

MEMBERS PRESENT: Rep. Eldon Johnson, Chair Rep. Liz VanLeeuwen,
Vice-Chair Rep. Lee Beyer Rep. Lisa Naito Rep. Michael Payne Rep. Bob
Repine Rep. Hedy Rijken Rep. Charles Starr Rep. Bob Tiernan Rep. John
Watt Rep. Cynthia Wooten

STAFF PRESENT: Marilyn Johnston, Committee Administrator Janet
McComb, Committee Administrator Kristina McNitt, Committee Assistant

MEASURES HEARD: SB 85 - A SB 967 HJM14

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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. [--- Unable To Translate Graphic
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TAPE 44, SIDE A

002 Chair Johnson calls the meeting to order at 8:20 a.m.

PUBLIC HEARING ON SB 85 - A

Witnesses: Carlene Jackson, Oregon Economic Development
Department Glen Ford, Oregon Economic Development Department

Administrator Johnston submits staff measure summary, amendments, impact
statements, and letter from Nike Inc. (Exhibit A).

010 Carlene Jackson and Glen Ford, Oregon Economic Development
Department, explains bill and answer questions. Currently clients
are charged for departmental expenses. This bill will shift some costs
of overhead from state funds to clients. The hope is to charge a
percentage of overhead plus expenses.

063 Rep. Wooten feels measure will encourage neither new nor existing
business environments.

072 Ford responds that most clients of his department are not small
businesses and must absorb large costs to get into the
marketplace.

087 Rep. Wooten: How are you going to base fees?

090 Ford: On an hourly basis.

105 Rep. Beyer: I thought the division was trying to recover full
costs.

115 Ford: At this point the companies are responsible for their own
expenses. Our intention is not to fully recover costs.

124 Rep. Beyer: What would this cost a company in the private
sector?

126 Ford: You can't buy this type of service.

132 Rep. Beyer: If the state is successful, why can't the state try to recover costs within a reasonable period of time?

138 Ford: I think the state is paid back in a variety of ways, such as more diversity in the economy and the tax base. Concerns about full cost recovery would scare away the mid-range companies we are trying to assist.

151 Rep. Beyer: What is your percentage goal of cost recovery?

156 Ford: Not including expenses, ten percent. If we establish credibility, perhaps more.

168 Rep. Beyer: Do you have an ultimate goal?

169 Ford: No, we don't.

177 Chair Johnson reads from the staff measure summary some concerns of the Attorney General.

183 Rep. Tiernan: It is a good idea to put value to a service rendered. How many businesses have you helped enter a market that would not have otherwise been able to do so?

197 Ford: Since 1991 we have signed 80 contracts and generated 18 million dollars in the first year. I feel these sales would not have happened without our help. 213 Rep. Tiernan: What do you actually do and what are your markets?

214 Ford: We serve five markets: Germany, Japan, Korea, Taiwan, and Mexico.

215 Rep. Tiernan: You don't do business in China?

217 Ford: No. But we aggressively pursue our potential clients.

233 Rep. Tiernan: How do you get your information about what different countries need and where markets are?

238 Ford: We don't. We are more concerned with finding companies with the interest and capacity to go into foreign trade. We have the international side and the business has the product side.

259 Rep. Tiernan: Let's say it's Burgerville in Taiwan. Is that something you could help with?

268 Ford: I'm actually speaking primarily of engineering services, such as water treatment. We assist engineering firms.

280 Rep. Tiernan: If someone were to approach you instead would you talk to them?

298 Ford: Yes, we do a lot of work outside our formal contracts. We help business assess where they are. We may refer them.

321 Rep. VanLeeuwen: I'm concerned that you are not working towards recovering 100%.

334 Ford: Once again, that is not my goal. I think the state should provide subsidies.

364 Rep. VanLeeuwen: Those you have helped should begin to pick up the burden.

424 Rep. Payne: I think the government needs to make an investment with business, to bring money into Oregon. Do other countries have similar partnerships?

TAPE 45, SIDE A

013 Ford: Yes, and the United States is very late in the game and has less sophisticated and established programs in international trade than most other countries.

040 Rep. Beyer: How much do companies pay up front and how much is based on future success? 048 Ford: It is not really set up that way now. With this bill, however, we will be able to track and charge per hour even for prospective clients using our services.

060 Rep. Beyer: There are no contingent costs?

063 Ford: No. There are expenses. The question is concerning overhead charges. The Attorney General feels we can't charge these without this bill.

074 Rep. Beyer: Has the Oregon Economic Development Department considered going into a partnership with successful businesses?

079 Ford: Not at this time. The profit margins are very different in the different markets. The one equitable expense is our hours.

092 Rep. Beyer: I would urge you to examine the fees and costs more, with a goal to have the costs recovered eventually.

099 Rep. Tiernan: If you are successful, what is the problem with charging ten percent with a back-end contingency as well?

111 Ford: I am not in a position to answer that successfully. With shifting exchange rates the profit margin can be radically changed with even a two percent fee increase. The fee is a deterrent. 130

Rep. Tiernan: Have you helped any military or strategic ventures?

135 Ford: Not yet. Many electronic companies have those type of applications and this could develop at some future time.

154 Rep. VanLeeuwen: I assume you work closely with the Oregon Marketplace? Don't they have a provision where their clients pay back the subsidies?

162 Ford: Yes, but that is more in theory than in practice.

180 Chair Johnson: The U.S. is way behind because we make our businesses pay brokers, where foreign countries are subsidized.

205 Rep. Wooten: I support Ford's comments and commend the department.

225 Chair Johnson: How do you feel about the amendments?

230 Ford: In section two, we can provide help only to our current markets. Section four asks that the bill include a provision to establish an advisory committee. I already have an advisory committee and so do the others. However, the existing committees could have a closer tie.

259 Chair Johnson: We'd like more clarification on what basis cost recovery is based.

PUBLIC HEARING ON SB 967

Witnesses: Senator Bradbury, Bandon

Administrator Johnston submits staff measure summary and impact statements (Exhibit B).

304 Senator Bradbury explains the bill and gives history. The Northwest does have an interesting position since it is between the European Community and the Pacific Rim. This bill changes the representation of each state of the Pacific Northwest Economic Region Compact.

347 Rep. Tiernan: What has the Compact accomplished?

350 Sen. Bradbury: We have done a marketing study on tourism in California. We have formed electronic linkage between university libraries within regions.

TAPE 44, SIDE B

001 Rep. VanLeeuwen explains some programs and environmental solutions related to tourism, training, recycling, and value-added wood products.

043 Sen. Bradbury: The environmental technologies are well-developed. It is an excellent example of what this group can provide and share.

PUBLIC HEARING ON HJM14

Witnesses: Randy Tucker, Oregon Fair Trade Coalition John Sutter, Oregon Fair Trade Coalition Irv Fletcher, Oregon AFL-CIO

Administrator Johnston submits staff measure summary and impact statements (Exhibit C).

130 Randy Tucker, Oregon Fair Trade Coalition: testifies in favor of HJM14 (Exhibit D).

168 John Sutter, Oregon Fair Trade Coalition: testifies in favor of HJM14 (Exhibit E). 312 Irv Fletcher, President, AFL-CIO: testifies in favor of HJM14 (Exhibit F).

345 Rep. Tiernan: On line 26, you talk about workplace safety laws. Do you intend not to do trade with countries that don't have similar laws?

362 Tucker: No, we want to protect U.S. laws there. It's not that the U.S. has better laws, it's that the countries must enforce their own laws.

TAPE 45, SIDE B

019 Rep. Tiernan creates a scenario to clarify the intent of the bill.

024 Tucker explains the mediation with the International Trade Commission set up by NAFTA.

053 Rep. Tiernan: I would appreciate further clarification.

059 Sutter addresses Rep. Tiernan's scenario of new drug introduction.

081 Rep. VanLeeuwen requests a detailed explanation of how NAFTA works and its jurisdiction.

083 Rep. Tiernan: We cannot force our labor laws on another country. I would like to know what the opposition is so we can see what the other side looks like.

105 Rep. Payne comments on the bill and asks for its point.

137 Sutter sums up the provisions of the bill.

Rep. VanLeeuwen adjourns the meeting at 10:00 a.m.

Submitted by

Reviewed by

Reviewed by

Kristina McNitt
Clerk

Marilyn Johnston
Committee Administrator

Janet McComb
Committee

Administrator

EXHIBIT LOG:

A - SB 85 staff measure summary, -A2 LC and machine engrossed amendments, copy of Nike faxcimille, fiscal and revenue impact statements submitted by staff, pp. 12

B - SB 967 Staff measure summary, fiscal and revenue impact statements submitted by staff, pp. 3

C - HJM 14 staff measure summary, fiscal and revenue impact statements submitted by staff, pp. 2

D - HJM14 written testimony presented by Randy Tucker, pp. 4

E - HJM14 written testimony presented by John Sutter, pp. 3

F - HJM14 written testimony presented by Irv Fletcher, pp 3.