

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

February 13, 1997 Hearing Room 343

1:00PM Tapes 16 - 17

MEMBERS PRESENT:

Sen. John Lim, Chair

Sen. Bill Fisher

Sen. Gary George

Sen. Avel Gordly

Sen. Veral Tarno

MEMBER EXCUSED: Sen. Joan Dukes, Vice-Chair

STAFF PRESENT:

Jim Stembridge, Administrator

Julie Havel, Administrative Support

MEASURE/ISSUES HEARD:

SB 122 Work Session

SB 212 Work Session

SB 213 Work Session

SB 14 Work Session

SB 214 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 16, A		
010	Chair Lim	Calls meeting to order at 1:08pm, and opens work session on SB 122.
<u>SB 122-</u> <u>WORK</u>		

SESSION		
015	Jim Stembridge	Committee Administrator, gives overview of proposed amendments and possible alternatives of bills before them. Explains the -1 amendment adds the word "or" after "existing" in line 18 of SB 122 (EXHIBITS A & B).
029	Sen. Tarno	MOTION: Moves to ADOPT SB 122-1 amendments dated 01/29/97.
	Chair Lim	Hearing no objection, declares the motion CARRIED.
031	Stembridge	States David Hooper and Chris Lyons from the Oregon Lottery are available to provide the committee with information.
037	Chair Lim	Refers to -2 amendment, which allows Lottery to set qualifications of security evaluator by administrative rule, but decides not to consider it at this time.
043	Chair Lim	Refers to the three potential alternatives and asks for discussion.
052		Discussion held over the last alternative presented, referred to as the -4 conceptual amendment (EXHIBIT C), which uses the phrase "certified public accountant or professional representative."
059	Sen. Tarno	MOTION: moves to ADOPT -4 conceptual amendment.
	Chair Lim	Hearing no objection, declares the motion CARRIED.
063	Sen. Tarno	MOTION: Moves SB 122 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 1 - Sen. Dukes
	Chair Lim	The motion CARRIES. SEN. TARNO will lead discussion on the floor.
077	Chair Lim	Closes work session on SB 122 and opens work session on SB 212.
<u>SB 212- WORK SESSION</u>		
083	Jim Stembridge	Committee Administrator, gives overview of proposed amendments to SB 212, explaining there is no -1 amendment, and the -2 amendment deletes sections 6 and 7 from the bill, deleting proposed increases in loan maximums for the Entrepreneurial Development Loan Fund (EXHIBIT D).
093	Mark Huston	Oregon Economic Development Department, gives detailed summary of proposed amendment.
113	Chair Lim	Asks for and receives clarification about the differences between the loan amounts that Sen. Dukes had been concerned about.
135	Chair Lim	Asks how long program has been in existence.

138	Huston	States the program started in 1991.
145	Chair Lim	States it seems to him there is no "clear justification" for increasing loan amount.
150	Huston	Outlines two arguments why the amount should be increased: * Inflation * Directors of the Small Business Development Center recommended the increase - stating the increase would better meet the needs of their clients.
165	Chair Lim	Comments he feels a little uncomfortable increasing the amount, but states given the reasoning, he does not see any problem with increasing the total amount.
164	Sen. Gordly	Requests clarification of the effect of the -2 amendments.
174	Stembridge	Provides clarification. Explains the current maximum for the Entrepreneurial Development Loan Fund is \$15,000 per a single loan and \$25,000 for multiple loans. The original bill would increase that to \$25,000 per single loan, and up to \$40,000 for single applicants with multiple loans. The -2 amendments remove those two provisions from the bill, so the current limits remain the same, \$15,000 and \$25,000, respectively.
201	Chair Lim	States he intends to keep bill as it is, without the elimination of sections 6 and 7.
211	Sen. Tarno	Asks for further clarification of effects of -2 amendments.
222		Discussion held on effects of -2 amendments.
250	Sen. Gordly	MOTION: Moves SB 212 to the floor with a DO PASS recommendation.
		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 1 - Sen. Dukes
	Chair Lim	The motion CARRIES. SEN. GORDLY will lead discussion on the floor.
259	Chair Lim	Closes work session on SB 212 and opens work session on SB 213.
<u>SB 213 - WORK SESSION</u>		
297	Jim Stembridge	Committee Administrator, summarizes proposed conceptual housekeeping amendment on line 11 of SB 213, correcting the ORS paragraph reference to financial institution (EXHIBIT E).
329		Brief discussion held on reference and definition of "financial institution."
		MOTION: Moves to conceptually AMEND SB 213 on page 1, in line 11,

339	Sen. Lim	after "ORS 706.005," delete "(33)," and on page 1, in line 11, after "ORS 706.005," insert "(19)".
	Chair Lim	Hearing no objection, declares the motion CARRIED.
345	Stembridge	Briefly summarizes intent of SB 213.
356	Mark Huston	Oregon Economic Development Department, explains effects of SB 213.
384	Chair Lim	States he had some concern earlier with the bill, but since studying it carefully, he no longer has any problem with it.
389	Sen. Fisher	Requests and receives recap of whether the committee had worked with the amendment during his brief absence from the meeting.
399	Chair Lim	MOTION: Moves SB 213-1 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 1 - Sen. Dukes
	Chair Lim	The motion CARRIES. SEN. LIM will lead discussion on the floor.
420	Chair Lim	Closes work session on SB 213 and opens work session on SB 14.
SB 14- WORK SESSION		
TAPE 17, A		
010	Stembridge	Summarizes proposed amendments, explaining the -1 amendment allows a 6:1 leverage ratio with approval of the Oregon Economic Development Commission (at the request of OEDD). Further explains that staff has discovered a flaw in the document drafted by Legislative Counsel (EXHIBITS F, G).
033	Sen. Gordly	Inquires about language referring to 6:1 leverage ratio used in -1 amendments.
037	Stembridge	Explains language.
055	Huston	Adds details about amendments and effects.
084	Sen. Fisher	Asks about the 75-million dollar maximum allowed in statute.
091	Huston	Explains.
101		Discussion held on amounts and limits of accounts.
142	Stembridge	Explains leverage ratios and how members' decisions would affect them.

158	Chair Lim	Discusses conceptual amendment.
187	Sen. Fisher	Asks about 4:1 ratio and what banks usually leverage, and asks follow-up questions regarding risk percentages.
225	Chair Lim	Asks Huston to visit each member regarding effects of this bill to clarify any questions they may have.
235	Huston	Further explains intent of bill.
246	Chair Lim	Closes work session on SB 14 and opens work session on SB 214.
<u>SB 214- WORK SESSION</u>		
254	Stembridge	Summarizes effects of proposed -1, -2, and -3 amendments to SB 214: * -1 amendment continues requirement that OEDD establish fees for services provided; continues requirement that out of pocket expenses be reimbursed; and deletes redundant references to hourly fees. * -2 amendment provides that OEDD set fees after consultation with International Trade Advisory Committee (at the request of OEDD). * -3 conceptual amendment clarifies business expense reimbursement requirement.
314	Stembridge	Continues explanation and distributes amendments and fiscal impact statements to members (EXHIBITS H-L).
342	Warren Banks	International Division, Oregon Economic Development Department, explains proposed amendments in detail (EXHIBIT M).
374	Sen. George	Asks Banks to expand on the root of the problem and the need for such amendments.
387	Banks	Clarifies.
<u>TAPE 16, B</u>		
006	Sen. Gordly	Asks about the criteria the agency uses for determining who they would work with.
021	Banks	Explains they are there for everyone.
026	Sen. Gordly	Asks what the business community thinks of this approach and if there is anyone who is opposed to it.
031	Banks	Replies he believes people actually had problems with the old way.
038	Sen. George	Asks for clarification using scenario of what would transpire if he were to approach them as a small businessman who wanted to export hazelnuts to China.
048	Banks	Explains procedures that would be used in this scenario.
052	Sen. George	Asks follow-up question regarding how the agency handles businesses and provides them with direction --stating his personal experience has been that this direction does not seem to be readily available to small businesses.

073	Banks	States his agency strives to do just that, provide resources, and/or put them in touch with the person or agency that can help them.
085	Chair Lim	Asks at what point the agency would charge for a consultation.
089	Banks	Explains it depends on the level of service. For example, if they have to help construct a marketing plan, there would likely be a charge for this service.
098	Sen. Gordly	States that in order for her to make an informed public policy decision, she needs more information regarding the status of a fee schedule and when that might be available.
109	Banks	States he believes they need to update the last fee schedule, based on how much it costs to keep the agency worker engaged in a project such as an initial marketing plan for a client, and how much they would be compensated for their time.
	Sen. Gordly	Asks for further clarification about when the agency would have a fee schedule, and states there is an unknown revenue impact. Continues sharing her concerns that the agency needs to determine what it is--vs. claiming it is an "indeterminate" amount.
136	Banks	Explains in the sunset years when they weren't taking on new clients, the amount was about \$1,000 a year.
142	Sen. Fisher	Asks about line -3 amendments affect on line 6.
148	Banks	Replies the agency was trying to close an open-ended question of exactly how this reimbursement would take place.
171	Sen. Fisher	Asks follow-up question regarding overseas trade venture.
187		Discussion held on fees charged for groups vs. individual parties.
232	Sen. Fisher	Continues discussion and shares his concerns regarding this issue.
244	Chair Lim	Asks Banks to provide the committee with more information on the issue.
256	Banks	States his agency has worked with over a hundred companies over the past year, and has not charged for any of the services, because there have not been any requests for the level of service that is being referred to and therefore have not collected any fees.
274	Chair Lim	Asks follow-up question regarding any other fees collected.
283	Banks	States other than out-of-pocket expenses such as photo-copying, the agency has not collected any such fees.
290	Chair Lim	Give his recollection of origin of SB 214.
303	Sen. George	Asks for clarification on apparent vagueness of line 14.
326	Banks	Explains a fee schedule may help alleviate this concern.
336	Sen. Fisher	Continues comments on issue of language in line 14 and the use of words "may" and "shall". Shares his concerns with this issue.
375	Chair Lim	States he would like to continue the work session and attempt to bring forth a "cleaner" bill at a future date. Asks Banks to work with Stembridge and other committee members to come up with that improved version.

Submitted By, Reviewed By,

Julie Havel, Jim Stenbridge,

Administrative Support Administrator

EXHIBIT SUMMARY

A - SB 122, proposed -1 amendment, staff, 1p.

B - SB 122, proposed -2 amendment, staff, 1p.

C - SB 122, proposed -4 amendment, staff, 1p.

D - SB 212, proposed -2 amendment, staff, 1p.

E - SB 213, hand engrossed bill, staff, 1p.

F - SB 14, proposed -1 amendment, staff, 1p.

G - SB 14, proposed -2 conceptual amendment, staff, 1p.

H - SB 214, proposed -1 amendment, staff, 1p.

I - SB 214, proposed -2 amendment, staff, 1p.

J - SB 214, proposed -3 amendment, staff, 1p.

K - SB 214-1, Fiscal Impact Statement, staff, 1p.

L - SB 214-2, Fiscal Impact Statement, staff, 1p.

M - SB 214, Oregon's Export Trade With The World, Warren Banks, 12 pp.
