

HOUSE COMMITTEE ON COMMERCE

SUBCOMMITTEE ON TELECOMMUNICATIONS AND TRADE

February 11, 1997 Hearing Room H 170

8:30 A.M. Tapes 8 - 9

MEMBERS PRESENT:

Rep. Jim Hill, Chair

Rep. Rep. Ron Adams

Rep. Rep. Tom Whelan

Rep. Rep. Cynthia Wooten

STAFF PRESENT:

Julie Neburka, Administrator

Coben Tistadt, Administrative Support

MEASURE/ISSUES HEARD:

Public Hearing on House Measure 2144

Public Hearing on House Measure 2145

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 8, A		
003	Chair Hill	Opens meeting at 8:30 A.M. Opens public hearing on HB 2144.
<u>PUBLIC HEARING ON HB 2144</u>		
010	Neburka	Gives brief description of the bill.
036	Keith Leavitt	Ports Division Manager of the Oregon Economic Development Department. Notes role of the Ports Division. States that federal government provides all the funds for dredging. Describes the Oregon Ports Advisory Council. States the council's conclusion

		that Oregon's waterways are in danger of losing funds for dredging.
080	Leavitt	Lists the waterways used for transportation and trade. Explains that HB 2144 seeks to establish waterways in state policy to ensure their continued maintenance. Notes the council's exploration of different means of funding. Talks of the amendments.
115	Ken Armstrong	Executive Director of Oregon Public Ports Association. States that OPAC requested the establishment of the OPAC(EXHIBIT A). States that waterways are an indispensable element in the state's economy. States the council's role in providing "focus" to deal with port issues. Discusses possible decreases in federal funding.
155	Armstrong	Emphasizes the importance of the bill and supports its passage.
165	Alan Willis	Member of the Oregon Ports Advisory Council. Begins presentation referring to informational sheets (EXHIBIT B).
205	Willis	Concludes presentation.
208	Rep. Wooten	Compliments foresight shown in legislation. Cites the high costs of maintaining Southern Oregon's ports.
239	Willis	States that there is consideration being given to the smaller ports.
243	Rep. Wooten	Asks the witness to identify the costs attached to the bill.
254	Willis	Discusses funding.
263	Leavitt	Continues discussion on funding.
268	Rep. Wooten	Urges careful consideration of revenue-raising alternatives. Notes that transportation funding doesn't include ports.
277	Armstrong	Concurs that the Department of Transportation need consider ports as an element of Oregon's transportation infrastructure..
290	Chair Hill	Asks of the council's work with neighboring states.
295	Willis	Answers that the council is working with other states.
305	Rep. Adams	Refers to the report (EXHIBIT A). Notes that trucks and railways contribute maintenance funds, but that waterways are federally funded. Asks if barge companies help pay for dredging.
323	Leavitt	States that customs and taxes help pay for waterway maintenance.
350	Rep. Adams	Asks for numbers. States that industries should help pay the bill.
369	Armstrong	Notes that the Ports Advisory Council will look into local funding possibilities and won't rely solely on the legislature for funds.
385	Rep. Whelan	Asks for the annual value of dredging.
390	Leavitt	Responds that the Corp. of Engineers spent \$27 million in 1995 on dredging.
405	Rep. Adams	Asks for the net result of the amendments.

TAPE 9, A		
014	Leavitt	Answers that the amendments move waterways into the classification of transportation assets for making policy decisions and also direct the council to prepare a report for the '99 legislative session.
024	Rep. Adams	Suggests that the word "directing" should be replaced with something friendlier.
033	Chair Hill	Asks of the role of the advisory council.
036	Leavitt	Answers that the council advises the governor, the legislature, and the Oregon Economic Development Commission.
043	Chair Hill	Asks for other witnesses.
048	Onno Husing	Director of the Oregon Coastal Zone Management Association. Supports the bill; states that it gives equal consideration to all ports. Notes that federal funding is in danger.
077	Chair Hill	Closes public hearing on HB 2144, opens public hearing on HB 2145.
<u>PUBLIC HEARING ON HB 2145</u>		
080	Neburka	Gives brief description of HB 2145.
105	Mark Huston	Manager of Business Finance for the Oregon Economic Development Department. Discusses handouts (EXHIBIT C). Discusses the Oregon Credit Enhancement Program, and the effects of the bill.
155	Chair Hill	Asks for reasoning behind the legislation.
162	Huston	States a desire to facilitate the process.
177	Chair Hill	Asks of the fiscal impact.
180	Huston	Answers that the bill doesn't have a fiscal impact.
187	Chair Hill	Asks about the program's funding.
188	Huston	Speaks of initial capitalization with lottery funds. States that there have been no additional requests for funds.
199	Chair Hill	Asks for reassurance that the bill won't change the focus of the program
200	Huston	Answers that the bill will not substantively change the program.
208	Rep. Wooten	Comments on the original purposes of program. Opines that the bill will not change the focus of the program.
224	Chair Hill	Asks if there have been any defaults.
227	Huston	Answers negatively, but notes that there are two companies which may make claims on the fund. Reports that the program is making a profit.
239	Rep. Adams	Notes that the thrust is to create jobs; wonders if investing in property is the most effective means towards that end. Asks if advisory committee proposed the bill.

259	Huston	States that the advisory committee has approved the recommendation, but did not initially propose the recommendations.
274	Chair Hill	Asks if there has been parties denied participation.
279	Huston	Answers that there were two projects early on that were denied loans.
284	Chair Hill	Asks if those projects ultimately received funding.
289	Huston	States that he doesn't know. Answers Rep. Adams' concern by stating that it is not a passive investment in real estate, but rather additions to existing businesses.
318	Rep. Adams	Asks for original intent behind the 25% limit.
326	Huston	Answers that the legislation tried to fill a gap in short-term financing. Notes that the program has been well within the limit.
344	Rep. Adams	Tells witness that he doesn't perceive a problem and remains unconvinced.
358	Chair Hill	Asks to what extent the guarantee fund has been depleted.
363	Huston	States that the financial limit is in the range of \$30 to \$40 million. Notes that legislation is mostly a "housekeeping bill."
388	Chair Hill	Asks if the markets have changed since the onset of the program.
TAPE 8, B		
006	Huston	Responds that there hasn't been change in the market, and that the focus of the program is the same.
016	Rep. Wooten	Asks for the logistics of the application process.
020	Huston	Notes quick turn-around as a key to program's success. States that a loan officer can determine if a client is or is not qualified, but cannot determine whether or not the loan is to be used as working capital.
056	Chair Hill	Clarifies that the effect of the bill is to eliminate a phone call.
064	Huston	Replies that that is a good summary of the bill.
066	Rep. Adams	Mentions that banks could, with training, determine whether a appropriate percentage of the loan would be used as working capital.
068	Huston	Answers that the percentage in question is a percentage of the total portfolio, not a percentage of the loan, and that banks do not have that information.
080	Rep. Adams	Asks if the two rejected projects would have put too great a percentage of the program's loans into real estate.
082	Huston	States that such a problem would only have occurred early on in the program's history, and that currently there is no such problem.
090		Asks for "legislative intent" behind the 25% requirement.

	Rep. Adams	
095	Rep. Wooten	Answers Rep. Adams' concerns by stating that the 25% requirement was casually adopted.
120	Rep. Adams	Asks if now the requirement "seems wrong."
122	Rep. Wooten	States that it is simply a logistics issue.
128	Rep. Adams	Notes that the requirement does not prevent anyone from receiving a loan.
130	Huston	Reports that the program is doing well and that the bill is less than indispensable.
136	Rep. Whelan	States support for the bill.
148	Rep. Adams	States that the program is working.
150	Chair Hill	Closes public hearing on HB 2145, adjourns meeting at 9:47 A.M.

Submitted By, Reviewed By,

Coben Tistadt, Julie Neburka,

Administrative Support Administrator

EXHIBIT SUMMARY

A - HB 2144, written materials, Ken Armstrong, 10 pp.

B - HB 2144, written materials, Allen Willis, 4 pp.

C - HB 2145, written materials, Mark Huston, 9 pp.