator. Outlines the provisions of HCR 1 commending efforts to establish the Oregon Korean War Memorial in Wilsonville.

043	Chair Lim	Suggests an amendment to donate \$1 from the state General Fund for each Oregonian killed in action in Korea.
074	Vice-Chair Gordly	Asks if Wilsonville supports the location of the memorial.
085	Chair Lim	Responds that the city donated the property. Closes the public hearing on HCR 1 and opens the public hearing on SB 404.
<u>SB 404 PUBLIC HEARING</u>		
108	Rives	Outlines the provisions of SB 404 revising the objectives of regional economic development to emphasize economic and community development priorities identified by regions.
120	Bill Scott	Director, Oregon Economic Development Department (OEDD). Presents (EXHIBIT A) and testifies in support of SB 404. Outlines the OEDD New Directions policy emphasizing distressed areas, assisting companies, insuring that strategies reinforce Oregon's long term prosperity, and partnerships (page 1 of the exhibit).
163	Scott	Summarizes the findings of the interim work group (page 1 of the exhibit). Reviews the history of the Rural Investment Program (RIP).

212	Scott	Summarizes changes to the RIP made in the 1995 and 1997 Legislative Sessions. Adds that the 1997 Legislature removed key industries as a requirement and that the regional strategies program bore the brunt of mandated program cuts.
250	Scott	Reviews the summit meetings of local ports, cities and counties which reviewed the findings of the interim workgroup to ensure recommendations meet the needs of local governments.
298	Scott	Presents the 1999 Biennial Report on Regional Strategies (EXHIBIT B). Summarizes the changes proposed in SB 404 requiring the adoption of regional benchmarks (page 2 of EXHIBIT A).
346	Scott	Remarks that SB 404 makes the regional strategies work identically to the RIP so that local governments are not required to use resources based on selection of key industries.
375	Scott	Discusses additional changes proposed in SB 404 which allow for greater flexibility in the program.

402 Sen. Duncan Commends the interim workgroup for their efforts.

TAPE 40, A

004 Sen. Ted Ferrioli Senate District 28. Testifies in support of SB 404 and outlines problems related to the management of natural resources and the resulting effect on distressed communities. Adds that the interim work group developed strategies that would build programs from the ground up. Remarks that distressed communities see great benefit in the adoption of regional strategies.

050 Sen. Duncan Welcomes Mike Jordan, a new commissioner from Clackamas County.

074 Mike McArthur President, Association of Oregon Counties (AOC). Presents **(EXHIBIT C)** and testifies in support of SB 404. Notes that SB 404 represents one of AOC's top priorities and is unanimously endorsed. Stresses that economic development is really community development.

121 McArthur States that SB 404 addresses particular community/economic development challenges and enhances opportunities to solve local problems (page 1 of the exhibit).

149 Sue Cameron Tillamook County Commissioner and Chair, Association of Oregon Counties Legislative Committee. Testifies in support of SB 404 and outlines efforts to develop regional partnerships and the efforts of the local government summits.

191 Mike Jordan Clackamas County Commissioner. Testifies in support of SB 404 and outlines the efforts of the interim workgroup. Notes that there have been positive changes associated with the partnerships.

232 Jordan Remarks that the dialogue has changed from the state prescribing action to a strategy of asking the local governments "what do you want." Notes that the funds available within the RIP are an incentive for local people to get involved in planning local strategies.

267 Sen. Fisher Asks about the proposed change in the makeup of the regional investment boards.

274 McArthur Responds that this proposed change allows for more flexibility.

279 Sen. Fisher Asks about the makeup of the board.

288 McArthur Answers that the county commissioners select the members of the regional investment board.

300	Vice-Chair Gordly	Comments that the positive changes are a result of leadership at both the OEDD and the local government level.
315	Chair Lim	Asks if SB 404 will accomplish the goals of economic development.
318	Jordan	Responds that economic development is complex and a long-term process. Adds that there is no guarantee, but SB 404 is a first step.
337	Scott	Introduces Mike Burton and summarizes his experience in the development of regional strategies. Adds that Burton will explain in detail the provisions of SB 404.
374	Mike Burton	Assistant Director, OEDD. Presents (EXHIBIT D) and testifies in support of SB 404. Explains Section 1 of SB 404 which deletes the key industry requirement.

TAPE 39, B

002	Burton	Presents (EXHIBIT E) and summarizes the definition of "Regional Partnerships" contained in SB 404 (page 2 of the exhibit). Explains Section 4 of SB 404 defining accountability mechanisms and the establishment of benchmarks.
041	Burton	Outlines the approval mechanisms for the program contained within Sections 4 and 5 of the bill and the establishment and makeup of the regional investment boards (page 5 of the exhibit).
078	Burton	Comments on Section 6 of SB 404 and the requirement for the OEDD to identify similar issues among regions to identify statewide strategies of significance (page 7 of the exhibit). Adds that Section 7 ensures that all counties are included in a region (page 8 of the exhibit).
109	Burton	Notes that the changes outlined in Sections 8 and 9 bring existing statutes into agreement with the changes proposed in SB 404. Adds that Sections 10 and 11 establish the Regional Investment Fund (page 10 of the exhibit).
133	Sen. Fisher	Asks if there are problems associated with private sector involvement in the regional investment boards.
137	Burton	Responds that the motive is to allow local governments to determine the appropriate makeup of the board.
150	Sen. Fisher	Asks for a definition of the phrase "significant representation" from the private sector.
171	Burton	Notes that the phrase could represent 50 percent participation from the private sector.
194	Sen. Fisher	Remarks that the phrase "significant" is difficult to define and perhaps needs to be

more specific.

- 225 McArthur States that in Sherman County it is difficult to find local business people to travel the distances required to attend meetings. Adds that the regions need the flexibility to determine the makeup of the boards due to differing needs.
- 252 Sen. Corcoran Points out that local government officials are usually private business people. Remarks that the politics of the local governments can differ and asks why SB 404 is an improvement over the present system.
- 285 Burton Responds that this is a fundamental change in the process and that the formation of partnerships between different agencies and the local governments allow the determination of common goals.
- 330 Burton Adds that the partnerships also allow for a wider study of issues and gives a voice to different communities and their problems. Concludes that the process leads everyone to a common understanding and allows movement toward a common goal.
- 382 Sen. Corcoran States that his research shows that the purpose of economic development is to eliminate the negatives and reiterates that distressed areas face enormous problems.

TAPE 40, B

- 001 McArthur Notes that it is important for the smaller, rural areas to aggregate together to give voice to their issues and find common threads.
- 014 Chair Lim Asks about the provisions outlined in Section 9 of SB 404 which require approval of a rural action plan by the Governor (page 9 of the exhibit).
- 021 Burton Summarizes the existing procedure for the approval of rural action plans.
- 034 Chair Lim Asks why the Governor would need to approve the plan if the plan was established through a partnership.
- 041 Scott Responds that SB 404 provides that the regional partnerships would not require approval at the state level.
- 057 Rives Presents (**EXHIBIT F**), a letter submitted prior to the meeting.
- 058 Chair Lim Closes the public hearing on SB 404 and adjourns meeting at 4:40 p.m.

Submitted By, Reviewed By,

Gary Roulier, Carol Rives,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ SB 404, written testimony, Bill Scott, 3 pp

B ñ SB 404, Regional Strategies in Oregon, Bill Scott, 45 pp

C ñ SB 404, written testimony, Mike McArthur, 2 pp

D ñ SB 404, written testimony, Mike Burton, 3 pp

E ñ SB 404, proposed amendments to SB 404, Mike Burton, 14 pp

F ñ SB 404, letter submitted prior to meeting, staff, 2 pp