

SENATE COMMITTEE ON TRANSPORTATION

January 18, 1999 Hearing Room C

3 p.m. Tapes 3 - 6

MEMBERS PRESENT: Sen. Marylin Shannon, Chair

Sen. Mae Yih, Vice-Chair

Sen. Susan Castillo

Sen. Joan Dukes

Sen. Ted Ferrioli

Sen. Gary George

Sen. Lenn Hannon

STAFF PRESENT: Don Scott, Administrator

Valerie Luhr, Administrative Support

MEASURE/ISSUES HEARD: SB 108 Public Hearing

SB 197 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 3, A		
057	Chair Shannon	Calls the meeting to order at 3:09 p.m. Opens public hearing on SB 108.
<u>SB 108 PUBLIC HEARING</u>		
070	Don Scott	Committee Administrator, reviews provisions of SB 108.
085	Chuck Bennett	Oregon Aviation Coalition and Transwestern Aviation, submits and reviews testimony in support of SB 108 [EXHIBIT B] . Clarifies the impact statement the

		committee received today is a draft and it is in the review process. States SB 108, which is the same as SB 438 from the 1997 Session, saves money and the money would accrue to the state aviation department.
106	Bennett	Comments on areas with which the new agency would be charged [EXHIBIT A]. Reviews activities that may accrue to the aviation system with passage of SB 108.
160		<ul style="list-style-type: none"> • savings from basic administration costs
		<ul style="list-style-type: none"> • aviation fuel taxes no longer tied to auto fuel taxes
		<ul style="list-style-type: none"> • manager is given supervisory authority
		<ul style="list-style-type: none"> • agency maintains a clear mission of customer service • oversight by an entity other than the Oregon Transportation Commission (OTC)
		<ul style="list-style-type: none"> • advocacy for aviation roles have been stifled • oversight of ODOT's budget • aviation is one-fifth of one percent of ODOT's budget • key facts about aviation in Oregon
192		
268		<ul style="list-style-type: none"> • aeronautics becomes an ODOT division in 1973 • further integrated into ODOT's management system in 1990 • failure of management experiments
299		<p>Discussion between Sen. Hannon and Bennett about the availability of federal dollars.</p> <ul style="list-style-type: none"> • ODOT's match of federal dollars • increased tax on aviation fuel • aviation's inability to match funds • no aviation fuel tax increase in four sessions
340	Sen. Hannon	Asks if representatives of the aviation community have gone before OTC to iron out some of the problems.
345	Bennett	States that many groups have met on an ongoing basis.
350	Sen. Hannon	Asks if the commissioners are insensitive to their problems.
350	John Helm	Oregon Aviation Coalition, states he has had no response to his requests from the commission.
358	Sen. Hannon	Asks how long they have been trying to get the commission's attention.
361	Helm	States a couple of sessions.
362	Sen. Hannon	States his opposition to the measure. Comments on the state's consolidation of modes in 1973, 1975, and 1977. Does not believe the witnesses have indicated the concept of a separate agency will work. Asks what is so grave and grievous to separate the agency from ODOT.

385	Bennett	States they have been unable to bring a revenue bill before the legislature. Comments on the agency's ability to better deliver services if not burdened by a huge organization.
Tape 4, A		
008	Sen. Hannon	References the costs and savings in the fiscal analysis and the increase in staff for this biennium and the next. Asks how staff can be increased but not costs.
017	Bennett	States it is a draft statement from ODOT and believes it was done very conservatively.
028	Sen. Hannon	Requests that a member of the OTC appear before the committee to answer why they have not been responsive to aviation issues. States his support of the concept last session. Expresses concern about not consolidating more state services.
049	Chair Shannon	Appreciates Sen. Hannon's comments. States the evidence shows the consolidation is not working. States the system was built on a 4.5 cents tax per gallon, but more money went to roads directly before the consolidation.
061	Sen. Dukes	References the committee's actions in the 1997 Session, and asks how often the advisory committee has been on the OTC agenda in the last year and a half.
	Bennett	References communications among the advisory committee, OTC, and the director about a memorandum of understanding.
079	Sen. Dukes	Wants to know if the advisory committee has been consulted as decisions are made for aeronautics. Believes it has been one of the most neglected advisory committees.
085	Bennett	States the advisory committee has endorsed LC 213, the LC for this bill.
087	Sen. Dukes	Hopes that someone will be here today to answer some of the questions. References discussion from last session about the high administrative costs. Asks if there has been any discussion about those costs since then.
095	Bennett	States he would defer that to Betsy Johnson or the director.
098	Sen. Dukes	In response to Sen. Hannon's comments, states the transportation committee has been involved with this issue for four to six years. <i>[Due to technical problems, some of Sen. Dukes' comments are inaudible.]</i> Further states there must be a way to resolve the problems, and there should be a way to keep the agency whole. <i>[Continued technical problems.]</i> Comments on lobbying to get more money in TEA 21. States she had asked the commission to let the legislature disconnect the aviation tax from motor vehicle fuel taxes, but they have refused every session. Believes aeronautics can function as its own agency.
141	Sen. George	References road mileage lost in the last ten years. States that Oregon's aviation gas is 3 cents per gallon and jet fuel tax, 1.5 cents. California taxes, respectively, are 18 cents and 2 cents, and Washington, 5.5 cents and 5.5 or 3.3. States he would vote for a tax increase and would want that money to go to an agency that would buy something with the money. If the state is not going to build highways, it should look at alternative ways to move people. Requests clarification of differences between SB 438 (1997 Session) and SB 108.

164	Bennett	States that SB 108 will have amendments that would create a commission for aviation.
192	Sen. Ferrioli	Asks if they are aware of any circumstances where aviation or transportation dollars were available at the federal level but Oregon did not make a request to meet transportation needs.
	Bennett	Responds affirmatively, but would like the question deferred to Betsy Johnson.
192	Sen. Ferrioli	References the transfer of the John Day State Airport to Grant County. Comments on the difficulty of the process and receiving information for the Aeronautics Division. Is sensitive to Sen. Hannon's concerns about consolidation. Thinks the multi-modal model is good if all things were equal, but they are not. States it is important to know your business, who are your customers, and how to add value to your services. Does not believe ODOT does that. States his belief that it is time for ODOT to let go of aviation.
232	Vice Chair Yih	References Bennett's statement about the substantial timesaving for managers and asks how much time managers spend attending meetings.
	Bennett	Explains that these were comments made on the record over the last couple of sessions. A manager's time would be devoted to central office managerial functions, not aviation functions. Customers would rather see the time used for customer service.
262	Vice Chair Yih	Asks if ODOT is now mandating less time for attendance at management meetings.
	Bennett	Defers the questions to Betsy Johnson or the ODOT director.
271	Vice Chair Yih	Asks if pilots support the increase in the fuel tax.
	Bennett	Responds affirmatively.
	Vice Chair Yih	Asks how much of an increase they would endorse.
	Helm	States current discussion is 3 cents plus 3 cents for aviation gasoline and an additional 1.5 cents on jet fuel.
293	Chair Shannon	Comments on the tax increase in Associated Oregon Industry's (AOI) proposal and will defer her question to the ODOT director.
303	Mike Vanhoomissen	President, Oregon Aviation Alliance, comments on the alliance's membership. States that with the exception of one or two members, the alliance supports SB 108 and a robust aviation system. States they cannot get there so long as the necessary functions to maintain such a system are nested under ODOT.
359		States that aviation has no voice under ODOT. Believes the cost saving is good reason to move aviation out of ODOT. That will give the taxpayer and the aviation system the best return for its dollar if organized similar to the Marine Board having all interests represented. States the Port of Portland has not taken a position on this matter and he is unaware of the Air Transport Association of America's position. With respect to a gas tax increase, states the pilots, users, and the Port of Portland have been working together toward a mutual agreement with

		provisions and conditions, as Sen. George has suggested.
405	Sen. Hannon	Asks if an aviation fuel tax can be referred to the voters.
	Vanhoomissen	Does not know.
418	Sen. Hannon	Asks why problems are being blamed on ODOT and the gas tax. It will be referred to the voters, but they have not been supportive. Asks that if you want aviation taxed separately, mechanically does it require a referral to the voters.
TAPE 3, B		
003	Vanhoomissen	States that he does not know if it mechanically requires a referral to the voters. To why it is ODOT's fault, states he has observed that when trying to work aviation issues, the department does not have time because they are too busy with highways.
014	Sen. Hannon	Asks how long there has been a conflict between ODOT and aviation.
	Vanhoomissen	States some alliance members did not want the consolidation in 1973 and others since then have decided it is not working.
021	Sen. Hannon	Asks if there is a conflict between the ODOT director and the manager of the Aeronautics Division.
	Vanhoomissen	States he is not aware of a conflict with the current acting manager or the one prior. States that if Sen. Hannon is referring to a conflict between Betsy Johnson and Grace Crunican, he does not know. States Crunican has invited him to attend, at his request, a meeting of the Port of Portland and aviation interest groups to put together a gas tax, and they are making good headway.
033	Sen. Hannon	References Sen. Dukesi comments about working on this issue for four years. Asks what has transpired in the last four years that has been so evil. Does not believe anyone explained why the agency needs to be consolidated.
041	Chair Shannon	Asks if they have been told they cannot lobby for a gas tax unless it is an ODOT-approved package.
	Vanhoomissen	States that is his understanding.
	Sen. Hannon	Further asks if that is their understanding or the truth.
	Vanhoomissen	States he has not personally been told anything. Aviation interest groups have always lobbied for one thing or another, but cannot get Aeronautics' support on record because it is dictated by ODOT.
054	Sen. George	References a letter from an OTC commissioner in which statements are made about the need to build a solid political base for aviation issues and the need for aeronautics to have a strong voice in the legislature. Asks if either of those have ever happened.
	Vanhoomissen	States no, but that in the last four years great strides have been made.

070	Sen. Dukes	States the issues started a long time ago. <i>[Due to technical problems, some of Sen. Dukes' comments are inaudible.]</i> Comments that in the past the divisions did not have direct contact with the director; they had to go through their own managers and did not have access to the legislature. States the OTC makes the decision about what comes before the legislature, and aeronautics issues were not heard. <i>[Technical problems continue.]</i>
110	Tom Mann	Lone Star Northwest, submits conceptual amendments to SB 108 [EXHIBIT C] . States Lone Star Northwest is neutral on SB 108. States that the proposed amendments are friendly.
	Chair Shannon	Understands the amendments are friendly.
130	Mann	Begins review of conceptual amendments to SB 108 [EXHIBIT B] . <ul style="list-style-type: none"> • Section 3, subsection 1 Governor appointment and Senate approval of aviation director • Section 3, subsection 2 director appointee must have a pilot's license • Section 3, subsection 3 policy direction by the Oregon Transportation Commission
152	Sen. Castillo	Asks why the director would need a pilot's license and wonders if a good applicant would be lost because of the restriction.
162	Mann	Defers response to the bill's sponsor. Continues review of conceptual amendments with comments on Section 3, subsection 7 submission of annual report by director.
169	Sen. Hannon	References subsection 3. Asks why they are maintaining "subject to policy direction by the Oregon Transportation Commission" if part of the attempt is to create a separation between the two.
	Mann	States he understands that OTC currently sets policy for ODOT, and they did not want to change the bill in terms of that issue. They do not want to do anything to the bill that is negative to its sponsors.
190	Sen. Hannon	Still does not understand why under OTC would have direction over an independent, autonomous agency, because the new agency could have its own advisory committee.
	Mann	Explains that the reference as to who sets policy stays the same as in the current version of SB 108. Comments on provisions in HB 2605 (1997 Session), which dealt with rules for land use, airports, and compatible uses. States they were pleased with the outcome of compromise. That bill was codified in ORS 836. States that the Land Conservation and Development Commission (LCDC) is currently confirming the rules. States the aggregate industry creates substantial water impoundments when they do surface mining and HB 2605 regulated those issues. States Section 19(2) [EXHIBIT B] articulates that HB 2605 will be applied to the new agency.
240	Sen. Dukes	Clarifies the amendment requires the new agency to follow the law and that all state agencies must follow the law.
	Mann	Responds affirmatively.

	Sen. Dukes	Asks if an agency could write administrative rules, in good faith, that strayed from someone else's belief of the intent of the law just as easily with language saying they must obey the law as they could without the language.
	Mann	Believes that by citing ORS 836.623, which is very specific about water impoundment, an administrative rule dealing with water impoundment would not stray.
254	Sen. Dukes	States she is missing their intent. States ODOT does not have this language and assumes the witness believes they are doing a good job.
	Mann	States SB 108 addresses the new aviation agency being able to define a hazard. The agency could legitimately say water impoundment is a hazard and that runs crosswise to ORS 836. They are trying to say that should the department decide that something is a hazard that deals with a water impoundment, the agency must defer to ORS 836.623.
270	Chair Shannon	In response to Sen. Dukes, states the agency would still need to do so, but this amendment clarifies that.
	Mann	States their intent is to ensure this contentious issue is very clear in an agency's administrative rules.
	Sen. Dukes	Asks if this means other laws are not as important as ORS 836.623.
	Mann	Does not mean to imply that. States that there is a section in SB 108 that specifically mentions water impoundment. States their impression is that the agency would have rule writing authority over anything in the laws dealing with water impoundment.
	Sen. Dukes	Asks where he refers to in SB 108.
	Mann	References Section 19 (page 5).
	Sen. Dukes	Does not want to see special interest legislation before the new agency is off the ground.
298	Scott	States that Section 19 is a recap of existing language, but it changes from the Department of Transportation to the Department of Aviation.
	Sen. Dukes	Clarifies the new agency is being given new authority. Asks if this issue involves the Scappoose Airport.
	Mann	States it is not specific to that airport. The aggregate industry has a number of sites located in or around airports. Future green siting could end up around their sites. States it is a regional issue because of the amount of product they bring to the Portland metro area. They believe it is good policy to recite the law when dealing with water impoundments to ensure a new agency has their intent on the record.
321	Sen. Dukes	Asks if they are in dispute with the Port of St. Helens and the Columbia County Commission over possible future water impoundments at the Scappoose Airport.
	Mann	States they are in a local land use process, not the application process. States that HB 2605 was written to maintain that local land use process. States their intent is

		for the fight to remain local. They do not want an aviation department created that will get involved at the state level in local land use planning. Further states that even though they are losing, they think the process works.
	Sen. Dukes	States they want to ensure a new aviation department would not be able to adversely comment upon what is going on in Columbia County.
340	Mann	States that their intent is that the new department of aviation abides by ORS 836. Continues review of conceptual amendment [EXHIBIT B]. In Section 37(1)(a), the aviation department is given the ability to define a hazard. Currently there is no process to define a hazard.
359	Sen. Ferrioli	States the witness has answered the germane point of his previous question.
387	Paul Meyerhoff	Director, Corporate Development, The Pape Group, and the last appointed Aeronautics Administrator. States that he and Betsy Johnson represent the last decade of management experience overseeing aeronautics in Oregon. Submits testimony in support of SB 108 [EXHIBIT D]. States that he will try to address some of Sen. Hannonis points.
413	Meyerhoff	States the problems between Aeronautics and the department have been going on for well over 26 years. Discusses the 1973 reorganization of ODOT, when aeronautics was placed under the department. Discusses making for a more efficient system and the aviation community's reaction.
TAPE 4, B		
025	Meyerhoff	Continues comments. States the Aeronautics Division's responsibility is advocacy, but the director has had to work on issues not related to aviation. Comments on the need for fuel tax funding to improve the aviation system.
065	Meyerhoff	Believes SB 108 will improve the division's efficiency. Explains the division had 22 employees when he was the director. There are now 16 employees, and funds were taken out of the division. An increase in employees would bring back essential functions, and the revenue would be neutral.
086	Chair Shannon	Asks if the Marine Board was under ODOT at one time.
	Meyerhoff	Believes it was under ODOT but does not report to the commission.
	Chair Shannon	Clarifies the commission does not have to approve legislation for which the board advocates.
097	Meyerhoff	Responds to Sen. Castillo's question about the qualifications of the new agency's director. Explains that because flying and the aviation system are highly technical a pilot would have the necessary knowledge. Sites an incident pertaining to a radar site on Pine Mountain in Redmond.
150	Grace Crunican	Director, Oregon Department of Transportation, submits testimony in opposition to SB 108 [EXHIBIT D]. Responding to issues brought up in previous testimony, comments on ODOT's progress over the last 18 months. States the department is charged with being a multi-modal agency and they attempt to do that in every way possible. Further states funding to the department is very stove-pipe in the way it comes in a cigarette tax for transit, aviation gas and jet fuel tax for aeronautics, rail fees for that program, and gas tax, vehicle fees, and truck weight-distance tax

		for highways. States there is the issue of how the department provides services without the overhead fee and hopes the issue can be addressed.
169	Crunican	Believes they have gone a long way to address issues that were raised when she became ODOT director. Comments on budget issues that were raised when she became ODOT directoróaccounting, overhead rates, team building, aeronautics not sitting at the policy table and lack of attention by OTC, and revenue increases. Mike Marsh was appointed as deputy of central services, and team building and the childcare issue are gone.
188	Chair Shannon	States she saw the minutes of the departmentís Y2K planning. Asks if employees are still mandated to listen to team building tapes.
	Crunican	Does not believe there was a mandate and does not know if the tapes are still in circulation.
	Vice Chair Yih	Requests clarification of the tapes.
	Chair Shannon	Explains the tapes were to help people raise their self-esteem.
206	Crunican	Continues testimony. Comments on issues raised. States that division status was given to rail, safety, aeronautics, and transit. Also, DMV, Motor Carrier, and Central Services remain in tact. States that Ann Crook, acting aeronautics manager, participates in regular meetings with managers and the director. She also has monthly one-on-one meetings with Crook.
220	Sen. Dukes	Asks why the organizational chart for the smaller modes looks different than the chart for DMV and highways. Asks why they do not report to Mike Marsh.
	Crunican	Explains the "dotted line" to Mike Marsh is gone. Submits the departmentís organization chart [EXHIBIT E], which is in the budget.
	Sen. Dukes	Comments on the organization chart that was effective November 1, and that she and Crunican talked about the chart after that. Asks when the chart [EXHIBIT E] became effective.
246	Crunican	States when ODOT submitted their budget, they already had their discussion. Continues testimony. Explains OTC Chair Hewittís appointment of Commissioner Foster to monitor the progress of the aviation plan development and act as liaison to the Aviation Advisory Committee
270	Crunican	Continues with comments on the departmentís revenue proposals. There are proposals for aeronautics in ODOTís budgets from last year and this year. Comments on why items were in one bill. The department is now taking up budget issues separately. States there is a half-cent increase in jet fuel and a three-and-three proposal for aviation gas in the Governorís budget proposal. States there is also an increase for transit in the General Fund. There is no gas tax increase proposal.
301	Crunican	States the department has taken steps to put their budget into program budget form. It became clear working with Ways and Means that the budget was difficult to read.
319	Crunican	Comments on the departmentís work to develop an aeronautics plan.

335	Chair Shannon	Asks about AOI's aviation gas tax proposal. AOI's proposal does not contain a proposed increase in aviation gas or in jet fuel.
	Crunican	States what she is referencing is in the Governor's budget.
	Chair Shannon	Clarifies AOI is not advocating for an aviation gas tax.
	Crunican	Reiterates ODOT's tax proposal is in the Governor's budget. States that at her request, Ron Larson, Astoria airport manager and the Airport Plan Advisory Committee chair, and the committee determined an agenda on which to work together. Items on the agenda have been prioritized and a work plan will be developed.
382	Crunican	Explains ODOT has not let any federal dollars go unmatched. Explains how they may have lost some competitive advantage. Speaks to the fight for discretionary dollars and how local governments come up with their own match. Continues with comments on lobbying by the aviation advisory committee or the aviation alliance. The OTC has no say over the Oregon Aviation Alliance. The advisory committee is advisory to the commission. States lobbying by the Aeronautics Division is the same as the rest of the divisions. OTC determines priorities, and the advisory committee will be able to advocate for aviation concerns. States OTC's position is in conjunction with the Governor's office. States by working with the advisory committee, the commission has a productive agenda for advocating aviation concerns generally.
TAPE 5, A		
020	Vice Chair Yih	Asks how much time managers spend attending mandated administrative meetings.
	Crunican	Defers the question to Ann Crook.
	Ann Crook	Acting Manager, Aeronautics Division, states she has heard that managers spend 50 percent of their time at meetings. She has been acting manager for one month and has probably spent 70 percent of her time in administrative planning functions because of the department's reorganization. Explains the 70 percent is not separate from aeronautics issues, but is educating ODOT management about aeronautics issues.
	Chair Shannon	Clarifies that Vice Chair Yih does not mean reorganization meetings.
	Crook	States that in the past those types of meetings did not focus on aeronautics issues, but they do now. States she has spent 10 percent of her time on non-aviation issues. States if a meeting does not interest her, she does not go.
047	Sen. Ferrioli	Comments that Crook was describing an intense process to get the agency's attention.
	Crook	Answers that ODOT is a large agency and she and the director are communicating closely. It takes a lot more effort to get through to the rest of the agency.
057	Sen. Castillo	Comments that they have heard today that the Aeronautics Division does not get the attention they deserve. Requests Crunican to address her view and philosophy of how the division fits within ODOT and the importance she feels the division deserves to have within the agency. Wants to know what efforts she is making that reflect her views of how they fit in the overall transportation system.

	Crunican	Comments on the importance of Aeronautics' role in the future. Believes more people will fly because fewer roads will be built. Believes the Aviation Plan provides a framework to determine the future of aeronautics in the state's economy, what facilities are needed, and what role the state plays in those facilities. The state's role has been unattended to over the years. States that aviation also has an important role in the state's recreational economy. Believes that trying to match the recreational wants with commercial wants is not easy, and there are parallels in other transportation modes.
091	Crunican	Uses the analogy that California has 10 percent of the House of Representatives in Washington, D. C., and two senators as do the smaller states. Within ODOT, the smaller and larger modes each deserve equal emphasis. Further comments on how her time will be allocated as the department goes through a cost allocation model. States Crook is spending a lot of time with ODOT because she has asked ODOT to spend a lot of time with Crook to fix issues.
125	Sen. Dukes	References the ODOT organization chart [EXHIBIT E]. Asks what parts of SB 98 the department has kept.
	Crunican	Answers that the areas of critical concern named in SB 98 did not anticipate such things as the motor carrier and rail programs coming to department. Comments on efforts to give all modes the attention they want and need by creating divisions.
151	Sen. Dukes	Has reached the conclusion that SB 98 has failed. The organizational chart makes it look like everyone is one ODOT and cross-trained. Believes the agency is too big to accomplish that concept. Comments on what has happened since the department realized they did not have the statutory authority to reorganize and went before the legislature. States she does not understand anymore how ODOT does business. Requests the committee to discuss ODOT's reorganization at another meeting.
	Chair Shannon	Agrees the committee should meet on ODOT's reorganization.
176	Crunican	States the agency's cross-training of employees was primarily focused in team building activities before she came to the department, and the department received much criticism. Also, states that HB 2199 is the aviation gas bill that implements the three-plus-three tax. The agency supports the bill.
202	Betsy Johnson	Former manager, Aeronautics Division, will address some of the questions asked today, particularly those asked by Sen. Hannon.
	Scott	Announces the Public Affairs Committee has moved to hearing room D.
213	Betsy Johnson	Begins her testimony [EXHIBIT F] by discussing what qualifies her to address the issue of separating Aeronautics from the Department of Transportation. States that putting Aeronautics within ODOT was the second iteration of the transportation consolidation, and the aviation community supported the reorganization. Believes that things started to go wrong in 1992, and during her term as division manager, the written agreements with ODOT were systematically violated. Sites an example involving the cost of assessments.
271	Johnson	Continues testimony. References Sen. Ferrioli's question about the availability of federal funds that ODOT did not ask for. States that while she was the division manager, she was not allowed to directly approach legislators and opportunity was lost. States that Sen. Wyden's office was eager to advance legislation on Oregon's behalf that would have brought weather stations and instrument approaches to as

		many as ten rural airports, and ODOT neglected the legislation.
290	Johnson	Discusses what problem is fixed by separating Aeronautics from ODOT [EXHIBIT F]. States that the division was not allowed to advocate or educate, and their budget was subsumed by ODOT. Also states that employees were pulled away from their daily assignment to discharge ODOT initiatives as was about 50 percent of her own time. Credits Crunican for getting rid of programs to teach employees how to bond with each other.
314	Vice Chair Yih	Asks about the employee bonding program.
	Johnson	Reiterates that since Crunican became director, there has been a lot less of this type of program, and briefly describes activities in which staff participated. Restates comment that aviation is the next iteration of where real transportation change will occur. Believes a revolution in air travel is approaching, and as Aeronautics is currently situated within ODOT, it will not be in a position to respond.
338	Johnson	Asks that if the legislature believes there is a problem, what would the solution be [EXHIBIT F]. Believes the solution is a Marine Board model. Comments on the process and that there would be wide representation on this board. In response to Sen. Hannon's comments, believes it has been regrettable that little policy discussion has occurred with OTC. She was not able to get aviation items on the OTC agenda while she was with Aeronautics.
371	Johnson	Continues testimony. States those who pay the bills support this proposal and names some of the supporters. References the ODOT Efficiency Committee draft report [EXHIBIT F] and quotes a statement from Al Eberlein, a committee member.
406	Johnson	Continues testimony with comments on public policy for separating Aeronautics from ODOT and why a strong Aeronautics is good for Oregon. Oregon Aeronautics, created in 1921, was the first government aviation agency in the United States. States that as the program has been pushed deeper into a huge highway organization, the state has failed to focus attention, money, and energy to advocate for aviation. Believes that if SB 108 passed, it would be the forum to advocate for aviation, and Oregon could continue to be the pioneering state in aviation. States the legislation is not asking for anything radically new, but to go back to something old that worked. States that questions may be asked about the loss of coordinated transportation planning but believes that planning is not happening now. Cites an example in Redmond, Oregon.
TAPE 6, A		
030	Johnson	Concludes her testimony. Emphasizes she is not "ODOT bashing."
038	Vice Chair Yih	States she can see advantages to a separate aeronautics agency. Expresses concern about growth in bureaucracy by separating a division from a larger department. Wants to know what assurances there are that this new agency will not grow into a huge bureaucracy.
	Johnson	States that it is because Aeronautics is user-fee funded. States the users are the most aggressive, engaged group of constituents and are watching that the agency spends their money appropriately.
060	Johnson	References Sen. Castillo's question regarding the agency director's qualifications.

		States that Oregon owns more airports than any other state with the exception of Alaska. In addition to technical response from the aviation pilotage side from Meyerhoff, recommends that someone with expertise in airport management would be valuable. Mentions the supporting materials she is submitting in the exhibit.
084	Vice Chair Yih	Asks if there will be a revised fiscal impact statement.
086	Johnson	Will work with the Department of Transportation on a fiscal statement.
092	Sen. Dukes	Asks if Aeronautics is in the Statewide Transportation Improvement Plan.
093	Johnson	Answers no.
094	Sen. Dukes	States she tried to get the Transportation Commission to put all pieces of transportation in the plan. Does not believe that rail is in the plan
102	Chair Shannon	Closes public hearing on SB 108. Opens work session on SB 108.
<u>SB 108 Work session</u>		
104	Sen. Dukes	Submits and reviews the provisions of the SB 108-1 amendments [EXHIBIT G] . Explains that the amendments create a separate governing body appointed by the Governor and confirmed by the Senate.
121	Vice Chair Yih	Asks if in the amendments the commission appoints the director, because in SB 108 the commission is the appointing authority.
126	Sen. Dukes	Indicates she did not intend to change that and it remains the same as in the bill
129	Vice Chair Yih	States her support for the amendment if the commission appoints the director.
133	Sen. Dukes	States the amendments only affect the governing board.
138	Scott	References page 2, line 23 of the SB 108-1 amendments and notes that the board, not the commission, would appoint the director.
145	Sen. Castillo	References the amendments previously submitted [EXHIBIT B] . Indicates they say the Governor may appoint the director.
150	Chair Shannon	States that Legislative Counsel could work on the amendments if there is a conflict.
160	Sen. Dukes	MOTION: Moves to ADOPT SB 108-1 amendments dated 1/18/99.
162	Vice Chair Yih	Asks Sen. Dukes why she wants a board instead of a commission.
164	Sen. Dukes	Explains that the way the bill is written, the Oregon Transportation Commission is the governing body over the new agency. Believes that relationship has failed in the past. The SB 108-1 amendments allow the agency to have its own board or commission.

172	Sen. Castillo	Asks that if the agency will be separate and not part of the Oregon Transportation Commission and we talk about creating a seamless transportation system, how will this work if the new agency has a separate board of directors.
181	Chair Shannon	States that some people believe the seamless didn't work. Big became too big for one commission.
188	Sen. Dukes	Has had the same concern as Sen. Castillo. References the Marine Board and the Board of Maritime Pilots who also deal with transportation type issues. States these boards deal with a number of state agencies and do it well because they care about what they are doing. Compares that to appointing a state aviation board that cares very much about aviation. The agency will finally have the clout they need.
210		VOTE: 6-0 EXCUSED: 1 - Hannon
	Chair Shannon	Hearing no objection, declares the motion CARRIED.
215	Chair Shannon	Asks Mann if has reviewed the SB 108-1 amendments and compared them with his amendments [EXHIBIT B] .
216	Vice Chair Yih	States that in Mann's conceptual amendments the Governor appoints the director.
218	Mann	Is willing to defer on the provision for the appointment of the director and the board.
222	Chair Shannon	Requests the witness to indicate on a copy of his amendments the changes he will accept. Clarifies with the witness that Sections 19 and 37 of SB 108 are his main concerns.
228	Sen. Ferrioli	Suggests a motion to amend the SB 108-1 amendments dated 1/18/99 with the Sections 19 and 37 conceptual amendments dated 1/18/99 [EXHIBIT B] .
233	Chair Shannon	Clarifies for Vice Chair Yih that the conceptual amendments are friendly amendments and Section 3 is being deleted from the conceptual amendments.
236	Sen. Dukes	Asks about Legislative Counsel's position on conceptual amendments.
238	Chair Shannon	Asks Mann to have Legislative Counsel draft the conceptual amendments and then submit them to the House committee. The Senate will not object. At Mann's request, she will write a note and will communicate with the chair of the House Transportation Committee.
248	Sen. Ferrioli	Withdraws his motion to adopt the conceptual amendments.
	Chair Shannon	Asks if there is further discussion.
252	Sen. Castillo	Expresses concern that the committee has not heard from the Governor's office and knows they are not comfortable with the change. Also comments that the OTC does not support the bill. Does not feel comfortable voting on the measure without having heard from the Governor and the commission.

261	Chair Shannon	States she is sure they will testify against the measure.
263	Sen. Castillo	States she would like to hear why they are against the measure. Wants to hear all parts before she makes her final decision.
266	Sen. George	Clarifies with Chair Shannon that Stuart Foster and Henry Hewitt don't support the bill but would not object to it either. Asks if ODOT opposes the bill.
274	Chair Shannon	Responds affirmatively.
276	Sen. Ferrioli	States that in deference to Sen. Castillo's concern believes that the committee has heard from the Executive Branch. That was the purpose of the director's testimony.
288	Sen. Dukes	Comments on the measure's subsequent referral to Ways and Means. Believes it does not make sense to have the bill go to Ways and Means after it has gone through a House substantive committee.
295	Chair Shannon	Explains the Senate President has approved the removal of the subsequent referral.
300	Sen. Dukes	States the motion must include that.
302	Sen. Castillo	States she will support getting the bill out of committee, but plans to talk to more people for additional information. States that voting aye in committee does not mean she will vote aye on the floor.
309	Vice Chair Yih	Requests clarification of the committee's motion.
312	Chair Shannon	Explains the motion will send the bill to the House and then to Ways and Means.
316	Vice Chair Yih	Clarifies the committee will receive an updated fiscal impact statement before the bill goes to the floor.
323	Sen. Dukes	MOTION: Moves SB 108 to the floor with a DO PASS AS AMENDED recommendation and the SUBSEQUENT REFERRAL to the committee on Ways and Means BE RESCINDED.
340		VOTE: 5-1 AYE: 5 - Dukes, Ferrioli, George, Yih, Shannon NAY: 1 - Castillo EXCUSED: 1 - Hannon
343	Chair Shannon	The motion CARRIES. SEN. FERRIOLI AND SEN. DUKES will lead discussion on the floor.
350	Chair Shannon	Adjourns the meeting at 5:45 p.m.
		A letter from the Port of Portland [EXHIBIT H] regarding SB 108 is submitted for the record.

Submitted By, Reviewed By,

Valerie Luhr, Don Scott,

Administrative Support Administrator

EXHIBIT SUMMARY

- A. SB 108, written testimony, Chuck Bennett and John Helm, 5 pp.
- B. SB 108, written testimony, Tom Mann, 1 p.
- C. SB 108, written testimony, Paul Meyerhoff, 3 pp.
- D. SB 108, written testimony, Grace Crunican, 3 pp.
- E. SB 108, written testimony, Grace Crunican, 1 p.
- F. SB 108, written testimony, Betsy Johnson, 106 pp.
- G. SB 108-1 amendments, Sen. Joan Dukes, 3 pp.
- H. SB 108, written information, staff, 1 p.