

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

February 6, 1997 Hearing Room 343

1:00PM Tapes 12-13

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 211 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 12, A		
010	Chair Lim	Calls meeting to order at 1:09pm.
<u>SB 211-- PUBLIC HEARING</u>		
007	Rep. Ben Westlund	Testifies in favor of SB 211, and states it would remove unnecessary restrictions and rigidity in the system.
029	Mike Derman	Executive Director, Aerospace Industry Association of Oregon, testifies in favor of SB 211, explaining he believes the change would

		help the rapidly growing Aerospace Industry expand throughout Oregon.
073	Rep. Westlund	Adds brief background about Lance Air, the leading producer and manufacturer of kit aircraft in the world.
083	Sen. Tarno	Asks if his reference to "kit" was as in "experimental" aircraft.
089	Rep. Westlund	Explains clarification.
099	Sen. Dukes	Asks if they have any comment on the second piece of this bill, which removes the 25 percent limit on money for fixed asset acquisitions.
102	Derman	States he does not have any comment at this time.
105	Chair Lim	States it is the Chair's intention that if the committee passes SB 211 with its proposed amendments, then SB 90 and SB 12 could be incorporated into SB 211, so the committee does not need to hear SB 90 and SB 12.
125	Yvonne Addington	Manager, Regional Development Division, Oregon Economic Development Department, testifies in favor of SB 211 and the amendment the Department plans to propose.
167	Joan Rutledge	Manager, Regional Strategies Program, Oregon Economic Development Department, testifies in support of SB 211 and introduces proposed amendment to provide flexibility and meet the intent of all three pieces of legislation:
200		<p>* Lines 10 & 11--deletes restriction on the number of key industries on which a regional economic development strategy could be focused.</p> <p>* Section 1 subsection 3, cleans up definition of "regional strategy," to recognize a strategy must consider the priorities of industry, workforce, and small rural communities to be effective.</p> <p>* Page 2, lines 1 & 2, delete the 25 percent limitation that regional boards have in granting loans to private businesses for equipment.</p>
246	Sen. Dukes	Asks what types of problems they've run into in not being able to spend more than 25 percent.
241	Rutledge	Explains the allocations vary by region, so there have been instances where a 25 percent cap is not enough to buy a building or a piece of equipment that would create jobs.
266	Sen. Tarno	Asks if he can obtain the proposed amendments in writing.
270	Jim Stembridge	Committee Administrator, explains Legislative Counsel has not yet completed the amendment request, and offers a hand-engrossed version of the amendments to the committee (EXHIBIT A).
277	Sen. Tarno	Asks about differences between the three bills and the language expanding the number of key industries a region can have.
298	Rutledge	Clarifies language.
		Explains each measure before the committee today provides an

301	Stembridge	incremental amount of additional flexibility to the regions which are developing regional strategy plans, with SB 211 providing the most additional flexibility of the three.
327	Judge Mike McArthur	(Sherman County) Chair, Community Development Committee of the Association of Oregon Counties, testifies in favor of Senate Bill 211 with its proposed amendment.
389	Gordon Fultz	Association of Oregon Counties, adds his support for the bill, stating the proposed amendments allow more flexibility.
389	Sandra Suran	Acting President, Professional Services Coordinating Council, also speaking on behalf of the Key Industries Association as a whole, testifies in favor of SB 211.
TAPE 13, A		
051	Sen. Tarno	Directs attention to amended bill, line 13, and asks what problem there would be with adding wording to reflect regions with a higher than state average unemployment rate.
065	Suran	Explains it would be equal treatment for all regions.
069	McArthur	Adds the formula for distribution of the funds to the regions includes a factor for unemployment
077	Sen. Fisher	Asks for further clarification of possibilities of allowing more than the 25 percent.
088	Addington	Explains the industries and the issue of creating revolving loan funds needs to be separated.
100		Discussion continues over strategies.
104	Chair Lim	Asks about advantages of the original intent of SB 211(focusing on two or three key industries), vs. opening it up to many.
117	Suran	Explains focus is important, and the only change being made is to give some flexibility to do some collaborative things until the changes are made in the law during the next legislative session.
132	Fultz	Adds they hope to have a checks and balances take the place of the legislation that governs this aspect of the bill.
147	Sen. Fisher	Asks what the 25% of money in SB 90 refers to.
165	Stembridge	Explains and clarifies that percentage in SB 211 does not involve the same funds as the 25 % in SB 90.
180		Discussion continues over percent of money and what effects it would have.
209	Sen. Dukes	Asks how one would know if the project recipient does not keep its word and create the jobs it had committed to creating.
233	Addington	Explains public financing usually takes an inferior position to banks, so in order to create jobs, it has to take more risks.
279	Sen. Fisher	Asks what the default rate is and what the success rate is of recovering ownership of the equipment.
281	Rutledge	States they do not have those numbers but offers to get a summary of

		that information to the committee.
295	Sen. Fisher	Asks follow-up question regarding use of the money for any special projects and how that would affect the fixed asset fund.
304		Discussion continues over funds and financing in certain geographical areas of the state. Panel states it is a strategy--and commission will be in control.
336	Nikki Whitty	Regional Manager, Coos, Curry, Douglas Regional Strategies Board, testifies in favor of SB 211 and proposed amendments (EXHIBIT B).
TAPE 12, B		
017	Whitty	Continues testimony.
030	John Hall	Multnomah-Washington Regional Strategies Board, testifies in favor of SB 211 and proposed amendments.
040	Sen. Fisher	Asks how common it is to have one region get together with another one with which it has issues in common and/or is dependent on the status of issues in that region.
065	Hall	Illustrates the need to develop those relationships using example of metals firms in Clackamas County.
056	Holly Weimar	Chair, North Central Regional Strategies Board, testifies in favor of SB 211 and proposed amendments.
098	Sen. Dukes	Asks if any panel members had ever had projects that needed more than 25% of the amount for fixed assets.
107	Weimar	States her agency does not give grants, and they have never come up against that, because in her region, businesses are small and they have no great business development.
112	Whitty	States they would have come up against that barrier, but companies in her region have been hesitant to develop projects that require more than the 25 percent.
140	Hall	States his board has made a policy of not giving grants or loans to private businesses for fixed asset acquisition, because there are other resources and options for them.
155	David Welsh	Executive Director, Oregon Environmental Technology Association and the Northwest Environmental Business Council, testifies in favor of SB 211 and proposed amendments.
167	Sandy Hogan	Representative, Software Association of Oregon, testifies in favor of the amendments to SB 211.
205	Mary Stewart	Agri-Business Council of Oregon, testifies in support of the amendments to SB 211, stating it would be for the greater good of all of Oregon businesses.
272	Ken Armstrong	Executive Director, Oregon Public Ports Association, testifies in favor of SB 211 amendments.
307	Peter K. Williamson	General Manager, Port of St. Helens, testifies in favor of SB 211 and proposed amendments (EXHIBIT C).

332	Ted Hughes	Columbia River Bar Pilots Association, testifies in favor of SB 90.
337	Hughes	Urges committee to take more funds from the Strategic Reserve Fund that resides in the Governor's Office and give to the Regional Strategies people.
TAPE 13, B		
033	Chair Lim	States the committee is considering SB 211, and anything not relevant will not be heard at this time.
045	Sen. Fisher	Asks for clarification on Hughes' reference to a "legislative oversight".
051	Hughes	Explains.
058	Chair Lim	Asks if anyone else would like to testify at this time.
065	Sen. Gordly	Introduces letter from Oregon Metals Industry Council (EXHIBIT D).
069	Chair Lim	Closes public hearing on SB 211 and opens work session on SB 211.
SB 211- WORK SESSION		
073	Chair Lim	States Exhibit D will be filed as an official document.
078	Sen. Dukes	Asks if the committee needs to wait for Legislative Counsel amendments before voting.
083	Chair Lim	States in his opinion, the changes are relatively simple and are already hand-engrossed, so they do not need to wait.
087	Stembridge	States staff would recommend adopting amendments as conceptual and re-scheduling work session when actual amendments are completed by Legislative Counsel.
091	Chair Lim	States the work session will be held today.
100	Sen. Fisher	Shares one advantage of this bill may be that it helps regions address the problems being experienced by the fisheries.
110	Sen. Tarno	MOTION: Moves to ADOPT Hand-Engrossed amendment to SB 211.
120		Discussion held on language in three bills. Staff clarifies that SB 211 provides the most flexibility of all three bills, but it does not actually include the specific wording of SB 90 and SB 12.
	Chair Lim	Hearing no objection, declares the motion CARRIED.
130	Sen. Tarno	MOTION: Moves SB 211 to the floor as amended with a DO PASS recommendation.
		VOTE: 6-0
		AYE: In a roll call vote, all members present vote Aye.
	Chair Lim	The motion CARRIES. SEN. TARNO will lead discussion on the floor.
		Shares her continued concerns about the 25% and problems that can

141	Sen. Dukes	arise when the business doesn't make it and other businesses could have been helped by that money. States she hopes Oregon Economic Development Department will monitor that issue carefully.
157	Sen. Fisher	Shares concern about not knowing amount of defaults in comparison to the total amount of loans made. States he wants to make sure OEDD makes these figures available before the bill arrives in the House for a work session.
176	Sen. Gordly	Asks that OEDD get that information out as soon as possible.
193	Chair Lim	Comments the changes give regions the tools to work with, allowing them to meet the needs of that particular region.
208	Chair Lim	Adjourns meeting at 2:40pm.

Submitted By, Reviewed By,

Julie Havel, Jim Stembridge,

Administrative Support Administrator

EXHIBIT SUMMARY

A -SB 211, hand-engrossed proposed amendments, staff, 2pp.

B- SB 211, written testimony, Nikki Whitty, 2pp.

C- SB 211, written testimony, Peter K. Williamson, 1p.

D- SB 211, letter of support, Oregon Metals Industry Council, 1p.
