

HOUSE LEGISLATIVE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

April 10, 1991Hearing Room 343 8:00 A.M.State Capitol Salem, OR

Tapes 121 - 124 Oregon Marketplace Oregon Business Development Fund
Corrections County Fairs Lottery Percentage Distribution

MEMBERS PRESENT: REP. RAY BAUM REP. JERRY BARNES REP. MARGARET
CARTER REP. CEDRIC HAYDEN REP. VERA KATZ REP. DAVE MC TEAGUE REP. BOB
PICKARD

MEMBERS EXCUSED:

STAFF PRESENT: JOSEPH CORTRIGHT, EXECUTIVE OFFICER TAMIRA MILLER,
POLICY ANALYST JERI CHASE, OFFICE MANAGER HOLLY BROWN, COMMITTEE
ASSISTANT

WITNESSES:TOM LYNCH, ASSISTANT MANAGER, RESEARCH AND STATISTICS,
EMPLOYMENT DIVISION RON STEWART, INFORMATION SUPERVISOR, JOB TRAINING
PARTNERSHIP ACT ADMINISTRATION, ECONOMIC DEVELOPMENT DEPARTMENT SUSAN
VIOLETTE, RESEARCH AND STATISTICS, EMPLOYMENT DIVISION DAVID LOHMAN,
SENIOR DEPUTY DIRECTOR, ECONOMIC DEVELOPMENT DEPARTMENT YVONNE
ADDINGTON, COMMUNITY DEVELOPMENT MANAGER, ECONOMIC DEVELOPMENT
DEPARTMENT LYNN YOUNGBAR, LEGISLATIVE LIAISON, ECONOMIC DEVELOPMENT
DEPARTMENT JIM DAVEY, DIRECTOR, LOTTERY COMMISSION MARK HUSTON, MANAGER,
BUSINESS FINANCE SECTION, ECONOMIC DEVELOPMENT DEPARTMENT

NOTE: These minutes contain materials which paraphrases and/or
summarizes statements made during this meeting. Only text enclosed in
quotation marks reports a speaker's exact words. For complete contents
of the proceedings, please refer to the tapes.

TAPE 121, SIDE A

000 CHAIR BAUM convenes the meeting at 8:06 a.m.

HB 2339 (Oregon Marketplace) - Work Session

005 CORTRIGHT: This authorizes the extension of the Oregon
Marketplace.

043 CORTRIGHT: These changes are to retain the contract personnel
provision of the bill so the Marketplace would continue to operate not
as state employees but as contractors, the provision to move the
Marketplace into the department has been removed.

054 REP. CARTER: We should either fund this program fully or cut it off
entirely, because you are just crippling the agency so that it cannot
perform to the level that it has in the past.

072 CHAIR BAUM: We are going to remove the program and then do the allocation through lottery.

HB 2338 (Oregon Business Development Fund Corrections) - Work Session

109 CORTRIGHT: We passed this bill out to the floor but a blank was left in the bill. We need to fill that blank in with a 10.

119 MOTION: REP. BARNES moves the -A4 amendments to HB 2338.

VOTE: Being no objection the above amendment is adopted.

123 MOTION: REP. BARNES moves HB 2338, as amended, to the floor with a Do Pass recommendation.

145 VOTE: By roll call vote (5-0) HB 2338 passes to the floor with a Do Pass recommendation. Voting AYE: REPRESENTATIVES BARNES, CARTER, KATZ, PICKARD and BAUM. EXCUSED: REPRESENTATIVES HAYDEN and MC TEAGUE.

HB 2251 (County Fairs)- Work Session

170 CORTRIGHT: Presents draft amendments to HB 2251 (EXHIBIT A).

201 REP. KATZ: How do you propose relating this to county fairs?

203 CORTRIGHT: These would be offered in lieu of the existing text of HB 225 1.

223 CORTRIGHT: Continues EXHIBIT A.

279 CHAIR BAUM: My position of Workforce and JTPA is that it will be difficult to dedicate any of that money out the lottery, but the key provisions are taking the existing programs and using funds from them.

299 REP. KATZ: What is the bottom line?

300 CHAIR BAUM: We have the Senate working on a \$4.5 million timber response program. We would get the some of the dollars from there.

323 CHAIR BAUM recesses the work session on HB 2251.

Employment Division

340 MILLER: On March 29, we had a hearing in which Tom Lynch testified on how the Occupational Program Planning System works. The committee had questions about what types of occupations dislocated workers had been placed in and could they be tracked with the existing OPSS system.

353 TOM LYNCH: Present "Occupational Program Planning System JTPA Program Year 1987 Follow Up Results" (EXHIBIT B).

420 REP. KATZ: Whose decision was it to place them in non occupational training?

437 RON STEWART: The individual participant works with the counselors on what they are interested in.

450 REP. KATZ: So if they finish training who decides that they shouldn't go into the occupation they were trained for?

TAPE 122, SIDE A

024 STEWART: In some training there is many subdivisions of that occupation. In many cases although it seems they are not placed in what they were trained for they are actually working for a subdivision.

038 REP. KATZ: Either they are trained for subset occupations of a larger occupation and either that is specific to their training or it is not.

043 SUSAN VIOLETTE: There are different ways to describe programs in training. There will be an overlap in skills.

056 REP. KATZ: Maybe you need a third category of people that has nothing to do with training.

068 LYNCH: We are talking about an assembly line process here. Assembly line workers are trained to various functions. Many of the people who are working in these types of businesses pick up a lot of basic skills which are transferable to other occupations.

076 REP. KATZ: Roughly, what percentage of people have been placed in occupations that are not related to what you have just described?

079 VIOLETTE: We can't tell.

080 REP. BARNES: If we are spending public dollars then we need to be more concerned with what the public wants.

096 STEWART: We are required by law to train people in the areas that are predicted to be long term.

117 MILLER: If you were able to get JTPA to use the same codes you use could you provide more detailed information?

124 LYNCH: Yes, we are working on that now to convert the JTPA codes to the Employment Division codes. We need a standardization of data.

168 VICE-CHAIR CARTER: When we first started working with dislocated timber workers many feared being measured in an academic environment that they hadn't been involved in for years. How do you determine how you will retrain?

198 STEWART: We first identify occupations in the local economy that have long term potential. We show them where the potential is. Then we assess the client and see what skills they have. In some cases mobility is a factor. Relocation is something else we provide.

255 REP. BARNES: Are you far enough advanced to look maybe 5 or 6 years in the future to see what kinds of skills will be in demand?

259 LYNCH: Yes, we do have that capacity. The system that does that part of the analysis is funded by the Employment Division.

274 MILLER: Would it be useful to you to have language in HB 3133 where we direct the Council to keep an eye out for OPPS and see that its development is continued and to also add language there that requires standardization of data across agencies for job training?

282 LYNCH: Yes, one of the biggest problems we have is the

inconsistency of the data systems we are trying to use.

291 VIOLETTE: The community colleges have been standardizing their data and now we are working with state agencies. This data can be used to point out red flags. We do not anticipate that this data will give us all the answers.

328 REP. KATZ: We don't know how many of these clients were not placed in occupations they were trained for and we need to know that.

400 REP. KATZ: Can you find out how many people went to work in occupations that had no relationship to their job training?

402 VIOLETTE: Yes.

407 LYNCH: Continues EXHIBIT B.

421 REP. CARTER: Let's look at table five (EXHIBIT B). What does this tell us in terms of the agricultural community, construction and manufacturing after training?

436 LYNCH: This tells us we are moving dislocated workers out of an industry that is in decline.

TAPE 121, SIDE B

030 REP. CARTER: How are you dealing with the issue of training people in occupations that are declining?

035 STEWART: In another industry that same occupation maybe expanding.

HB 2251 - Work Session (continued)

060 DAVID LOHMAN: We think it does make some sense to target the severely affected communities. The definition of the eligible community is a source of questions for us. In the next biennium we may have some severe dislocations in non timber dependent communities and to the extent that we tie up our funds strictly in timber dependent communities we may be limiting what we can do in some of those other areas. The definition as it is described refers to the dislocation in the past tense so we could only give them money after a dislocation has occurred.

We are concerned about getting in a situation where a community qualifies and one, 10 miles down the road, doesn't qualify. If you get an opportunity to build a plant in the community that doesn't qualify and we can't fund it because we say we are waiting for it to come to an area that does qualify, it doesn't make much sense because we are talking about the same population of workers. Some of these areas are really one community and we don't want to put walls up between communities.

106 REP. BARNES: We could fund it as a labor market area.

117 LOHMAN: That is a possibility, then you get into another question regarding large towns that are timber dependent, like Eugene, do you want to help them or do you want to focus on smaller areas?

116 CHAIR BAUM: If we were to retain the 1/3 rural and 1/3 urban and take 1/2 of the remainder and state that that percentage of the money would be focused on those timber dependent communities with a discretion

to use more we still free up the existing money. This should cover both areas. I just want to be sure we recognize all the areas.

133 LOHMAN: There may be opportunities to locate a plant in a community that needs help and you won't have the money to do so. I think you need a broader definition of community.

148 CHAIR BAUM: We aren't creating any real problems by leaving the percentage there are we?

150 YVONNE ADDINGTON: Our record has been that 70% of the money has been used in the rural areas, which we describe as outside the urban growth areas of the state. The 1/3-1/3 doesn't bother us unless we have very limited funds and then you lose your flexibility to take advantage of opportunities which come along. With the funding we have been getting I think that distribution is very usable.

189 REP. BARNES: We could tie this into unemployment rates and then we could take care of areas that are about to experience unemployment.

205 CHAIR BAUM: We have a political problem. We can't trust these people will be taken care of. We are going to be asked how are we using lottery dollars to help these dislocated timber workers. I would like to see an emphasis on the timber communities. If we can't focus these agencies on these areas then maybe we should do away with the agencies.

244 REP. KATZ: We need to link a cumulative amount of dollars to this so that the CHAIR can say that \$4.5 or 5 million was spent for a particular population. I like the idea of tying this to the unemployment rate.

263 LOHMAN: We think we can make something like this work. We are worried about tying up to much money but this can work.

273 REP. BARNES: I think we are remiss in giving money to those communities that are doing pretty well already. We need to overlay the need of a community with some state wide standard.

291 CHAIR BAUM: We want to focus on the distressed areas because the banks red line these communities. I would like to do 1/3 urban, 1/3 rural and 1/3 unemployment.

308 LYNN YOUNGBAR: Are you willing to look at an area that is very timber dependent but none of the plants have closed yet, because there is some opportunity to help areas that have not been affected yet but will be.

324 REP. BARNES: I think you can put an overlay of predictability on those areas suffering an economic down turn.

350 LOHMAN: The way that the Special Public Works Fund program works it is opportunity driven.

365 CHAIR BAUM: If you had discretion to move those rules around could you have more flexibility?

372 LOHMAN: Legally we can relax the requirements so that we don't have a firm business commitment. I would argue that you will end up with lots of empty industrial parks if you do that.

416 LOHMAN: We can get the business there under existing rules. You don't have to go around and build a whole bunch of industrial parks when you don't have potential tenants. You can talk to potential tenants and say if you come in we can put the infrastructure in.

432 CHAIR BAUM: You are talking about recruitment, how do we deliver that to businesses that are looking?

TAPE 122, SIDE B

020 LOHMAN: They almost always come to some level of government and we find out from them.

027 YOUNGBAR: We are working on a program to take some of the timber dependent communities and get them ready for development.

033 REP. BARNES: Do you have a staff that tells communities what you think will happen and tells them what you can do to help?

044 YOUNGBAR: Yes.

061 REP. KATZ: Have you had a discussion with every state agency focusing on the timber industry?

068 YOUNGBAR: Yes.

075 LOHMAN: It is precisely in those communities with a single lumber mill it will be the hardest to get a replacement facility. You do run the risk of setting aside some money that may not be spent. We may have to face the fact that some towns will have a real hard time. I hope this will not be limited to corporate communities.

101 CHAIR BAUM: We will look at setting aside a portion of the fund, up to 1/3 toward, for high unemployment or the severely affected communities by virtue of some kind of endangered species act.

103 REP. KATZ: We need to understand why some of the plants are closing. If they would have closed anyway the EDD needs to see if they can help poorly administrated companies live.

119 REP. CARTER: We need to be there to help make analysis.

135 YOUNGBAR: We have a department that does just that. They do give any array of options to all companies that are in trouble. We can provide opportunities but they have to want to try them.

155 REP. BARNES: Some communities are looking for a big brother and EDD is going to have to provide this for them. State government is going to have to look at what is going on before the closure.

168 YOUNGBAR: CESCO is working on an early warning system.

176 CORTRIGHT: You are trying to identify industries that might take up the slack from the timber industry. What are those?

188 YOUNGBAR: Most of the communities in southern Oregon are looking at some kind of small manufacturing types of things, ranging from cottage industries craft type things to some sort of entrepreneurial effort. Secondary wood products is probably the highest single industry that people are looking at. Tourism development is popular as well as the

retirement industry.

201 CHAIR BAUM: Does the committee feel comfortable taking up to 1/3 of the SPWF and targeting it toward severely affected timber dependent communities or high unemployment areas?

210 REP. MC TEAGUE: I am concerned with designating specific percentages. A dislocated worker is a dislocated worker so I think a preference clause would make more sense then locking in a specific percentage which ties the hands of the agencies?

225 CHAIR BAUM: We just want to focus on timber and high unemployment areas.

242 REP. MC TEAGUE: Maybe we should attach a strong preference for dislocated communities as opposed to putting it in the statute.

248 CHAIR BAUM: This is going to replace the industry focused bills in the Senate, ours is worker focused.

260 REP. MC TEAGUE: It is hard to analyze this without knowing what the Senate side is doing.

285 MOTION: The CHAIR moves to adopt in concept to take the money in the Special Public Works Fund and divide the money so that 1/3 goes to rural areas, 1/3 goes to urban areas, and the remaining 1/3 should be focused on timber dependent and high unemployment areas.

310 VOTE: Being no objection that above amendment is adopted in concept.

319 CHAIR BAUM: Do we want to do this for the full two years or do we want to give the department the option, if after December 31, 1992 it doesn't look like there is that much opportunity in those areas, to fold it back into the regular formula?

326 REP. CARTER: I think they should have the opportunity to go the full two years.

331 CORTRIGHT: You could simply delete Sub 2.

359 REP. KATZ: The question is how long does it take to get a program going?

381 ADDINGTON: The time line varies, it takes 4 or 5 months.

390 MOTION: The CHAIR moves that the 1/3 allocation for timber dependent and high unemployment areas be continued for 2 years and the money that is not used be folded into the Special Public Work Fund.

VOTE: Being no objection the above amendment is adopted.

403 CORTRIGHT: You want us to change under the subsection 2 where it says the "community has suffered a severe economic dislocation", to say something like "where a community identified by EDD as having suffered or likely to suffer a severe economic dislocation", to get the perceptive nature. Also to add an "or a county with an unemployment rate that exceeds the state unemployment rate for the previous 12 months by more than _____ percentage".

423 REP. BARNES: Do your labor market lines follow the county boundaries?

430 CORTRIGHT: The counties are either the labor markets themselves or the building blocks for the labor market information.

443 MOTION: The CHAIR moves to add to the conceptual amendment to put in "severely dislocated due to an endangered species act or the timber supply problem".

VOTE: Being no objection the above conceptual amendment is adopted.

TAPE 123, SIDE A

027 REP. MC TEAGUE: These are substantive amendments to a bill that deals with county fairs. This new subject matter has not been subject to public hearing.

037 CHAIR BAUM: There will be opportunities for that .

045 CHAIR BAUM recesses the work session on HB 2251

HB 2341 (Lottery Percentage Distribution) - Work Session

057 CORTRIGHT: This bill specifies the percentages of the gross lottery sales of tickets or shares that should be used for prize administration and economic development. The constitution provides for a 16% limitation on the use of those proceeds for administrative costs for the lottery. The lottery has, in the last few years, decreased the amount of money that went for economic development and increased the amount that went for prizes. This bill would provide that 50% would be used for prizes, not more than 16% for administration and at least 34% would be transferred for economic development. Any monies that were not transferred by the lottery within 30 days would earn interest for economic development.

085 JIM DAVEY: We don't think this will add to, and in fact may hurt, the revenues coming from the lottery. We have been working with the Executive Department economists giving them more data because we don't think they considered a lot of conditions when they came up with their opinion. In our personnel service budget the FTE's are being reduced by about 10% for the next biennium.

116 CHAIR BAUM: Presents the Revenue Analysis of Proposed Legislation on HB 234 1 (EXHIBIT C).

134 REP. PICKARD: The data is complex concerning the lottery. I am not willing to put absolute restraints on something that I think requires flexibility. The risk is the general trend of people playing the lottery changing when they see that decline in prizes.

150 REP. BARNES: I would like them to leave it as it is and ask the lottery to try to generate more money.

226 CHAIR BAUM: There is not the required number to pass this bill so I will close the work session

HB 2251 - Work Session (continued)

290 CHAIR BAUM: The OBDF has a loan portfolio so it would continue to

operate with no more funding. What is your opinion on focusing these monies on dislocated workers and high unemployment areas?

309 LOHMAN: As the definition of dislocated workers stands we would be able to help a lumber worker but not a person who works on the machinery. You may want to expand the definition.

326 CHAIR BAUM: We want to help all the people in the community.

330 CORTRIGHT: There are 2 separate provisions that relate to the OBDF. One is a reservation for a business in a severely affected community. So any business in that community would be eligible whether it was related or run by a dislocated worker. Secondly, a business owned in whole or in part by a dislocated worker would also be eligible regardless of whether that business was in that community or not.

360 REP. BARNES: Would business start ups be under this category as well?

368 LOHMAN: They wouldn't qualify under the language here. You may want to change the collateral requirements. That would be a way to address the start ups more efficiently.

409 CORTRIGHT: OBDF doesn't make loans to start up businesses which is their rationale for the baby loan program.

TAPE 124, SIDE A

015 CHAIR BAUM: We need to fill the percentage blank.

021 LOHMAN: 67% of the loans have gone to rural areas.

025 CHAIR BAUM: What if we put that in the statute?

030 LOHMAN: I think we can live with that but we do have a 15% set aside already for emerging small enterprises and a 25% set aside for small loans.

033 CHAIR BAUM: That is within the 67% though. So if we stick 67% in there and we expand the definition to throw rural in there we would be codifying what you do anyway.

035 LOHMAN: Yes.

056 CORTRIGHT: Do you want to retain the existing language that is shown in the LC request or do you want to substitute just rural areas?

064 CHAIR BAUM: I would like to say that priority is to be given to those folks in the rural areas.

118 REP. CARTER: Let's let the administrator and Mr. Lohman figure out the language.

124 REP. KATZ: If we are only talking about \$2 million, what is Mr. Lohman to do if they come in one a month. Does he ignore the requests that come in because they do not fall under this category?

137 CORTRIGHT: They expect to have more demand than the money they have. You want to have a say in which programs will be allowed access to the limited funds. You could set aside money for the stressed

communities.

157 CHAIR BAUM: I want you to look out for these people first. What should we do to focus this money?

170 LOHMAN: I would suggest you target the new money to the new areas and let the old money operate the way it has.

189 CHAIR BAUM: I want to take the timber response money and focus it on those communities. How much do you get in leverage effect with \$1 million in the system?

198 MARK HUSTON: Approximately for every \$1 of state money \$3 of private money are involved.

203 CHAIR BAUM: So basically we would have the potential of \$4 million if we put one out there to focus on these communities and the rest of the fund could operate the way it has been operating in the rest of the state.

205 REP. KATZ: If the new money isn't spent we want the money back.

237 LOHMAN: Do you want to relax any of the requirements on the new money?

248 CORTRIGHT: The language that would accomplish that would be "the economic development commission may make loans to businesses under this section not withstanding the collateral and security requirements.

265 MOTION: The CHAIR moves to put the 67% figure into the bill and add a line that says that all new money will be spent as we have defined it under Special Public Works Fund, have the money come back into the SPWF after December 31, 1992 and then ease up the collateral requirements.

VOTE: Being no objection the above amendments are adopted in concept.

269 YOUNGBAR: The decision was made to not change the definition of a dislocated timber worker and then when you come to the language on OBDF then we inserted the "or". Does that still mean that you don't want to loan money to a business that would be owned by someone that was dislocated because of timber but not a timber worker?

286 CORTRIGHT: There are two ways you can qualify, one is if you live in a timber community and you want to start a business in a severely affected community, the other is if you are a dislocated timber worker, as defined, then you can start a business anywhere and qualify for OBDF. The department is suggesting that there may be other people indirectly related and should they be eligible. That is going to create administrative burden.

310 CHAIR BAUM: The object is to keep it in the community.

319 REP. HAYDEN: I don't think that will be a big problem because we are not talking about an amount of money that will flock people into the community.

332 CHAIR BAUM adjourns the meeting at 10:53 am.

Submitted by,

Jeri Chase Office Manager

EXHIBIT SUMMARY

EXHIBIT A - Draft amendments to HB 2251, submitted by Joe Cortright,
pgs. 3.

EXHIBIT B - "Occupational Program Planning System HTPA Program Year 1987
Follow up Results," submitted by Tom Lynch, pgs. 5.

EXHIBIT C - Revenue Analysis of Proposed Legislation on HB 2341,
submitted by Chair Ray Baum, pgs. 1.

HOUSE LEGISLATIVE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

April 10, 1991Hearing Room 343 4:30 A.M.State Capitol Salem, OR

Tapes 125 - 126 Lottery Allocation

MEMBERS PRESENT: REP. RAY BAUM, CO-CHAIR REP. MARGARET CARTER,
VICE CHAIR REP. JERRY BARNES REP. CEDRIC HAYDEN REP. VERA KATZ REP. DAVE
MC TEAGUE REP. BOB PICKARD

SENATE MEMBERS PRESENT:SEN. WAYNES FAWBUSH, CO-CHAIR SEN. SCOTT DUFF
SEN. JEANNETTE HAMBY SEN. JIM HILL SEN. PEG JOLIN SEN. EUGENE TIMMS

MEMBERS EXCUSED:

STAFF PRESENT: JOSEPH CORTRIGHT, EXECUTIVE OFFICER TAMIRA MILLER,
POLICY ANALYST JERI CHASE, OFFICE MANAGER HOLLY BROWN, COMMITTEE
ASSISTANT

WITNESSES:

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summarizes statements made during this meeting. Only text enclosed in
quotation marks reports a speaker's exact words. For complete contents
of the proceedings, please refer to the tapes.

TAPE 125, SIDE A

000 CO-CHAIR FAWBUSH convenes the meeting at 4:44 p.m.

008 CORTRIGHT: Presents "Lottery Allocation Worksheet" (EXHIBIT A).

020 CO-CHAIR FAWBUSH: Let's see if we can come to an agreement on the
general emphasis with the overall placement of dollars and then we will
go through each of the sections.

055 CORTRIGHT: This gives us a comparison of what we spent last
biennium. Presents EXHIBIT A.

089 SEN. HAMBY: Where did the starting point dollars come from?

095 CO-CHAIR FAWBUSH: It is a tentative list created with agreement
between the Co-Chairs, the department and the leadership.

104 CORTRIGHT: Continues EXHIBIT A. Forest Products.

110 CO-CHAIR FAWBUSH: You want to flag that the \$500,000 was to run
the policy group.

117 CORTRIGHT: That would be a continuation of the forest products
opportunities fund.

119 CO-CHAIR FAWBUSH: Out of that fund was there consideration that that would be used to pay for the positions that were allocated in the Governor's office to deal with forestry issues?

120 CORTRIGHT: That amount is the very last line on the sheet which deals with federal forest planning.

122 REP. CARTER: Is that a hard and fast figure, \$4.5 million?

126 CO-CHAIR FAWBUSH: Nothing is hard and fast. During the interim the Forest Policy Task Force came up with a whole series of recommendations. One of the major pieces of that is dealing with forest product development.

132 REP. CARTER: This 4.5 is a figure that you want adopted from this committee?

136 CO-CHAIR FAWBUSH: We are going to have our first shot at this and then send it over to you. Co- Chair Baum has expressed an interest in broadening the bill some. The 4.5 was put there as an expression of commitment for the need to do something with the timber issue.

147 CORTRIGHT: Continues EXHIBIT A. TouriSMand Oregon Trail. There are three distinct parts to the TouriSMand Oregon Trail Board; 1) the continuation of approximately the same level of lottery funding that there was last biennium, 2) a back out of about \$2.5 million in General funds which is the entire amount of general fund money which supports the touriSMdivision and the touriSMmarketing, 3) an additional \$1 million for the Oregon Trail Commemoration and commission.

169 CO-CHAIR FAWBUSH: So you have the same amount of funds as last time but we are back filling major General Fund back outs.

171 SEN. HILL: Was there any lottery money left over from last time?

180 CORTRIGHT: The first biennium the lottery projected about \$90 million and we got \$60 million. The following biennium the Legislature budgeted about \$60 million and the lottery made about \$108 million and that \$48 million that was left over started the 89-91 biennium but most of that money was put into prison construction. During this biennium the legislature budgeted \$130 million it will get about \$102 million and so there has been a \$28 million shortfall this biennium. Several entities will carry over balances to the next biennium, that is not shown.

208 CO-CHAIR FAWBUSH: Before we get done with this you are going to want to ask the department what the on going balances are.

234 SEN. TIMMS: We have provided just additional money for TouriSMnot administrative costs. It would be interesting to look at the projects we did not completely fund last biennium.

263 CO-CHAIR BAUM: I think there is only one category where we are actually completing something that got started.

273 CORTRIGHT: Concerning the carry over of funds you need to distinguish between cash that is carried over and commitments. Some programs have money in the bank but it is committed to a project

already. You need to distinguish between committed and uncommitted funds. Continues EXHIBIT A. State Parks.

296 CO-CHAIR BAUM: The Ways and Means Committee has released \$1 million for this purpose.

325 CORTRIGHT: Continues EXHIBIT A. Key industries. That is the total amount allocated to 3 specific industry initiatives during 89-91 plus the administrative costs of the department for those activities and all the money came from strategic reserve.

341 CO-CHAIR FAWBUSH: This was not a line item in the 89-91 budget, this was an allocation made by the last Governor to these areas all in the Key Industries section.

348 CORTRIGHT: The \$1 million that is identified for Key Industries connects with SB 997, and directs the Economic Development Department to work with groups of firms in several key industries to build cooperative industry association types of activities.

358 CO-CHAIR FAWBUSH: We are finding that there are associations of folks who have not come together yet and that department has been fairly successful at bringing them together.

377 CORTRIGHT: Continues EXHIBIT A. Watershed enhancement. Agricultural opportunity fund.

410 CO-CHAIR FAWBUSH: You don't need a bill to initiate a lot of these. On the Ag opportunity fund they are 2 areas; 1) the opportunity fund itself which we have done for 2 sessions and 2) we have just cut a \$1.2 million agriculture research program that funded small grants for applied ag research to \$300,000 or \$400,000. I would request you look strongly at continuing some major research rather than the opportunity fund.

TAPE 126, SIDE A

010 CORTRIGHT: Continues EXHIBIT A. Mineral exploration.

016 SEN. TIMMS: The mineral people want an additional \$260,000.

022 CORTRIGHT: Continues EXHIBIT A. Fisheries Exploration.

028 CO-CHAIR FAWBUSH: If you have any questions on industry and development category let's discuss them. We want to get down the list and have a general discussion over the amounts. Eventually we will come to some resolution on the dollar amounts and what the programs should look like. The decisions that we don't make here will be made in Ways and Means I hope that will be incentive to get this done here. Next week will have public hearing on this. If you have an issue that is not on the sheet then come next Wednesday.

099 REP. CARTER: There is hardly any funds left to start new programs we need to stop funding things over and over.

114 SEN. HAMBY: I think it is unfair to ask people to show for a meeting in an effort to market their idea when we have tied our hands.

118 CO-CHAIR FAWBUSH: It is not easy to do away with a program. That is why you are seeing a trend towards pots of money that are allocated

widely within a very narrow range of issues.

128 CORTRIGHT: Continues EXHIBIT A. Regional strategies.

140 REP. CARTER: If we are going to start talking about non light rail counties then there is a problem with all the other things up here that are considered rural.

151 CORTRIGHT: Continues EXHIBIT A. Special public works.

172 CO-CHAIR BAUM: Ways and Means have knowledge of this but have not been pin down on any of this.

175 CORTRIGHT: Continues EXHIBIT A. Rural institute.

190 REP. CARTER: Is there a bill driving that?

200 TAMI MILLER: The rural institute would provide \$2.5 million in lottery funds for its funding which would provide services to rural communities. It would pick up the community development activity that has been going on under the community initiatives program and add a rural leadership program.

215 REP. CARTER: I thought under the forest products that we were talking about the same kind of leadership development.

218 CORTRIGHT: Forest products is aimed at secondary wood products industry. Rural development is aimed at community leaders in small rural communities and community development issues.

228 REP. CARTER: I am incensed that non light rail counties only are involved in regional strategies. I am not playing the game of urban vs. rural.

243 CO-CHAIR FAWBUSH: The agencies in Multnomah and Washington counties are concerned about the funds being distributed this way. We are looking for a subtle way to strike some equity. While you are concerned about seeing that urban rural display, those of us in the rural area have constituents that question why all the money is going into Portland for light rail and the Convention Center.

268 REP. CARTER: Let's look at where the bulk of the lottery dollars come from and that would decide where the money should go. I think when you look at the disproportionality of the dollars that are for rural projects versus one large project in Portland there is still an imbalance. I have not wanted to bring that up as an issue but you have put it blatantly in my face.

279 SEN. TIMMS: Looking at the policy on how we spend lottery funds they contain rural projects throughout the bill. You two are responsible to see the money is directed to rural areas. If that is not happening that is our fault. I think it is wrong to put it in the statutes.

306 CO-CHAIR BAUM: Is Rep. Carter in objection because it is on the paper or because it is happening now?

310 REP. CARTER: My objection is on the paper and the perceived notion that there is a split in this body in terms of urban vs. rural issues.

322 CO-CHAIR BAUM: I was comfortable with the notion that regional strategies would be focused on rural Oregon on this round because of the light rail project.

349 CO-CHAIR FAWBUSH: As we work through the issues the committees will have an opportunity to strike a balance between rural and urban issues.

377 SEN. HILL: I think this is unnecessary because this committee has always operated on consensus. These legislators have always looked at the issues fairly. We need to be together when we go up against Ways and Means and our caucuses.

427 SEN. HAMBY: You are the one who forced the hatchet down Co-Chair Fawbush by scheduling regional strategies for rural areas only. It started the rift. There isn't a population in the tri county area that if we send all the monies into your district that won't file a petition to put lottery dollars into some other pot.

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026 CO-CHAIR FAWBUSH: I am going to brush aside some of your remarks because this is the first I have heard of them in committee. This issue was raised, the Governor in dealing with light rail in lottery made the recommendation that there be a closed door to the metropolitan area. It is my policy that when issues are raised we raise them in front of the committee. Obviously this is a touchy issue. It is on the list here because it was on the Governor's list so it is an issue.

076 SEN. HAMBY: My statement about eastern Oregon was not my statement but the perception I received from my own constituents because it perpetuates the urban rural split.

080 CORTRIGHT: Continues EXHIBIT A. Housing.

086 REP. MC TEAGUE: What was the thinking behind slashing that significant contribution down to a token contribution?

090 CO-CHAIR BAUM: There are some things we would like to do to get that fund up to the neighborhood of \$30 million.

111 CORTRIGHT: Continues EXHIBIT A. Port revolving fund.

112 CO-CHAIR BAUM: We have also been approached by several ports to assist in the dredging problems. That proposal is a \$3 to \$5 million commitment over a biennium.

124 CORTRIGHT: Continues EXHIBIT A. Rural health.

132 SEN. TIMMS: We did send down \$1 million for health care but Ways and Means didn't fund it.

139 CORTRIGHT: Continues EXHIBIT A. County Fairs. Community Facilities.

157 REP. BARNES: Do we have a break down as to how the money in regional strategies was spent by the regions?

159 CO-CHAIR FAWBUSH: Yes.

165 REP. BARNES: Does that \$17 million include the Governors

discretionary fund?

169 CORTRIGHT: Regional strategies is different from the Strategic reserve fund. A lot of the money was transferred out of the strategic reserve fund to other items. Continues EXHIBIT A. Capital access program. Small development business program. Oregon Marketplace/Government Contract Acquisition program.

223 REP. CARTER: We need to either cut Oregon Marketplace or fund them.

235 REP. HAYDEN: I agree but I say fund them.

240 CORTRIGHT: Continues EXHIBIT A. Industrial retention program. CESCO. Business environmental regulation advocate. Small business hotline. Oregon business development fund.

329 SEN. DUFF: I have some concerns with the speed at which that program is administered.

335 CO-CHAIR FAWBUSH: We spent a lot of time on that program 2 sessions ago.

337 CO-CHAIR BAUM: If we speed it up it works rather well.

351 CORTRIGHT: Continues EXHIBIT A. Downtown development activities. ORTDC.

382 CO-CHAIR FAWBUSH: How much was put into ORTDC since 1085?

386 CORTRIGHT: I think it is in the vicinity of \$10 million. In 1985 it was estimated that \$13 million would be need to make the program viable.

423 CORTRIGHT: Continues EXHIBIT A. Workforce Council.

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010 SEN. DUFF: After looking at John Ladimer's report about Workforce and training in the state I am real concerned that we could find this money from funds that are wondering around in the state right now. I don't know how to approach that though.

019 CO-CHAIR BAUM: We are trying to find JTPA money we are trying to find all kinds of state money. We are having trouble getting clear discretion on those dollars right now.

023 CO-CHAIR FAWBUSH: The last time we started that it was an effort to try a number of different experiments to see what worked and what didn't.

040 SEN. HAMBY: I really think it would be unforgivable for us not to incorporate the recommendations of the Legislative Audit Committee.

067 CORTRIGHT: Continues EXHIBIT A. Community college equipment. ED-NET. Progress Board.

104 REP. HAYDEN: These next 2 items give me some pause. I am pleased to see pre-kindergarten shifted to the general fund. I have some what

the same feeling toward the Progress Board, I think it might be better funded through general fund dollars.

114 CORTRIGHT: Continues EXHIBIT A. Prekindergarten. Dislocated Workers. OIT Portland Campus. Light rail.

149 REP. HAYDEN: I believe the current proposal for light rail is \$20 million a biennium.

161 CORTRIGHT: Prison construction.

172 REP. HAYDEN: Prison construction is rather tenuously connected to economic development.

179 CORTRIGHT: Strategic reserve fund.

192 SEN. HILL: Will there be any carry over?

196 CORTRIGHT: I think it is a question of whether there is uncommitted money and I would have to check with the department.

202 SEN. TIMMS: We have moved away from the Governor having the so much discretion over the lottery funds and given more to the committee. If we control it under the policies we have developed that we get the money to places we think it should go more so then under the Governor.

220 CORTRIGHT: Continues EXHIBIT A. Statewide Marketing. Forest Planning.

253 REP. CARTER: I think we are making a grave mistake not dealing with the issue of dredging in this state.

284 CO-CHAIR BAUM: Presents Status of Video Lottery (EXHIBIT B).

310 CO-CHAIR FAWBUSH: If 3151 passes you need to know what your options are.

337 CO-CHAIR FAWBUSH adjourns the meeting at 6:33 pm.

Submitted by,

Jeri Chase Office Manager

EXHIBIT SUMMARY

EXHIBIT A - "Lottery Allocation Worksheet," submitted by Joe Cortright, pgs. 1.

EXHIBIT B - Status of Video Lottery, submitted by Chair Ray Baum, pgs.9.