

SENATE COMMITTEE ON
TRADE AND ECONOMIC DEVELOPMENT

March 28, 1995 Hearing Room 137
8:00 a.m. Tapes 52-53

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

MEMBERS EXCUSED:

STAFF PRESENT: Joseph Cortright, Executive Officer
Bobby Sullinger, Committee Assistant

WITNESSES: Larry Harvey, Travel Industry Council of Oregon
Joe D'Alessandro, Tourism Division, Oregon Economic Development
Ken Armstrong, Oregon Public Ports Association
John Rayburn, Port of Newport
Yvonne Addington, Oregon Economic Development Department
Gil Wright, Oregon Economic Development Department
Jon Jaqua, Deputy Director, Oregon Economic Development

MEASURES HEARD: SB 676 -- Increases maximum prize in licensed bingo and
lotto games to \$1,500 -- WS

SB 354 -- Abolishes Oregon Tourism Council -- WS

SB 990 -- Increases amounts that ports may borrow from Oregon

Revolving Fund -- PH

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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 52, SIDE A

002 CHAIR LIM: Brings the committee to order at 8:05 a.m.

SB 676 -- Increases maximum prize in licensed bingo and lotto games to
\$1,500 -- Work Session

003 CHAIR LIM: Opens WORK SESSION on SB 676.

004 CORTRIGHT: Overviews Staff Measure Summary for SB 676 [EXHIBIT A].

012 CORTRIGHT: Overviews Proposed Amendments to SB 676 [EXHIBIT B].

032 MOTION: SEN. KENNEIMER MOVES to AMEND SB 676 to delete section 2 and 3.

033 VOTE: CHAIR LIM: Hearing no objections, the amendments are ADOPTED.
SEN. DUKES is EXCUSED.

035 MOTION: SEN. BRADBURY: MOVES SB 676, as amended above, to Senate Floor
with a DO PASS AS AMENDED recommendation.

038 VOTE: PASSES: In a roll call vote, all members present vote AYE. SEN.
DUKES is EXCUSED.

042 CHAIR LIM will lead discussion on the Senate Floor.

043 CHAIR LIM: Closed WORK SESSION on SB 676.

SB 354 -- Abolishes Oregon Tourism Council -- Work Session

043 CHAIR LIM: Opens WORK SESSION on SB 354.

044 CORTRIGHT: Overviews Proposed Amendments To Senate Bill 354-2 [EXHIBIT
C].

088 CHAIR LIM: Do you support SB 354-2 amendments?

089 LARRY HARVEY: I am concerned that by specifically stating the account
cannot receive state funds it may eliminate the possibility of receiving
aid from the state in the future. We will not oppose the amendments.

108 JOE D'ALESSANDRO: We support the bill and its amendments in the current
form.

112 SEN. BRADBURY: MEASURE INTENT: Is not to diminish the states
contribution to tourism.

130 HARVEY: Continues to outline concerns related to SB 354-2 amendments.

148 SEN. KENNEIMER: Where is the language you are concerned about in the
amendments?

153 HARVEY: Page 2, line 31 of SB 354-2.

160 CORTRIGHT: Continues to overview [EXHIBIT C] (Page 2, line 31).

180 SEN. KENNEMER: Why do we need this language?

181 CORTRIGHT: The effect of this language is to preclude the transfer of monies from, for example the TourismAccount or any other state account, to this fund which is exempt from expenditure limitations.

188 Committee discussion relating to control over funding once it has been allocated.

207 SEN. KENNEMER: The control we have is either appropriating or not appropriating the money. I do not understand why we need this guideline.

208 Committee discussion relating to private funding under state expenditure limitations.

216 CHAIR LIM: This issue was discussed during our last hearing and the consensus was to have two separate accounts to keep private and public money from co-mingling.

220 SEN. BRADBURY: The long range vision is to support an increase in tourism by creating a state-wide room tax.

242 HARVEY: I agree with the long range vision.

252 SEN. BRADBURY: MEASURE INTENT: Is to say there should not be a co-mingling of private and public funds. There may be public support for a dedicated revenue stream in the future.

259 HARVEY: We would appreciate the language "a funding mechanism" as opposed to "a specific tax".

264 MOTION: SEN. BRADBURY: MOVES to ADOPT SB 354-2 amendments.

266 VOTE: CHAIR LIM: Hearing no objection the amendments are ADOPTED.
SEN. DUKES is EXCUSED.

271 MOTION: SEN. BRADBURY: MOVES SB 354 to the Senate Floor with a DO PASS AS AMENDED recommendation.

278 VOTE: PASSES: In a roll call vote all members present vote AYE. SEN. DUKES is EXCUSED.

280 Committee discussion relating to subsequent referrals assigned to the measure.

285 MOTION: SEN. BRADBURY: MOVES SB 354 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 the SB 354 be sent to the Senate Floor with a DO PASS AS AMENDED recommendation.

295 Committee discussion relating to the subsequent referral to the Joint Committee on Ways and Means.

297 VOTE: PASSES: In a roll call vote all members present vote AYE. SEN. DUKES is EXCUSED.

310 SEN. BRADBURY will lead discussion on the Senate Floor.

315 CHAIR LIM: Closed WORK SESSION on SB 354.

SB 990 -- Increases amounts that ports may borrow from Oregon Port Revolving Fund -- Public Hearing

325 CHAIR LIM: Opens PUBLIC HEARING on SB 990.

327 CORTRIGHT: Overviews Staff Measure Summary for SB 990 [EXHIBIT D].

370 KEN ARMSTRONG: Presents written testimony in favor of SB 900 [EXHIBIT E].

TAPE 53, SIDE A

013 ARMSTRONG: Continues to present [EXHIBIT E] (Planning and Marketing Efforts).

036 SEN. KENNEMER: Was the loan cap raised in 1979 or in 1989?

042 ARMSTRONG: Continues to present [EXHIBIT E] (Proposed Loan Cap).

051 JOHN RAYBURN: Presents testimony in favor of SB 990.

101 RAYBURN: Continues to present testimony relating to examples of how the Port Revolving Loan Fund has helped businesses build and expand.

145 RAYBURN: Continues to provide examples of businesses that have benefited from the Port Revolving Loan Fund.

152 ARMSTRONG: Overviews HB 2141 and how it relates to SB 990.

166 SEN. BRADBURY: I would like to see a balance sheet on the Port Revolving Loan Fund.

179 ARMSTRONG: Responds to committee discussion.

186 SEN. DUKES: I would like to see the administrative cost associated with this fund.

191 YVONNE ADDINGTON: Presents testimony in favor of SB 990.

224 GIL WRIGHT: Presents testimony relating to the administration of the Port Revolving Loan Fund and request for balance sheet information by the committee.

298 SEN. DUKES: What are your administrative cost?

301 WRIGHT: The administrative cost are \$871,000 dollars per biennium.

332 ADDINGTON: Responds to committee discussion relating to who pays her salary.

353 SEN. DUKES: The Port Revolving Fund is a convenient fund for OEDD. We should make sure administrative expenses are specified when it is appropriated.

375 CHAIR LIM: Could you provide us with an itemized statement of the administrative cost during the last biennium?

385 ADDINGTON: Yes. We will provide you with a statement of administrative expenses.

395 SEN. KENNEMER: I think eight percent for administrative expenses is too much, and I do not understand why it cost eight percent to administer an eleven million dollar loan program.

413 WRIGHT: Responds to committee discussion relating to administrative expenses.

TAPE 52, SIDE B

027 WRIGHT: Continues to overview the need for the lobbyist program as part of administrative expenses of the Port Revolving Loan Fund.

052 ADDINGTON: Overviews the differences between ports in Oregon.

072 SEN. KENNEMER: Where did the \$900,000 dollars come from for the administrative expenses.

071 ADDINGTON: Responds to committee discussion relating to lottery funds and administrative expenses.

076 WRIGHT: Responds to committee discussion relating to origins of funding.

088 SEN. KENNEMER: What interest rate do you charge for the loans?

089 WRIGHT: Responds to committee discussion relating to interest rates for loans.

110 SEN. KENNEMER: Do your administrative expenses exceed you interest income?

114 WRIGHT: Responds to committee discussion relating to interest earnings.

183 CHAIR. LIM: What is the amount of the average loan?

208 WRIGHT: The average loan is approximately \$250,000 dollars.

214 CHAIR LIM: Why are we trying to increase the loan amounts if the average loan is \$250,000 dollars?

216 WRIGHT: Responds to committee discussion relating to need for additional loan amounts.

241 JON JAQUA: Presents testimony relating to the need to recapitalize the loan fund.

293 CHAIR LIM: Have there been any loan defaults?

294 JAQUA: There have been no defaults, but we have had some work-outs.

308 SEN. BRADBURY: Can you explain the math associated with the fund being depleted within ten years without additional funding by the state?

318 JAQUA: Responds to committee discussion relating to the depleted fund.

336 CORTRIGHT: Technically no loans have been forgiven, however money was allocated from the Strategic Reserve Fund to the Port of Coos Bay to repay some loans that it did not have the resources to repay.

376 JAQUA: Responds to committee discussion relating to how OEDD funds are administered.

385 CORTRIGHT: Clarifies the difference between what can be considered administrative expenses and expenses relating to ports.

397 SEN. DUKES: Overviews history of the legislative process and how it

relates to the Port Revolving Loan Fund.

434 CHAIR LIM: What was the total amount of funding contributed by the legislature?

TAPE 53, SIDE B

002 WRIGHT: Responds to committee discussion relating to the state contributions to the fund.

012 CHAIR LIM: Closed PUBLIC HEARING on SB 990.

013 Committee discussion relating to rescinding the subsequent referral on SB 676.

020 MOTION: SEN. BRADBURY: MOVES SB 676 be returned to the President's desk pursuant to SR8.50, that a letter be attached recommending that the subsequent referral to the Committee on Government Finance and Tax Policy be rescinded, and that SB 676 be sent to the Senate Floor with a DO PASS AS

AMENDED recommendation.

023 VOTE: PASSES: In a roll call vote SEN. BRADBURY, DUKES, KENNEMER, and LIM vote AYE. SEN. DERFLER votes NO.

031 CHAIR LIM: Adjourns committee meeting at 10:36 a.m.

Submitted by

Bobby Sullinger
EXHIBIT LOG

EXHIBIT A - Staff Measure Summary for SB 676, Presented by Joseph Cortright,
1 page.

EXHIBIT B - Proposed Amendments to SB 676, Presented by Joseph Cortright, 1
page.

EXHIBIT C - Proposed Amendments To Senate Bill 354-2, Presented by Joseph
Cortright, 3 pages.

EXHIBIT D - Staff Measure Summary for SB 990, Presented by Joseph Cortright,
1 page.

EXHIBIT E - Written testimony in favor of SB 900, Presented by Ken
Armstrong, 2 pages.