

**HOUSE COMMITTEE ON COMMERCE**

**January 23, 1997 Hearing Room 357**

**8:30 A.M. Tapes 2 - 3**

**MEMBERS PRESENT:**

**Rep. Eldon Johnson, Chair**

**Rep. Cynthia Wooten, Vice-Chair**

**Rep. Roger Beyer**

**Rep. Richard Devlin**

**Rep. Jim Hill**

**Rep. Bob Montgomery**

**Rep. Jackie Taylor**

**Rep. Tom Whelan**

**MEMBER EXCUSED:**

**Rep. Ron Adams**

**STAFF PRESENT:**

**Julie Neburka, Administrator**

**Keith Putman, Administrator**

**Annetta Mullins, Administrative Support**

**Coben Tistadt, Administrative Support**

**MEASURE/ISSUES HEARD:**

**Informational Meeting**

**Economic Development Department**

**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.**

<b>Tape/#</b>	<b>Speaker</b>	<b>Comments</b>

<b>Tape 2, A</b>		
<b>004</b>	<b>Chair Johnson</b>	<b>Calls meeting to order at 8:34 a.m. and announces those not in attendance are excused. Reps. Devlin, Wooten and Adams are excused.</b>
<b><u>INFORMATIONAL MEETING - ECONOMIC DEVELOPMENT DEPARTMENT</u></b>		
<b>012</b>	<b>William C. Scott</b>	<b>Director, Economic Development Department (EDD), submits presentation materials on Economic Development Department (EXHIBIT A). Advises committee that presentation will be in three parts: an overview of the "New Direction" for department, the department structure and Governor's budget, and department's proposed legislation.</b>
<b>036</b>		<b>* reviews page 2 (EXHIBIT A)</b>
<b>048</b>		<b>* reviews page 3</b>
<b>073</b>		<b>* state's economy is as diverse as any in the country</b>
		<b>* general fund is no longer dependent on a single source</b>
		<b>* Commission is concerned that the primary focus of the organization be, instead of introducing new companies to Oregon, solving diversification at the local level.</b>
<b>104</b>		<b>* One focus is to train people in remote areas.</b>
		<b>* Another main focus is to make economic development part of the team that is trying to defend and improve Oregon's quality of life in areas besides job creation and to make sure that the development of economy does not come at the expense of the environment or the kind of communities people want to live in.</b>
<b>114</b>	<b>Scott</b>	<b>Explains New Directions for Economic Development on page 4 (EXHIBIT A).</b>
<b>145</b>		<b>Continues reviewing page 4.</b>
<b>180</b>	<b>Scott</b>	<b>Reviews organization chart on page 5, functions of the commission, relationship of department with independent board and commissions, and functions of the regional development officers,</b>
<b>250</b>	<b>Rep. Montgomery</b>	<b>Asks how many employees are in each of the divisions.</b>
<b>256</b>	<b>Scott</b>	<b>Responds Progress Board has three permanent position and some temporary positions; the Arts Commission has five; Tourism has nine; Director's</b>

		office has seven; and there are 12 regional development officers.
		Industry Development is focused on services to businesses and has 25 FTE plus 15 JTPA for state administration of the federal act. The department is proposing to transfer JTPA to Community College Services and the transfer was done by intergovernmental agreement last summer.
313	Rep. Hill	Asks how many employees are in the JTPA program.
	Scott	The number of employees will decrease by five; the people will be placed elsewhere by the beginning of the new biennium.
343	Vice-Chair Wooten	Asks Mr. Scott to go through each division and explain the cuts as proposed in the budget and how that translates to FTEs.
3650	Scott	Responds Regional Development Division has 29 FTE and is responsible for the Regional Strategies Rural Investment programs; awards of funds are made by regional strategy boards. The same employees staff the Northwest Economic Adjustment Initiative process (the Clinton administration's earmarked funds in federal programs to give assistance to towns in Oregon which have experienced dislocation because of the shortage of federal timber or reduced federal harvest).
405		State funds in the division are in the Water Fund and Special Public Works Fund to finance water and sewer programs through direct loans, through bonding and a limited ability to make grants to subsidize some of the projects.
405	Scott	Another group within Regional Development is entirely federally funded and administers the Federal Department of Housing and Urban Development's Community Block Grant program for the non-metropolitan counties in Oregon, and includes contracts with Rural Development Initiatives and Livable Oregon.
TAPE 3, A		
016	Scott	International Division has 14 FTE and provides services to small businesses all over Oregon, primarily in exports; the overseas departments also support the Department of Agriculture and some inbound investment and tourism activity.
021		Ports Division has four FTE and operates the Ports Revolving Loan Fund and can fund business projects and infrastructure projects. Other staff provide

		technical services to the ports as well as representation to the federal government on dredging capability of the state.
035		Central Services has 32 people who provide services.
040	Rep. Whelan	Asks where the Film and Video Division is now.
043	Scott	Explains it was made an independent state entity last session; its purpose is to attract Hollywood productions to Oregon locations and to do a variety of things to support the indigenous industry in Oregon, particularly the development of the multi-media industry.
066	Rep. Whelan	Comments on activities in Washington that are benefiting the state.
077	Vice-Chair Wooten	Offers to share the Canadian Plan with Rep. Whelan.
082	Scott	Reviews information on page 8 of handout (EXHIBIT A).
099	Vice-Chair Wooten	Asks what the multiplier factor is in figuring the return of dollars to the General Fund.
	Scott	Explains the process they use to arrive at the figures.
115	Rep. Montgomery	Asks if the figures are for family wage jobs.
127	Scott	Responds the department has been making estimates of each job, but the data has not been collected in that way previously.
135	Vice-Chair Wooten	Asks if it is possible to see the categorical job classification breakdown.
143	Scott	Advises the department can provide trends.
157	Rep. Hill	Asks if there are figures on actual jobs created.
	Scott	Responds the net job creation for the last two or three years has been around 50,000 to 55,000 jobs a year. Estimates are that 11 percent of existing jobs at the beginning of the year are not there at the end of the year. If there are 1.5 million jobs, then something over 100,000 jobs would have to be replaced before arriving at the net job growth. The new jobs in Oregon would be somewhere between 150,000 and 200,000. EDD would be involved with 15,000; it is between five and 10 percent of the jobs created.
180	Rep. Hill	Asks if the jobs that are created continue throughout the year.
	Scott	Responds that a lot of the work created by the Film and Video office is temporary. The figures are for full time jobs.

201	Scott	Adds that the department is using average wages for a full-time job in Oregon and assumes the job lasts nine years.
211	Rep. Taylor	Comments that according to the graphs on page 8 the department is operating more efficiently.
215	Scott	Believes department is getting more efficient. The money invested each biennium is not related to lottery appropriation.
247	Vice-Chair Wooten	Comments she would be interested in getting into the water and sewer investment issue at a later date.
265	Scott	Reviews Governor's recommended budget on page 9 (EXHIBIT A).
325	Rep. Taylor	Asks Mr. Scott to comment on their Ports Division.
	Scott	Explains Ports took the same cuts as Regional Strategies. Believes with projection of revolving funds the department will be able to continue at about the same rate for loans.
341	Scott	Reviews chart on page 10 showing shift of lottery funds.
351	Vice-Chair Wooten	Only 11 percent of lottery funds are mandated for direct delivery.
	Scott	Explains dedicated percentages of funds to specific programs.
374'	Scott	Reviews legislative proposals on pages 11 and 12 (EXHIBIT A).
405	Scott	Continues reviewing legislative proposals.
TAPE 2, B		
009	Rep. Montgomery	Asks why ports other than the Columbia and Coos Bay were not picked.
	Scott	Responds he will let the Ports Division answer the question.
020	Scott	Reviews legislative proposal, HB 2145, on page 12.
027	Scott	Continues reviewing legislative proposals on page 12.
042	Vice-Chair Wooten	Requests EDD staff prepare a presentation on the business loan fund programs of OEDD, including Credit Enhancement, Business Development Fund and Capital Access programs.
047	Scott	Reviews SB 211 on regional strategies, SB 212 on loans, SB 213 relating to export finance, and SB 214 relating to international trade.
082	Vice-Chair Wooten	Summarizes interest of the committee for purposes of subsequent briefings:

		* a general overview by Employment Development relative to the economy of Oregon, standard and industrial classification of jobs, job breakdowns and the shift that has occurred in the last biennium,
		* more information on the Special Public Works program and cost ratio analysis,
		* more direct information on the budget as it pertains to job development insofar as the department has information on the 15,000 jobs created, and
		* ports identified for assistance
097	Rep. Devlin	Asks for a memo from the department with information in the Regional Development Division, Industry Development Division and International Division, for the 1993-95 and proposed 97 biennium showing the number of FTEs and program dollars administered.
105	Scott	Asks for clarification on what the committee wants on infrastructure financing.
114	Chair Johnson	Asks Mr. Scott to discuss the request for information with Rep. Wooten.
122	Rep. Montgomery	Suggests the committee ask witnesses to explain specific terms they might use in their presentations.
128	Chair Johnson	Advises the committee will meet as the full committee on Tuesday to introduce bills, then will break into subcommittees and start working on legislation.
167	Chair Johnson	Declares the meeting adjourned at 9:40 a.m.

Submitted By, Reviewed By,

Annetta Mullins, Julie Neburka,

Administrative Support Administrator

### **EXHIBIT SUMMARY**

A - Economic Development Department, overview of department, William C. Scott, 12 pp