

SENATE COMMITTEE ON
TRADE AND ECONOMIC DEVELOPMENT

March 16, 1995 Hearing Room 137
8:00 a.m. Tapes 46-47

MEMBERS PRESENT: Sen. John Lim, Chair
Sen. Bill Bradbury
Sen. Joan Dukes

MEMBERS EXCUSED: Sen. Bill Kenemer, Vice-Chair
Sen. Gene Derfler

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

WITNESSES: Mae Yih, Senator, District 19
Dan Dean, City of Sweet Home
Mel Joy, President, Albany-MillerSB urg, Oregon Economic
Corporation
Joe D'Alessandro, Director, TouriSMDivision, Oregon Economic
Department
Jana Doerr, Commissioner At-Large, Bay Area Enterprise Zone
Department
Arthur Fish, Enterprise Zone Coordinator, Oregon Economic

MEASURES HEARD: SB 396 -Extends from 10 to 20 years period of time for which
area may be designated enterprise zone - PH
SB 354 - Abolishes Oregon TouriSMCouncil - WS
SJR8 - Declares 1996 to be "Year of the Visitor" in Oregon - WS

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 46, SIDE A

002 CHAIR LIM: Brings the committee to order at 8:00 a.m.

SB 396 - Extends from 10 to 20 years period of time for which area may be
designated enterprise zone - Public Hearing

003 CHAIR LIM: Opens PUBLIC HEARING on SB 396.

005 CORTRIGHT: Overviews Staff Measure Summary of SB 396 [EXHIBIT A].

013 SEN. MAE YIH: Presents written testimony in favor of SB 396 [EXHIBIT B].

075 DAN DEAN: Presents testimony in favor of SB 396.

126 MEL JOY: Presents written testimony in favor of SB 396 [EXHIBIT C].

163 SEN. DUKES: What percentage of new jobs created by the enterprise zone
were local hires?

166 JOY: Primarily, all of the new hires were local people.

177 Committee discussion relating to the percentage of people hired in
enterprise zones and the relation to the available skilled workers.

201 SEN. DUKES: Is Springfield Forest Products planning to expand in the
enterprise zone?

203 JOY: Responds to committee discussion relating to Springfield Forest
Products.

225 SEN. BRADBURY: What evidence do you have to show that enterprise zones
have worked in attracting new companies in your area?

240 JOY: Responds to committee discussion relating to new companies locating
in enterprise zones.

254 DEAN: Continues to respond to committee discussion relating to new
companies locating in enterprise zones.

266 CHAIR LIM: Directs staff to report on the effects of enterprise zones in
the 21 counties. I want to know the number of jobs created, which
enterprise zones are successful and which are not, and the fiscal and
revenue impact to the state as a result of the enterprise zone program.

276 SEN. DUKES: I would ask that the study go a little further. I would like
to know how many of the jobs were filled by local people.

307 CHAIR LIM: Yes. The report should include how many of the jobs were
filled by local people.

309 SEN. YIH: Responds to committee discussion relating to percentage of jobs

given to local workers.

319 Committees discussion relating to the legality of requiring firms to hire 70% local workers.

333 SEN. YIH: Continues to present testimony in favor of SB 396.

343 CHAIR LIM: Closed PUBLIC HEARING on SB 396.

SJR8 - Declares 1996 to be "Year of the Visitor" in Oregon - Work Session

356 CHAIR LIM: Opens WORK SESSION on SJR8.

357 CORTRIGHT: Overviews Senate Joint Resolution 8.

380 JOE D'ALESSANDRO: Presents testimony in favor of SJR8.

402 SEN. BRADBURY: Do we want to make an adjustment in the time factors. What is considered tourismseason internationally?

409 D'ALESSANDRO: Responds to committee discussion relating to length of tourismseason.

419 Committee discussion relating to one or two years being the Year of the Visitor.

437 D'ALESSANDRO: Responds to committee discussion relating to making the Year of the Visitor two years.

440 CHAIR LIM: What tourist attractions are there in 1996 and 1997 locally and nationally.

442 D'ALESSANDRO: Responds to committee discussion relating to tourist events in 1996 and 1997.

457 Committee discussion relating to international tourist and other visitors to the state of Oregon.

TAPE 47, SIDE A

020 CHAIR LIM: Comments on Canada's tourismindustries.

025 Committee discussion relating to the Year of the Visitor as opposed to the Years of the Visitor.

031 MOTION: SENATOR DUKES: MOVES to ADOPT SJR8 conceptual amendments to include 1996 and 1997 as the Years of the Visitor.

033 VOTE: CHAIR LIM: Hearing no objection the MOTION is ADOPTED. Sen. Derfler and Sen. Kennemer are excused.

038 MOTION: SENATOR BRADBURY: MOVES SJR8 to the Senate Floor with a DO AS AMENDED recommendation. PASS

047 VOTE: CHAIR LIM: In a roll call vote all members present vote AYE. Senator Derfler and Senator Kennemer are EXCUSED.

049 CHAIR LIM will lead discussion on the Senate Floor.

052 CHAIR LIM: Closed WORK SESSION on SJR8.

SB 354 - Abolishes Oregon TourismCouncil - Work Session

053 CHAIR LIM: Opens WORK SESSION on SB 354.

054 CORTRIGHT: Overviews Proposed Amendments to Senate Bill 354 [EXHIBIT D], Additional Amendments to SB 354-1 Amendments [EXHIBIT E], and a hand engrossed SB 354 [EXHIBIT F].

099 SEN. DUKES: Could you review [EXHIBIT E] again.

101 CORTRIGHT: Continues to overview [EXHIBIT E]. This amendment provides that the Public Private Partnership Account which is established in section 13 is not subject to state expenditure limitations.

104 SEN. DUKES: Would the TourismAccount be subject to state expenditure limitations?

110 CORTRIGHT: The TourismAccount is subject to state expenditure limitations.

123 SEN. DUKES: I would not support the idea of putting public funds in an account without state expenditure limitations. I also think the appointing authority should retain the authority to remove a member for cause.

132 SEN. BRADBURY: What does expenditure limitations mean.

140 CORTRIGHT: Once the money is in the account the only control the legislature has over it is to set expenditure limitations.

144 Committee discussion relating to the different funds and accounts available to the TourismCommission and the appropriation of funds by the Joint Committee on Ways and Means to those accounts.

172 SEN. DUKES: If the funding is put into the TourismAccount we will be ensuring a good working relationship between OEDD and TourismCommission.

183 SEN. DUKES: I would propose an amendment to page 5-A line 36 of the hand engrossed SB 354 [EXHIBIT F]. I would like to delete the language "and other revenue transfers".

184 SEN. BRADBURY: Why?

185 SEN. DUKES: It would eliminate the transfer of public funds from the TourismAccount to the Public Private Partnership Account.

191 Committee discussion relating to transferring state money from the TourismAccount to the Public Private Partnership Fund.

225 Committee discussion relating to control by legislature of the Public Private Partnership Fund.

257 Committee discussion relating to the accountability of funds.

261 SEN. DUKES: Could you explain how the TourismDivision's monies flows?

262 D'ALESSANDRO: I have no objections to limiting the TourismDivision from transferring funds from the TourismAccount to the Public Private Partnership Account. My concern is if you specifically restrict the transfer of state funds from the TourismAccount or any other state account

to the Public Private Partnership Account it will cause problems with cooperative efforts we engage in with other state agencies such as State Parks. The intent of this bill is to raise private sector funds.

286 SEN. BRADBURY: Do you get transfers of money to your TourismAccount from the State Parks?

288 D'ALESSANDRO: Yes.

289 SEN. BRADBURY: The public matches could still take place by using the Public Private Partnership Account and any transfers of funds from, for example State Parks, could use the TourismAccount.

307 D'ALESSANDRO: I do not believe the TourismDivision or the Tourism Commission can transfer funds.

308 CORTRIGHT: Continues to overview [EXHIBIT F] (Purpose of the Oregon TourismCommission). I am not sure there are specific restrictions relating to the transfer of funds to other programs.

332 SEN. DUKES: Proposes amendments to SB 354 relating to keeping the two account separate.

343 D'ALESSANDRO: I support the proposed amendments.

355 SEN. BRADBURY: Comments on consequences of the amendments as it relates to future appropriations.

370 Committee discussion relating to the possibility of future appropriations by the Joint Committee on Ways and Means.

373 CHAIR LIM: Could you outline your proposed amendment?

376 SEN. DUKES: On Page 5-A line 37 of the hand engrossed SB 354 [EXHIBIT F].

Delete "and other revenue transfers from public entities" and insert "revenue transfers from non-state public entities". I am sure Legislative Council can provide us with a better term. I would also delete line 37 "(c) Moneys appropriated to the account by the Legislative Assembly; and".

396 Committee discussion relating to the possibility of a challenge grant fund for one million dollars.

425 D'ALESSANDRO: We could match it with private sector funds.

428 Committee discussion relating to ear-marking funds.

TAPE 46, SIDE B

023 D'ALESSANDRO: Overviews strategic marketing plan which includes a public private matching of funds.

032 CORTRIGHT: Overviews the proposed amendments.

038 Committee discussion continues relating to possibility of a public private matching fund.

045 D'ALESSANDRO: Overview flow of funds through the TourismDivision of OEDD.

058 SEN. BRADBURY: Withdraws proposal relating to a public private matching fund.

061 CORTRIGHT: Overviews proposed amendments to SB 354.

077 Committee discussion relating to the appointment process of the Tourism Commission.

084 SEN. DUKES: I would like to amend page 2 of the hand engrossed SB 354 on line 44 by deleting "Upon recommendation by the chair of the tourism commission,".

092 Committee discussion relating to the number of members the Travel Industry Council can recommend for appointment to the governor.

094 D'ALESSANDRO: Overviews appointment recommendation by the Travel Industry Council.

102 Committee discussion relating to traditional appointment processes in the state.

113 D'ALESSANDRO: Overviews political appointments and rationale for language in SB 354 as it relates to appointments.

123 Committee discussion relating to the process of appointments and ramifications of the process.

164 SEN. BRADBURY: The proponents of the bill were seeking to get legislative ownership of the Tourism Commission through the appointment process.

189 CHAIR LIM: What is the relationship between the Tourism Program and the staff at the Oregon Economic Development Department.

202 CORTRIGHT: Continues to overview [EXHIBIT F] (Page 4, lines 1-8).

224 SEN. DUKES: Will Joe D'Alessandro work for OEDD or the Tourism Commission?

226 CORTRIGHT: Continues to overview [EXHIBIT F] (Page 4, line 45).

240 Committee discussion relating to the head of the Tourism Program.

248 D'ALLANSANDRO: Responds to committee discussion relating to the program status of the Tourism Division.

256 CORTRIGHT: Overviews difference between a program and a division as it relates to OEDD.

269 CHAIR LIM: Which fund will the Tourism Program use to pay Joe D'Alessandro's salary.

273 CORTRIGHT: Continues to overview [EXHIBIT F] (Page 5, line 9-10).

350 Committee discussion relating to the authority of the Commission to hire and set the wage for the director of the Tourism Program who works for the director of OEDD.

391 SEN. DUKES: We should have the director of the Tourism Program hired by the director of OEDD rather than having the Tourism Commission do the hiring.

402 CORTRIGHT: Clarifies need for proposed amendments relating to hiring.

422 CHAIR LIM: Can you explain the language relating to what class of investments are available to the Tourism Commission.

452 CORTRIGHT: The language relating to the types of investments is standard for money that is not invested in the state treasury.

TAPE 47, SIDE B

015 CORTRIGHT: Overviews the proposed amendments discussed by the Committee relating to [EXHIBIT F].

tourism 1. On page 2, line 43. Delete "Upon recommendation by the chair of the commission,"

appointment 2. On page 4, section 9. Restoring the existing statutory approach to the and salary of the administrator. These functions will be done by OEDD in consultation with the Tourism Commission.

appropriations and 3. On page 5-A, Subsection 5. Deleting the provision for legislative exclude the transfer of money from state sources.

025 CHAIR LIM: Seeks clarification on proposed amendments.

033 CHAIR LIM: Closed WORK SESSION on SB 354.

044 CHAIR LIM: Opens WORK SESSION on SJR8.

045 MOTION: SENATOR BRADBURY: MOVES that the vote by which SJR8 passed, BE RECONSIDERED.

051 VOTE: CHAIR LIM: In a roll call vote, all member vote AYE. Senator Derfler and Senator Kennemer are EXCUSED.

053 CHAIR LIM: The motion PASSED.

054 MOTION: SENATOR BRADBURY: MOVES SJR8 be returned to the President's desk pursuant to SR8.50, that a letter be attached recommending that the subsequent referral to the Joint Committee on Ways and Means be rescinded, and that SJR8 be sent to the Senate Floor with a DO PASS AS AMENDMENT recommendation.

056 VOTE: CHAIR LIM: In a roll call vote, all member vote AYE. Senator Derfler and Senator Kennemer are EXCUSED.

060 CHAIR LIM: The motion PASSED.

CHAIR LIM will lead discussion on the Senate Floor if the prior referral is

rescinded.

- 062 CHAIR LIM: Closed WORK SESSION on SJR8.
- 063 CHAIR LIM: Appoints Senator Bradbury Acting Chair to reside over the remainder of the committee meeting.
- SB 396 - Extends from 10 to 20 years period of time for which area may be designated enterprise zone - Public Hearing
- 066 ACTING CHAIR BRADBURY: Opens PUBLIC HEARING on SB 396.
- 067 JANA DOERR: Presents written testimony in favor of SB 396 [EXHIBIT G].
- 119 ACTING CHAIR BRADBURY: Why did Georgia Pacific open a mill in the Coos Bay area?
- 127 DOERR: Responds to committee discussion relating to competition and raw product availability for Georgia Pacific in the Coos Bay area.
- 148 ARTHUR FISH: Presents written testimony relating to SB 396 [EXHIBIT H], Oregon Enterprise Zone Program - Statewide Summary [EXHIBIT I], 1994 Enterprise Zone Tax Exemption Data [EXHIBIT J], and Oregon Enterprise Zone Information [EXHIBIT K].
- 185 ACTING CHAIR BRADBURY: I thought this bill simply extends from 10 to 20 years the designation of an enterprise zone. Your testimony mentions the termination due to inactivity. Can you explain these additional provisions of the bill?
- 198 FISH: Continues to overview [EXHIBIT H] (Termination Due to Inactivity).
- 244 FISH: Continues to overview [EXHIBIT H] (Repeal of the Statutes)
- 269 FISH: Continues to overview [EXHIBIT H] (Changes to ORS 285.613)
- 314 FISH: Continues to overview [EXHIBIT H] (Avoiding Possible Problems With Mid-Year Terminations).
- 344 ACTING CHAIR BRADBURY: I do not want to change the tax code.
- 356 FISH: Responds to committee discussion relating to proposed technical amendments to SB 396.
- 370 SEN. DUKES: Proposes additional reporting on enterprise zones relating to the value of wages.
- 388 ACTING CHAIR BRADBURY: Closed PUBLIC HEARING on SB 396.
- 388 ACTING CHAIR BRADBURY: Adjourns committee meeting at 10:13 a.m.

Submitted by

Bobby Sullinger
EXHIBIT LOG

- EXHIBIT A - Staff Measure Summary of SB 396, Presented by Joseph Cortright, 1 page.
- EXHIBIT B - Written testimony in favor of SB 396, Presented by Senator Mae Yih, 14 pages.
- EXHIBIT C - Written testimony in favor of SB 396, Presented by Mel Joy, 1 page.
- EXHIBIT D - Proposed Amendments to Senate Bill 354, Presented by Joseph Cortright, 3 pages.
- EXHIBIT E - Additional Amendments to SB 354-1 Amendments, Presented by Joseph Cortright, 1 page.
- EXHIBIT F - A hand engrossed SB 354, Presented by Joseph Cortright, 7 pages.
- EXHIBIT G - Written testimony in favor of SB 396, Presented by Jana Doerr, 5 pages.
- EXHIBIT H - Written testimony relating to SB 396, Presented by Arthur Fish, 4 pages.
- EXHIBIT I - Oregon Enterprise Zone Program - Statewide Summary, Presented by Arthur Fish, 36 pages.
- EXHIBIT J - 1994 Enterprise Zone Tax Exemption Data, Presented by Arthur Fish, 24 pages.
- EXHIBIT K - Oregon Enterprise Zone Information, Presented by Arthur Fish, 70 pages.