

SENATE COMMITTEE ON
TRADE AND ECONOMIC DEVELOPMENT

March 9, 1995 Hearing Room 137
8:00 a.m. Tapes 41-43

MEMBERS PRESENT: Sen. John Lim, Chair
Sen. Bill Kenemer, Vice-Chair
Sen. Bill Bradbury
Sen. Gene Derfler
Sen. Joan Dukes

MEMBERS EXCUSED:

STAFF PRESENT: Joseph Cortright, Executive Officer
Jeri Chase, Office Manager
Bobby Sullinger, Committee Assistant

WITNESSES: Andrew P. Grose, President, Council of State Governments
Dave Fiskum, Oregon Multimedia Alliance and the Oregon Film
David Woolson, Executive Director, Film and Video Division,

Development Department

Charles Jennings, President, Portland Software
Kellyn Beeck, President, Trilobyte
Betsy Johnson, Manager Aeronautics Division, Oregon Department

Transportation

Betty StandSB erry, Airports Manager, Aeronautics Division, Oregon

Department of Transportation

Peter Grundfossen, Association of Oregon Housing Authorities
Ken Armstrong, Oregon Public Ports Association

MEASURES HEARD: Informational Meeting
Westrends Presentation

SB 357 -- Allocates lottery funds to Department of Administrative

Economic Development Department, Employment
Community Services
specified purposes - PH & PWS

Department and Housing and
Department for biennium beginning July 1, 1995, for

These minutes contain materials which paraphrase and/or summarize
statements made during this session. Only text enclosed in quotation marks

report a speaker's exact words. For complete contents of the proceedings,
please refer to the tapes.

TAPE 41, SIDE A

002 CHAIR LIM: Brings the committee to order at 8:11 a.m.

Informational Meeting -- Westrends Presentation

003 CHAIR LIM: Opens Informational Meeting on Westrends Presentation.

018 ANDREW GROSE: Presents The Council of State Governments - Building
Excellence in State Government [EXHIBIT A], Excellence in State Government
[EXHIBIT B], Council of State Governments Western Office -- Western
Legislative Conference & Westrends -- Current Products & On-Going Projects
[EXHIBIT C], Resolution of Participation in a Conference of The States
[EXHIBIT D], Conference of the States -- Restoring Balance in the Federal
System [EXHIBIT E], A Presentation of the Council of State Governments and
WESTRENDS [EXHIBIT F], Meeting Evaluation Form [EXHIBIT G], The West on a
Slippery Slope: The Loss of Prosperity in the Midst of Growth [EXHIBIT H].

042 GROSE: Continues to overview [EXHIBIT F] (The WESTRENDS Mission).

077 GROSE: Continues to overview [EXHIBIT F] (Annual Population Change).

101 GROSE: Continues to overview [EXHIBIT F] (Gross State Product).

138 GROSE: Continues to overview [EXHIBIT F] (Trend in Personal Income Per
Capita 1977-1993).

158 GROSE: Continues to overview [EXHIBIT F] (Trends in Gross State Product
Per Capita 1977-1991).

165 GROSE: Continues to overview [EXHIBIT F] (Percent in Poverty 1979 &
1992).

184 GROSE: Continues to overview [EXHIBIT F] (Job Winners & Losers
1977-1993).

197 GROSE: Continues to overview [EXHIBIT F] (Manufacturing).

203 GROSE: Continues to overview [EXHIBIT F] (Manufacturing Job change and
Population 1977-1993).

223 GROSE: Continues to overview [EXHIBIT F] (Personal Income Per Capita in
Manufacturing, 1977 & 1993).

239 GROSE: Continues to overview [EXHIBIT F] (Services).

270 GROSE: Continues to overview [EXHIBIT F] (Personal Income Per Capita in
F.I.R.E., 1977 & 1993).

294 GROSE: Continues to overview [EXHIBIT F] (TourismJob change and Population 1977 & 1993).

313 GROSE: Continues to overview [EXHIBIT F] (change in TourismAnnual income 1977 & 1993).

323 GROSE: Continues to overview [EXHIBIT F] (State & Local Government Jobs & Population 1977 & 1993).

345 GROSE: Continues to overview [EXHIBIT F] (Personal Income Per Capita in State & Local Government, 1977 & 1993).

379 GROSE: Continues to overview [EXHIBIT F] (Overall Oregon Assessment).

387 GROSE: Continues to overview [EXHIBIT F] (A Strategy for the West).

405 GROSE: Continues to overview [EXHIBIT F] (A State Quality Standard).

449 GROSE: Continues to overview [EXHIBIT F] (Interstate Cooperation).

TAPE 42, SIDE A

014 GROSE: Continues to overview [EXHIBIT F] (WESTRENDS Thanks Its Sponsors).

027 SEN. BRADBURY: The drop in the manufacturing industry is directly related to the decline of the timber industry in Oregon. I feel the focus in Oregon now is on high-wage high-skill jobs.

032 GROSE: Responds to committee discussion relating to the effects of the decline in the timber industry in Oregon.

039 CHAIR LIM: Do you have any other suggestions as to how Oregon can increase the average per capita income?

049 GROSE: Responds to committee discussion relating to per capita incomes in Oregon.

068 CHAIR LIM: Closed INFORMATIONAL MEETING on Westrends Presentation.

SB 357 - Allocates lottery funds to Department of Administrative Services, Economic Development Department, Employment Department and Housing and Community Services Department for biennium beginning July 1, 1995, for specified purposes - Public Hearing

069 CHAIR LIM: Opens PUBLIC HEARING on SB 357.

070 CHAIR LIM: Overviews previous testimony and witnesses relating to SB 357.

080 DAVE FISKUM: Presents testimony in favor of SB 357.

114 FISKUM: Presents Oregon Film and Multimedia Center -- Feasibility Study Phase II Report [EXHIBIT I].

122 DAVID WOOLSON: Presents testimony in favor of SB 357.

147 WOOLSON: Overviews Oregon Film and Multimedia Center Program List [EXHIBIT J].

150 WOOLSON: Overviews Oregon Film and Multimedia Center [EXHIBIT K].

187 SEN. BRADBURY: How much will the project cost to fund?

189 WOOLSON: The state will fund 3.25 million of the 7.8 million cost of the entire facility.

195 FISKUM: Responds to committee discussion relating to the cost of the project.

197 SEN. DERFLER: Why doesn't the private sector fund this project?

199 WOOLSON: Responds to committee discussion.

215 SEN. DERFLER: If the project went forward would it still need subsidies from the state after it is built?

216 WOOLSON: Responds to committee discussion relating to subsidies.

223 SEN. KENNEMER: Do you know the economic impact of this project?

225 WOOLSON: It will repay the 3.25 million in approximately 7 years from tax revenues and from productions that otherwise would not come to Oregon..

236 SEN. DUKES: I am assuming there is a parcel of land that has been secured?

238 WOOLSON: This project has not been sited.

242 SEN. DUKES: Do you have current estimates for the land?

243 WOOLSON: The estimates are based on current market values.

250 SEN. DUKES: Are you looking for a site in Portland?

252 WOOLSON: There is not a specific site in mind.

259 SEN. DUKES: Will you be locating the Oregon Film and Multimedia Center in the Willamette Valley?

260 WOOLSON: Responds to committee discussion relating to the location of the Oregon Film and Multimedia Center.

265 SEN. DUKES: Who will own and operate the project?

266 WOOLSON: The state will own it in conjunction with a private company.

281 CHARLES JENNINGS: Presents testimony in favor of SB 357.

308 JENNINGS: Overviews reasons why the public sector has been unable to finance a multimedia center without funding from the state.

392 KELLYN BEECK: Presents testimony in favor of SB 357.

410 BEECK: Continues to present testimony relating to the growth in the multimedia industry.

TAPE 41, SIDE B

029 BEECK: Continues to present testimony relating to the reasons for growth in the multimedia industry and film & video industry.

038 BEECK: Continues to present testimony relating to the difficulties of video production in Medford, Oregon.

074 BEECK: Continues to present testimony relating to the investments made by the Trilobyte company and the potential for growth in the industry.

083 SEN. KENNEMER: Where is the nearest facility for these types of productions?

086 JENNINGS: The nearest film and video production center is in Vancouver, BC.

098 SEN. KENNEMER: Where would you have chosen to produce your work if you had not chosen Medford, Oregon?

100 BEECK: Responds to committee discussion.

119 JENNINGS: Overviews film industry's strength in Oregon as compared to Vancouver, BC.

129 CHAIR LIM: Do you have a suggestion as to where the facility should be located?

131 JENNINGS: The Portland metro area is the most suitable location for the facility.

145 SEN. DUKES: What are the ongoing expenses associated with this projects as it relates to state subsidies?

149 FISKUM: Responds to committee discussion relating to projected expenses of the facility.

168 SEN. DUKES: Will the state be asked to contribute funds to the running of the facility after it has been built?

173 DAVID WOOLSON: Responds to committee discussion relating to the operating expenses of the film and video facility and the possibility for state subsidies in the future.

183 SEN. DUKES: Who will be paying for the loss in operating cost?

184 WOOLSON: Stage revenues would help offset the loss as well as the participation with the private developer.

185 SEN. DUKES: Do you anticipate the need for additional funding by the State to help offset the losses in operation expenses?

186 WOOLSON: No, not for the operating losses.

188 JENNINGS: Responds to committee discussion relating to possibility of leveraging funds with other private companies.

198 FISKUM: Continues to overview [EXHIBIT I].

219 BETSY JOHNSON: Presents testimony in favor SB 357.

230 JOHNSON: Presents Aeronautics Lottery Request Proposal [EXHIBIT L], and Airports in Oregon -- A report to the Oregon Economic Development Department -- November 1994 [EXHIBIT M].

238 BETTY STANDSBERRY: Continues to present [EXHIBIT L] (Funding needs for Oregon airports).

288 CHAIR LIM: Explain how Oregon can receive \$68 million dollars from the federal government for airports?

293 STANDSBERRY: Responds to committee discussion relating to the possibility

of securing federal funds for Oregon airports.

305 JOHNSON: Responds to committee discussion relating to problems with federal matching funds.

329 CHAIR LIM: Why can't the airports maintain their facilities better to avoid the need for these huge subsidies?

331 STANDSBERRY: Responds to committee discussion relating to the useful life of airport runways.

360 SEN. DERFLER: Why don't they set up a sinking fund in anticipation for major repairs and runway replacements?

361 STANDSBERRY: Responds to committee discussion relating to choices cities make when deciding how to fund infrastructure repairs.

378 SEN. DUKES: How many of these airports are state owned?

380 STANDSBERRY: There are 34 state owned airports.

400 SEN. DUKES: What kind of condition are these facilities in right now?

405 JOHNSON: Responds to committee discussion relating to the condition of airport facilities.

439 SEN. DUKES: Did you receive a budget increase in the last biennium.

442 STANDSBERRY: Responds to committee discussion relating to budgets.

TAPE 42, SIDE B

026 PETER GRUNDFOSSEN: Presents testimony in favor of SB 357 and Solving Oregon's Housing Problem [EXHIBIT N].

091 GRUNDFOSSEN: Continues to present testimony relating to the Housing Trust Fund.

104 CHAIR LIM: How much is in the Housing Trust Fund?

105 GRUNDFOSSEN: The Housing Trust Fund has \$15.5 million dollars.

107 CHAIR LIM: Do you want an additional \$20 million dollars for the fund?

109 GRUNDFOSSEN: Responds to committee discussion relating to additional funding for the Housing Trust Fund.

109 SEN. BRADBURY: Is the \$5 million in the Governor's budget for the Housing Trust Fund?

111 GRUNDFOSSEN: Responds to committee discussion relating to the Governor's budget.

121 KEN ARMSTRONG: Presents testimony in favor of SB 357.

177 CHAIR LIM: Closed PUBLIC HEARING on SB 357.

179 CHAIR LIM: Opens WORK SESSION on SB 357.

183 CHAIR LIM: FOR THE RECORD I would like to suggest a two-step course of action. First, I would like to recommend that we send this bill to the Joint Ways and Means Committee without further amendments. Second, I would

propose that this Committee prepare a letter, to be signed by all the members of the committee offering our recommendations on the budget. In addition, I would propose that we identify priority items that we think should be protected, and additional items that should be considered.

204 CORTRIGHT: Overviews draft letter to Ways and Means to accompany SB 357 [EXHIBIT O].

236 SEN. DERFLER: I understand what you would like to do, and I support your idea.

243 SEN. BRADBURY: I agree with this approach. I would also like this Committee to suggest a review once the Joint Ways and Means Committee has come to a final decision on the bill.

255 CHAIR LIM: This Committee's intent should be reflected in the Joint Ways and Means Committee's final decision.

259 SEN. BRADBURY: How should we develop a list of our priority items in the bills?

272 CHAIR LIM: My intention is to get your written request then prioritize the suggestions.

295 SEN. KENNEMER: Do we need to do this formally in writing, or can we come to some type of consensus now? For example, I am supportive of the Tourism

Program receiving \$5.8 million.

311 Committee discussion relating to the Tourism Program and how it relates to the Governor's budget.

315 CHAIR LIM: I have no objection to having each of us discuss our request now.

316 SEN. DUKES: I agree with Senator Kennemer on the tourism section. I want the Special Public Works Fund and the Ports funding prioritized. I think the Targeted and Key Industries are also important.

338 SEN. DERFLER: I would like to see funding for the Water Program, the Industrial Modernization Program, and the Rural Development Fund.

360 SEN. BRADBURY: I would like to see funding for Key Industries Development, Credit Enhancement Fund, Water Fund, Special Public Works, Ports, Small Business Funding, Key Industries Training, International Trade, Oregon Film and Video, Tourism, OPB, and the Housing Trust Fund.

409 CHAIR LIM: How do you feel about the Governor's Rural Initiative funding for \$50 million dollars? Do we have any support for that funding?

412 SEN. DUKES: I am concerned about the Rural Initiative Fund. I cannot find out what the money will be spent on.

TAPE 43, SIDE A

009 CHAIR LIM: Last biennium the Strategic Reserve Fund was appropriated \$4.5 million dollars and this biennium it is \$6 million dollars. What are your feelings about this level of funding?

011 SEN. DERFLER: I do not support the increase for the Strategic Reserve Fund.

013 SEN. BRADBURY: I think it is important for the Governor to have a Strategic Reserve Fund, but it is not on my list.

018 SEN. DUKES: I think the Strategic Reserve and Regional Strategies should be funded at the same level as last session.

024 CHAIR LIM: The Oregon Film and Multimedia Center proposal sounds like a good investment for the future, but are we ready to recommend funding?

029 SEN. BRADBURY: I am a very strong supporter of the Oregon Film and Multimedia Center funding.

039 CHAIR LIM: Should the Airport fund be supported?

044 SEN. DUKES: Economic development means an airport, a fax machine, and a telephone line. I support a funding level of 3.5 million for airports this would allow Oregon to take advantage of the Federal Matching Funds.

087 CHAIR LIM: Would anyone like to comment on the Housing Trust Fund?

096 SEN. BRADBURY: I think we need to maintain the 5 million dollars the Governor wants to put into the Housing Trust Fund.

105 CHAIR LIM: I would like see funding for Key Industries, International Trade, and OPB. We will have a letter drafted with our concerns and recommendation for each of us to sign.

153 MOTION: SEN. BRADBURY MOVES SB 357 to the Joint Ways and Means Committee in accordance with its prior referral with a DO PASS recommendation.

169 SEN. DUKES: I have a question as to the specifics of the recommendations. I will go through and show where the money should be moved. Do you want my specific recommendations in writing?

182 CHAIR LIM: Yes, you can write your recommendations in a letter and staff will draft the Committee letter for your signature and review.

187 Committee discussion relating to the Committee letter and the possibility of a footnote from each Senator.

221 VOTE: In a roll call vote all members present vote AYE. All members are present.

225 CORTRIGHT: Overviews scheduling concerns for the next committee meeting.

243 CHAIR LIM: Closed WORK SESSION on SB 357.

244 CHAIR LIM: Adjourns committee meeting at 10:26 a.m.

Submitted by

Bobby Sullinger
EXHIBIT LOG

EXHIBIT A - The Council of State Governments - Building Excellence in State Government, Presented by Andrew Grose, 6 pages.

EXHIBIT B - Excellence in State Government, Presented by Andrew Grose, 12 pages.

EXHIBIT C - Council of State Governments Western Office -- Western Legislative Conference & Westrends -- Current Products & On-Going Projects, Presented by Andrew Grose, 4 pages.

EXHIBIT D - Resolution of Participation in a Conference of The States,
Presented by Andrew Grose, 1 page.

EXHIBIT E - Conference of the States -- Restoring Balance in the Federal
System, Presented by Andrew Grose, 22 pages.

EXHIBIT F - A Presentation of the Council of State Governments and
WESTRENDS, Presented by Andrew Grose, 64 pages.

EXHIBIT G - Meeting Evaluation Form, Presented by Andrew Grose, 2 pages.

EXHIBIT H - The West on a Slippery Slope: The Loss of Prosperity in the
Midst of Growth, Presented by Andrew Grose, 2 pages.

EXHIBIT I - Oregon Film and Multimedia Center -- Feasibility Study Phase II
Report, Presented by Dave Fiskum, 98 pages.

EXHIBIT J - Oregon Film and Multimedia Center Program List, Presented by
David Woolson, 3 pages.

EXHIBIT K - Oregon Film and Multimedia Center, Presented by David Woolson, 1
page.

EXHIBIT L - Aeronautics Lottery Request Proposal, Presented by Betsy Johnson,
5 pages.

EXHIBIT M - Airports in Oregon -- A report to the Oregon Economic Development
Department -- November 1994, Presented by Betsy Johnson, 5 pages.

EXHIBIT N- Solving Oregon's Housing Problem, Presented by Peter Grundfossen,
4 pages.

EXHIBIT O- Draft Letter to Ways and Means to accompany SB 357, Presented by
Joseph Cortright, 2 pages.