

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

April 1, 1997 Hearing Room 343

1:00PM Tapes 45 - 46

MEMBERS PRESENT:

Sen. John Lim, Chair

Sen. Joan Dukes, Vice-Chair

Sen. Bill Fisher

Sen. Gary George

Sen. Avel Gordly

Sen. Veral Tarno

MEMBER EXCUSED:

STAFF PRESENT:

Jim Stembridge, Administrator

Julie Havel, Administrative Support

MEASURE/ISSUES HEARD:

SB 980 Public Hearing

HB 2186 Work Session

SJR 15 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 45, A		
005	Chair Lim	Calls meeting to order at 1:18 pm and opens public hearing on SB 980.
<u>SB 980 - PUBLIC HEARING</u>		

014	Jim Stenbridge	Committee Administrator, explains provisions of SB 980.
054	Stenbridge	Continues, explaining the functions of the proposed Oregon State World Trade Commission.
104	Stenbridge	Continues, explaining one objective is to develop immediate and long term policy strategies in global markets.
121	Warren Banks	Manager, International Division, Oregon Economic Development Department, testifies his department has a neutral position on this bill (EXHIBIT A) .
180	Sen. Fisher	Asks what the benefit is of having this commission in the Office of the Governor vs. in the Oregon Economic Development Department.
184	Banks	Explains he has concerns about the arrangement as well, because if the governor's change, so would their priorities, and they could get a governor who does not consider the commission a priority.
202	Sen. Tarno	Asks about language and what is meant by the words "environmental remediation and preservation" in line 17, page four of the bill.
213	Banks	Explains.
226	Sen. Gordly	Introduces guests. Asks Banks to explain which duties described in the bill are already being performed, so they know what aspects are already in place.
250	Banks	Outlines sections of the bill which addresses these issues and explains how the department is currently carrying out these duties.
309	Sen. Gordly	Asks for confirmation about whether the department is contributing to the long-term policy strategies as outlined on page 4, section 3, line 8. Asks if they are not, who is?.
314	Banks	Explains they are involved with and have worked to achieve part of these duties, but he cannot speak to the rest of it.
334		Discussion continues on the forging of a relationship with the Department of Higher Education with regard to trade, institutions of higher learning, and the Office of Community Colleges Services.
369	Banks	Explains they do have direct linkages to people in that arena, but no formal relationship.
380	Sen. Gordly	Asks Chair Lim for clarification of his intent on long term strategy.
392	Banks	Adds those are one of the things they will be working on.
398	Sen. Dukes	Asks if the agency is already doing the things in section eight, and states she did not realize they are currently doing certain things which Banks stated they were already doing.
TAPE 46, A		
007	Banks	Addresses each item on the list and explains how the department is meeting these goals.

031	Sen. Dukes	Asks where the advisory committee ends and the independent action of the agency takes over.
	Banks	Explains they are the "advisor" and the department is the "do-er."
050	Sen. Dukes	States her belief in the need for a separate international advisory commission, rather than just an advisory committee, because she believes this is an important enough issue to create such an entity.
070	Sen. Gordly	Asks Banks to continue addressing the other issues.
079	Banks	Continues.
140	Sen. Gordly	Asks if the advisory committee has reviewed the bill and taken a position on it.
155	Banks	Explains the committee has not had a chance to review it formally yet, but two of the members have stated they too, are neutral on it.
168	Chair Lim	States he agrees they should consider creating an independent commission separate from the Governor's Office, and states he plans to get more input from the International Advisory Committee on this bill, and the opinions of the Portland Chamber of Commerce and the Governor's Office. Adds he does not want to push this through without going through the proper procedure.
194	Sen. Tarno	Asks if maybe the ports should get involved.
202	Chair Lim	States the Port of Portland would be welcome also.
206	Chair Lim	Closes public hearing on SB 980 and opens work session on HB 2186.
<u>HB 2186 - WORK SESSION</u>		
213	Jim Stembridge	Committee Administrator, explains there are -2 amendments, a hand-engrossed version and added revisions to the -2 amendments (EXHIBITS B & C).
233	Chair Lim	Asks committee members for their opinions on this issue.
239	Sen. Dukes	States she likes 100 percent, and prefers seventy five percent over the proposed 60 percent, but asks Chair Lim for his preference.
245	Chair Lim	States he prefers 60 percent, and is somewhat uncomfortable taking a chance on the stock market dropping, and doesn't believe they should "put all their eggs in one basket," but states he would be willing to go to 65 percent.
285	Sen. Gordly	Asks for a re-cap on what she missed at the last meeting on the issue.
276	Chair Lim	Explains it started with removing any limitation and giving the Oregon Investment Council the opportunity to invest 100 percent, and current limit is 50 percent.
300		Discussion held among members over the -2 amendments and the possibility of going up to 75 percent.

332	Rollie Wisbrock	Chief of Staff, Oregon State Treasury, introduces Dan Smith, Chief Investment Officer, and states both the 65 and the 75 percentages are preferable to the 60 percent. The higher percentage allows them to invest in equities for the Common School Fund and the Educational Endowment Fund, rather than bonds, which are generally safer, but yield lower returns. States they would generate an extra 1.5 million dollars per biennium for the Common School Fund if they were allowed to go to the 100 percent.
357	Stembridge	Clarifies and explains the -2 amendment added revisions, which change the 50 percent limitation to 60 percent, and states any conceptual amendments may need a conflicts check.
TAPE 45, B		
005	Sen. Fisher	Asks for and receives clarification that there is a guaranteed rate of 8 percent return for the public employees retirement system fund, and that if it doesn't reach that level through investing, then general fund moneys may be required to bring it up to that rate.
022	Dan Smith	Oregon State Treasury, explains it is unlikely that this increase would cause the council to increase the equities exposure in that account, and the bill will not have any effect on the PERS Fund in terms of the asset allocation.
050	Sen. Fisher	States he hesitates to do anything that might jeopardize the general fund before he makes a commitment to do this.
063		Discussion continues regarding the safeguards in place to keep management of these funds prudent.
088	Sen. Gordly	States they are actually being asked to trust the department's experience with this, and she is comfortable supporting the removal of the entire limitation because she trusts their judgment.
123		Discussion held on the issue of prudent investing.
162	Sen. Lim	MOTION: Moves to ADOPT HB 2186--2 amendments dated 4/1/97 and additional conceptual amendments.
165	Sen. Gordly	States she will be objecting to the amendment, and shares State Treasurer Jim Hill's statement with the committee that there are many good controls and safeguards in place to assure prudent investing.
		VOTE: 4-1 AYE: 4 - Dukes, Fisher, Tarno, Lim NAY: 1 - Gordly EXCUSED: 1 - George
	Chair Lim	The motion CARRIES.
225	Chair Lim	States he appreciates Sen. Gordly's concerns with the amendment.
240	Sen. Lim	MOTION: Moves HB 2186 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 4-1

		AYE: 4 - Dukes, Fisher, Tarno, Lim NAY: 1 - Gordly EXCUSED: 1 - George
	Chair Lim	The motion CARRIES. SEN. GORDLY will lead discussion on the floor.
269	Chair Lim	Closes work session on HB 2186 and opens work session on SJR 15.
<u>SJR 15 - WORK SESSION</u>		
271	Jim Stembridge	Committee Administrator, explains the purpose of hearing this bill is to refer it to Sen. Miller's Committee on Rules and Elections at his request.
316	Sen. Tarno	MOTION: Moves SJR 15 to the floor WITHOUT RECOMMENDATION as to passage and BE REFERRED to the committee on Senate Committee on Rules and Elections.
		VOTE: 6-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Lim	The motion CARRIES.
329	Chair Lim	Closes work session on SJR 15 and adjourns meeting at 2: 35pm.

Submitted By, Reviewed By,

Julie Havel, Jim Stembridge,

Administrative Support Administrator

EXHIBIT SUMMARY

A -SB 980, written testimony, Warren Banks, 2pp.

B -HB 2186, proposed -2 amendments, staff, 1p.

C -HB 2186, additional proposed revisions, staff, 1p.
