

SENATE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

April 14, 199 Hearing Room B

3:00 p.m. Tapes 55-56

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

Paula Merritt, Administrative Support

MEASURE/ISSUES HEARD: SB 1146 Public Hearing and Work Session

SB 1128 Public Hearing and Work Session

SB 946 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.

TAPE/#	Speaker	Comments
TAPE 55, A		
000	Chair Lim	Opens meeting at 3:15 p.m. Opens public hearing on SB 1146.
<u>SB 1146 PUBLIC HEARING</u>		
012	Chair Lim	Introduces friends and guests present in the hearing room.

026	Sen. Duncan	Compliments Sen. Lim for his representation as Senator and committee chairman.
038	Carol Rives	Committee Administrator. Explains SB 1146. This bill permits business firms who engage in health care activities within an enterprise zone to be eligible for the tax exemptions against property taxes that are allowed through the Enterprise Zone Program. The ñ1 amendments are proposed by the Oregon Economic Development Department (OEDD). The enterprise zone program was established in 1986 to encourage new businesses and retain existing business in an area by offering tax exemptions. A health care facility is not eligible for the tax incentives. SB 1146 allows business firms providing health care services to qualify for property tax exemptions. Submits amendments (EXHIBIT C).
074	Senator Dukes	Senate District 1. Testifies on original SB 1146. Explains that she was not aware that health care facilities were not eligible under Enterprise Zone. States they were specifically left out of the legislation when the enterprise zone program was established. Describes a situation in Astoria, of an investor who wanted to build a health care facility in Oregon, using his own investment dollars. He was not able to receive answers needed and no one could tell Sen. Dukes why health care facilities were left out. States she introduced this bill which is clear and straightforward. Believes that it is important in many communities. States her hopes this bill remains clear and straightforward.
124	Chair Lim	States this bill will have several questions raised and, to eliminate future questions, asks Sen. Dukes if she believes there should be a date set for this bill.
140	Sen. Dukes	Answers that enterprise zones need to have an application submitted by the city or county and she needs to decide if this will be beneficial.
149	Sen. Duncan	Askes Sen. Dukes about her opinion of the -1 amendments.
150	Sen. Dukes	States that she wants the committee to understand she has not discussed the amendments with anyone in her community, and she would like the people of the community to make the decision about the amendments.
168	Art Fish	Enterprise Coordinator, Oregon Economic Development Department. Explains amendments. States these were prepared at Chair Limís request. Reads from (EXHIBIT C). Rural areas suffer due to distances. The amendments target more areas with more direct references. Refers to page 3, Section 6. This is what is required to make health care facilities eligible in the future.
248	Chair Lim	Asks Fish what effect this will have on the local economy.
249	Fish	Answers that the effects will be the usual marginal types.
250	Chair Lim	Asks Fish to explain Section 4 of the amendment.
251	Fish	States that all enterprise zones have a sunset date in 2009.

264	Sen. Dukes	Explains that if bill goes to the floor with the amendments, she will ask to have her name removed, as she has not yet had clearing from the city or community of Astoria. There are taxing districts that may be affected.
298	Chair Lim	Explains that he has a letter from the Mayor of the city of Astoria supporting this bill. Explains that he understands Sen. Dukes' concerns, but there is not much time. States that if she finds a concern from the county or city the committee may be able to address the issues. He will contact the counties and asks that Sen. Dukes do the same.
311	Sen. Dukes	Asks Chair Lim to move the original bill out and allow the process that is already in place to continue.
317	Chair Lim	Discusses SB 1146. Asks Fish what his opinion is. Asks Fish's opinion on which bill he considers to be the best.
338	Fish	States that the issues discussed would have no bearing on this situation. States the bill amendments make health care a potentially eligible business in any part of the state.
352	Sen. Duncan	Asks Fish if this would make the bill less attractive to him.
353	Fish	Answers that the department would not take a strong stance on this, but it would seem to go against the vein of the enterprise zones and the general intent to focus in on other businesses. The health care issue makes sense when targeting rural areas.
368	Bill Scott	Director, Economic Development Department. Submits (EXHIBIT B) . States that OEDD believes the part of the amendments that confine the eligibility of health care to rural areas is appropriate. States that there could be opposition.
412	Chair Lim	Closes public hearing on SB 1146 and opens work session.
<u>SB 1146 WORK SESSION</u>		
424	Sen. Duncan	States he is sensitive to both versions of the bill, which makes it difficult for him to make a decision now.
TAPE 56, A		
016	Sen. Gordly	States that having heard the testimony from Sen. Dukes is taking into consideration everything that is trying to be done.
018	Chair Lim	States his concern that SB 1146 may not define the people in need.
029	Sen. Corcoran	States that he agrees with Sen. Gordly. Wants Sen. Dukes to take the amendments

		back to her district and review them with the community. States that they may have the same interests.
057	Art Fish	Explains Section 6 of (EXHIBIT B) . Describes retroactive language which would be available for any investment that was previously denied pre-certification. This would allow claims even though investments were not final. Deleting section 6 would achieve everything except the retroactivity.
072	Chair Lim	Explains that there will not be a work session on SB 1146 and he will bring back at a later date to discuss. Closes public hearing on SB 1146 and opens public hearing on SB 1128.
<u>SB 1128 PUBLIC HEARING</u>		
88	Rives	Explains SB 1128. This is a bill brought by the Oregon Economic Development Department (EDD). The purpose of the bill is to revise current statutes to conform to new directions that were set forth by the Interim Work Group on Economic and Community Development. Changes the name of the department. Submits (EXHIBIT A) .
106	Bill Scott	Explains the bill is intended to clean up the statutes that govern OEDD and conform to the "New Directions" of the department. Presents and reads from (EXHIBIT B) .
147	Scott	States that he believes the name change will help people to understand the department. States that the name would change to Oregon Economic and Community Development Department.
186	Sen. Duncan	Asks if the overriding concept is leverage.
188	Scott	Answers yes. Comments on the WasteWater Fund. Explains this allows OEDD to make the grant as large as the loan made. If there is a \$300,000 project, the maximum grant is \$150,000. States, in some cases, the loan resource may be available from the federally funded Safe Drinking Water Fund. This does not apply on a project-by-project basis. Says 50 percent of all the resource funds must be invested in loans. This bill conforms to those specifications.
380	Sen. Gordly	Asks about the Water Fund changes. States she has a note from Ken Armstrong asking about the change in the Water Fund language.
385	Ken Armstrong	States that this was a change to the bill that he is familiar with and wants to take an opportunity to hear more details and the actual impact is on the users of that part of the program. States the change that Scott specified sounds reasonable, but wants to hear more.
413	Scott	Continues to explain the 50 percent loans for Water Fund. The only source that can make a 100 percent grant is the Community Program Block Grant, and only for low to moderate income communities. States that he anticipates the need to

		increase flexibility as more communities identify projects.
415	Scott	Adds that none of the amendments are intended to make changes but to eliminate statutes that are obsolete.
426	Sen. Gordly	Asks Scott why there is not a joint committee or concerted effort to re-establish the Joint Committee on Trade and Economic Development.
TAPE 55, B		
003	Sen. Gordly	Unsure where the conversation should begin. Believes in eliminating duplication of efforts and time.
051	Sen. Duncan	States that he has no information at this time.
067	Chair Lim	Discusses the Economic and Community Development name. Asks Rives what names are used in other states.
069	Rives	Gives examples. Explains that many states use the name, "Economic Development Department."
083	Chair Lim	Agrees that "Economic Development" looks like something different from this department. Suggests different names for this department.
110	Sen. Corcoran	Suggests that "trade" is the keyword.
111	Sen. Gordly	Notes that we have a role in trade.
118	Sen. Duncan	Not ready to make a decision on this.
124	Chair Lim	Asks the cost for the name change.
128	Scott	Answers that there has not been a dollar estimate to date, but research is being done. Believes there will not be a significant increase. States minimal fiscal impact is approximately \$2,000.
142	Gordon Fultz	Association of Oregon Counties. Testifies in support of SB 1128.
153	Chair Lim	Closes public hearing on SB 1128 and opens work session on SB 1128.
<u>SB 1128 WORK SESSION</u>		
164	Sen. Gordly	MOTION: Moves to ADOPT SB 1128-2 amendments dated 04/14/99.

		VOTE: 5-0
	Chair Lim	Hearing no objection, declares the motion CARRIED.
	Sen. Gordly	MOTION: Moves SB 1128 to the floor with a DO PASS AS AMENDED recommendation.
191	Rives	Staff refers to conceptual amendments. (EXHIBIT A).
192	Sen. Fisher	Suggests withdrawing the motion.
194	Sen. Gordly	Withdraws her motion.
200	Sen. Gordly	MOTION: Moves to ADOPT the conceptual amendments to SB 1128 offered by the Economic Development.
	Chair Lim	Hearing no objection, declares the motion CARRIED.
220	Sen. Gordly	MOTION: Moves SB 1128 to the floor with a DO PASS AS AMENDED recommendation.
227		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Lim	The motion CARRIES. SEN. GORDLY AND SEN. LIM will lead discussion on the floor.
240	Chair Lim	Closes work session on SB 1128 and opens public hearing on SB 946
<u>SB 946 PUBLIC HEARING</u>		
261	Sen. Gordly	Thanks Scott for all of his work.
262	Rives	Explains SB 946 and amendments. (EXHIBIT E). Companion bill to SJR 6. Takes effect only on approval of SJR 6 by the voters at the next election.
328	Rives	Refers to ñ1 amendments which include "lieutenant governor" in the definition of "statewide elected official", authorize Lieutenant Governorís salary, authorize the

		Lt. Governor to pre-session file bills, establish the Lt. Governor as a member of the International Trade Commission, as chair of the Oregon Progress Board, and as a member of the Oregon Tourism Commission, establish the Lt. Governor as an officer who will receive notice of any state emergency in absence of the Governor and with the authority necessary to declare the state of emergency.
359	Rives	Purpose of SB 946 is to provide the Lt. Governor with the rights and responsibilities of office. SB 946 allows Lt. Governor to receive the salary and benefits that other state-wide elected officials receive.
372	Sen. Duncan	Asks where the office would be located.
373	Chair Lim	Explains concern on page 21, lines 8 and 9. Wants to discuss the salary range described.
392	Rives	This is the same salary that the Secretary of State and State Treasurer now receive.
399	Sen. Duncan	Comments on the salaries listed and salary he was making 10 years ago as State Superintendent of Public Instruction. States that Oregon has done a disgraceful job of paying statewide elected officers.
415	Sen. Fisher	Comments on expense reimbursements that are not listed in the material, which would increase the total amount.
437	Sen. Duncan	Sen. Duncan and Sen. Fisher converse regarding the salary of Lt. Governor.
472	Chair Lim	Chair Lim and Sen. Duncan converse about salaries and benefits.
TAPE 56, B		
051	Chair Lim	Refers to page 20, line 37 and asks the meaning of this line.
061	Rives	Explains that 75 percent of the Lt. Governor's salary will come from the General Fund and 25 percent will come from other funds.
066	Sen. Fisher	Questions the General Fund. Asks where the other money comes from.
087	Chair Lim	Refers to page 20, line 37.
095	Sen. Fisher	Reiterates what Rives explained.
125	Chair Lim	Closes public hearing and opens work session on SB 946.
<u>SB 946 WORK SESSION</u>		

129	Sen. Gordly	MOTION: Moves to ADOPT SB 946--1 amendments dated 04/13/99.
		VOTE: 5-0
130	Chair Lim	Hearing no objection, declares the motion CARRIED.
	Chair Lim	MOTION: Moves SB 946 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye.
131	Chair Lim	The motion CARRIES. SEN. DUNCAN will lead discussion on the floor.
160	Sen. Gordly	Commends the committee and the chair for the important work the committee has done this session. Thanks the committee members for their time and efforts.
182	Chair Lim	Agrees with Sen. Gordly's comments. Adjourns meeting at 4:48 p.m.

Submitted By, Reviewed By,

Paula Merritt, Carol Rives,

Administrative Support Administrator

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EXHIBIT SUMMARY

A ñ SB 1128, OEDD conceptual amendments, staff, 1 p

B - SB 1128, written testimony, Bill Scott, 7 pp

C ñ SB 1146-1, amendments, staff, 3 pp

D - SB 1128, -2 amendments, staff, 30 pp

E ñ SB 946 , -1 amendments, staff, 2 pp