

HOUSE LEGISLATIVE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

April 23, 1991Hearing Room 50 4:40 P.M.State Capitol Salem, OR

Tapes 147 - 149 Lottery Allocation

HOUSE 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. WAYNE 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:SENATOR BILL KENNEMER, DISTRICT 12 REPRESENTATIVE LARRY SOWA,
DISTRICT 26 DAN FOWLER, CHAIRMAN, OREGON TRAIL FOUNDATION COMMISSIONER
DARLENE HOOLEY, CLACKAMAS COUNTY BOARD OF COMMISSIONERS SENATOR JOYCE
COHEN, DISTRICT 13 PETER GRUNFOSSEN, ASSOCIATION OF OREGON HOUSING
AUTHORITIES LISE GLANCY, MANAGER, REGIONAL STRATEGIES, ECONOMIC
DEVELOPMENT DEPARTMENT DAVID LOHMAN, SENIOR DEPUTY DIRECTOR, 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 147, SIDE A

000 CO-CHAIR RAY BAUM convenes the meeting at 4:35 p.m.

SB 2614 (Lottery Allocation) - Public Hearing and Work Session

The End of the Oregon Trail

020 REPRESENTATIVE DAVE MC TEAGUE: Introduces people from the End of
the Oregon Trail project.

024 SENATOR BILL KENNEMER: Testifies in favor of allocating money
for the End of the Oregon Trail.

033 REPRESENTATIVE LARRY SOWA: Testifies in favor of the End of the
Oregon Trail. We have developed a plan for the End of Oregon Trail.

047 DAN FOWLER: Testifies in support of the End of the Oregon Trail.
Submits "Clackamas County Priorities" (EXHIBIT A) and Proposed

amendments to SB 169 (EXHIBIT B). Refers to Oregon Trail Master Plan.

102 REP. CARTER: Our understanding was that Jill Thorne would help you get the dollars for your program.

105 FOWLER: She has been helping and we have been at their meetings. Our interpretive centers are working with their interpretive centers. In terms of the state effort, we wanted to clearly point out what we feel is the need for the state to be involved in the capital funding of the entire statewide effort. My main concern is that we are going to throw a party in 1993 but we are not going to help to build the federal dollars that are interested in the Oregon Trail with something that lasts beyond that. What we are looking at in the Oregon City project is a \$17.5 million appropriation from the federal level, \$6 million from local and private foundations, \$4 million from the local governments, and we are looking for a \$6 million commitment from the state.

135 COMMISSIONER DARLENE HOOLEY: Testifies in support of lottery funding for End of the Oregon Trail.

194 DAN FOWLER: Presents schematic diagram of the End of Oregon Trail (poster).

254 SEN. DUFF: There is one component that seems to be missing to me and that is flour milling.

260 FOWLER: The actual interpretive displays at the center may, in fact, have that.

272 SENATOR JOYCE COHEN: Presents testimony in support of End of the Oregon Trail.

320 PETER GRUNFOSSEN: Testifies in support of lottery funds for Housing. Submits "HB 2779 The Oregon Housing Fund and Economic Development" (EXHIBIT C), "Position Paper: A Housing Policy and Program for Oregon" (EXHIBIT D), "Housing Lobby Coalition" (EXHIBIT E) and Association of Oregon Housing Authorities newsletter (EXHIBIT F).

440 CO-CHAIR BAUM: I would like to go on to allocation.

455 SEN. HAMBY: It was my understanding that we would hold this meeting tomorrow. I have some ideas that I would like to share with the committee tomorrow.

TAPE 148, SIDE A

030 CO-CHAIR FAWBUSH: You are up for tomorrow. Last week we agreed to just go through the list tentatively. The open public hearings are closed it is now members who are bringing requests in. We are getting some pressure to move this thing.

062 CO-CHAIR BAUM: Submits Lottery Allocation Worksheet (EXHIBIT G). The goal is to have an agreement by a week from tomorrow.

070 SEN. TIMMS: Can we have the criteria on economic development?

073 JOE CORTRIGHT: Submits "Economic Development Criteria" (EXHIBIT H).

082 SEN. HAMBY: One thing that would be helpful is a collum that identifies the amount of time we have spent in a project and which ones

are new.

095 CO-CHAIR FAWBUSH: The process is going to be two evening meetings this week and next. We want to see where the sticking points are to give us and staff time to work on alternatives.

130 CO-CHAIR BAUM: I would like to start with Forest Products Development (EXHIBIT G). Under timber response we have approximately \$4.5 million allocated to that. It is not determined yet how that will be spent.

164 CO-CHAIR FAWBUSH: There is some growing sentiment in the building to be sure that we have some type of partial answer to dealing with the depressed communities we are going to be creating in the next couple of years because of the timber supply issue.

194 CO-CHAIR BAUM: TOURISM& Oregon Trail, any comments? We have about \$6 million dedicated. I would like to present an idea to the committee. We have had the proposal presented to us to fund light rail and part of that proposal was that pre-kindergarten education went back to the general fund. It may also be appropriate for this committee to ask the Co-Chairs of Ways and Means to take back the \$2.5 million of TOURISMBudget that has been traditionally in the general fund.

208 REP.KATZ: I have no objections to that but I want some guarantee that the Headstart program won't be left out of the general fund dollars.

225 CO-CHAIR BAUM: We have some tentative consideration of that going on. What about state parks? There are some potential general funds in there.

231 CO-CHAIR FAWBUSH: The problem with State Parks is that everyone says it is a great idea and how valuable they are and we haven't put a dime into any improved maintenance and acquisition for a long time. This is for the priority list that the commission has developed. I would make a note that if we are successful in creating an independent funding source for state parks that this money revert back to the lottery.

250 SEN. DUFF: I would hope that the money be focused on maintenance and not acquisition because the current state of the parks should be improved.

258 SEN. TIMMS: To talk about TOURISMagain, I think we should get TOURISM on one-shot projects. I don't go along with maintenance for state parks I think it should be a one-shot process as well.

301 CO-CHAIR FAWBUSH: Key industries came about through initiatives taken by the Governor and the Economic Development Department through the Strategic Reserve Fund. The department has found with key industries they are able to apply start up funds and then spin them off. It deals with industries on a revolving basis.

340 REP. KATZ: You are breaking this out of the Strategic Reserve Fund. Does that mean that we will take \$1 million out of Strategic Reserve?

346 CO-CHAIR FAWBUSH: That is a committee decision. I would just flag it as something to put additional funds into because it is working very well for the department.

393 CORTRIGHT: The industries listed on there (EXHIBIT G) were funded during 1989-91 biennium through Strategic Reserve Program.

410 REP. BARNES: Is it the same industries listed here that we funded last biennium? I am disturbed if we are going to fund these people again.

420 CHAIR FAWBUSH: No, the metals folks have a request in but the committee hasn't acted on that. The software people are on their own, as well as the biotechnology people. What you see there are examples from the last biennium.

430 CO-CHAIR BAUM: Any comments on watershed enhancement?

434 SEN. DUFF: It is an excellent program which leverages community dollars and volunteers and with the coming listing of the salmon it may be something we may want to increase.

460 CO-CHAIR FAWBUSH: This is one of the best examples of some of the trends that are happening with lottery money. We are finding dedicated pots of money that go out in grants that are dispersed fairly widely. The Agriculture Opportunity Fund is another.

TAPE 147, SIDE B

030 CO-CHAIR FAWBUSH: The Ag Opportunity Fund was administered by the Department of Agriculture, they used it for different marketing things. I would suggest we take a look at the Ag opportunity fund or their research fund because we just zeroed out a \$1.2 million applied research program in the Department of Agriculture that was matched more than 100%.

050 REP. CARTER: Can't they take it out of the general fund?

053 CO-CHAIR FAWBUSH: There isn't any general fund left for the Department of Agriculture, the Governor reduced it by \$9 million and back filled it with fees.

073 CO-CHAIR BAUM: Comments on mineral exploration?

075 CO-CHAIR FAWBUSH: That completes the survey project that they started last time but lottery shortfall cut the department short on it.

078 SEN. TIMMS: Minerals meets all the criteria of the economic development criteria.

086 CO-CHAIR BAUM: Comments on fisheries?

095 REP. PICKARD: Someone tell me why there is no money for fisheries.

100 CO-CHAIR FAWBUSH: This was in conjunction with the restoration enhancement board that was started last time. That board is funded primarily with a surcharge on license fees and commercial poundage. Because they have an independent funding source we are recommending withdrawing the lottery support.

120 REP. PICKARD: That program works, it doesn't seem right to cut them.

125 CO-CHAIR FAWBUSH: The lottery jump started the program before fees got collected. So they will take in more than what we gave them with the fees.

139 SEN. J. HILL: Did we ever get what was left over from previous times?

145 CO-CHAIR FAWBUSH: On this section there is virtually no carry over. The section on regions and communities has carry over.

163 CORTRIGHT: Presents "Lottery Cash Flow Analysis" (EXHIBIT I).

200 CO-CHAIR FAWBUSH: What is the significance of time frame?

208 CORTRIGHT: There is a calculation at the bottom that shows you, for each program, what is the average amount of money that they have spent over the course of the biennium. This also displays how many months it would take for the programs to finish spending the money.

223 CO-CHAIR BAUM: We may need to tighten that time period down to get that money out.

228 SEN. J. HILL: I would like to have more of an explanation of what is in the pipeline for these others.

242 REP. MC TEAGUE: My understanding on regional strategies is that there was an agreement from last session that the tri-county area would not receive any regional strategy dollars because of the investment in the convention center.

264 CO-CHAIR FAWBUSH: My understanding on the agreement with the convention center was that while that was being funded that was the tri-county regions allocation of the regional strategies money. It did not speak to the following bienniums. As far as I know there is no exclusion. The exclusion language came from a bill put in by the Committee that has the relating clause to regional strategies but we don't plan to use that. The rub is that this session there is a recommendation that there be about \$16 million for light rail. And the Governor's budget, because of that allocation, recommended that the tri-county area not receive regional strategy dollars.

370 REP.KATZ: It is unproductive for us as a committee and for Oregon to divide the state into a competition between rural and urban.

398 REP. MC TEAGUE: The regional development for my area seems to happen pretty far outside the borders of my county.

432 SEN. HAMBY: I think we have to realize the uniqueness of Washington county and Clackamas county in that we represent tremendous agricultural rural area.

452 REP. BARNES: I would like to see us continue regional strategies but I think we have to refocus. We need to make sure that every dollar we put into a community goes there to benefit that community. I don't think we are getting the maximum affect of the dollar. I am all for local control but I think we need more state involvement.

TAPE 148, SIDE B

030 REP. BARNES: I think we can't look at regional strategies as

something separate than all the other things we are funding.

050 SEN. J. HILL: We started some discussion about how this committee felt about other funding sources for light rail. If the only way we are going to get light rail is to use lottery funds I don't have a problem with that. I am concerned about over the long term and us continuing to use lottery money at \$16 million for 20 years. Is there any other source for this light rail? If it is just lottery then let's face up to the fact that we are going to have to use that. We need to make a statement as a committee.

090 REP. PICKARD: I wouldn't vote to spend \$16 million a year for light rail from lottery money.

096 CO-CHAIR BAUM: Other funding sources are not being searched out for light rail.

112 CO-CHAIR FAWBUSH: We didn't get to vote on prisons last session and that took \$60 million.

140 CO-CHAIR BAUM: The video poker could pay for light rail and the prisons and get regular lottery out of it. The questions is do you want to dedicate video lottery to a capital construction fund?

155 SEN. TIMMS: I think we should make a decision in this committee whether we want to fund light rail out of video lottery and make a statement.

164 CO-CHAIR BAUM: We have to be on board on light rail soon.

187 SEN. JOLIN: There are 2 chambers in this body and you need cooperation from both to do anything. I become a little offended when there is an implication that we might be holding up the process. I think that it is important to discuss other means of funding.

250 CO-CHAIR FAWBUSH: The actual issue with regional strategies is what changes can we look at to make it work. The department has a list of suggestions.

292 SEN. HILL: Maybe we can get some ideas about how regional strategies is working.

298 SEN. HAMBY: Is anyone interested in the unnamed projects that the remaining \$5.5 million is committed to?

326 LISE GLANCY: The process for planing Regional Strategies began in October 1989. Work plans took longer than anticipated. We still need to review five more strategies.

371 DAVID LOHMAN: There are eight regions not yet completed. Five of them are in EDD for review.

420 GLANCY: The remaining three are expected to be submitted to EDD soon.

TAPE 149, SIDE A

015 CHAIR FAWBUSH: Why are the time lines for spending the money so long?

030 GLANCY: We have the same concern and in the second round of the program we have instituted a 2 year time frame, by contract, that they have to expend those funds during. Unforeseen circumstances have slowed some projects down.

050 LOHMAN: Unforeseen circumstances come up sometimes, other times regions don't have staff.

058 CO-CHAIR FAWBUSH: There needs to be a time constraint. We are going to run out of viable things to do with one strategy in one region.

083 REP. BARNES: "It seems like your regional strategies are too much government to government oriented. That is probably why you have a slow down in the process. Right in Jackson county and Douglas and Josephine county we have had mills closing every 2 or 3 weeks it seems like. But the last 2 years they have had touriSMas their main objective. And I know why that is, I have talked to our commissioners, it was a politically expedient and feasible thing to do. They went on a different criteria then you really should when it comes to economic development. I wonder if it wouldn't speed up the process and perhaps help you in terms of leading the process, to deal with groups and communities that are a little more visionary then just taking the easy way out. Now my commissioners will probably shoot me for saying this but I know that is what they do. So it seems to me that we will have to get away from this government to government orientation and get into the private sector and outside of local government to do things."

100 CO-CHAIR FAWBUSH: I agree with Rep. Barnes. One of the things you are going to see embodied in the rural institute concept is an attempt to go from government to people.

110 CO-CHAIR BAUM adjourns the meeting at 6:30 P.M.

Submitted by,

Jeri Chase Office Manager

EXHIBIT SUMMARY

EXHIBIT A - "Clackamas County Priorities," submitted by Dan Fowler, pgs. 5.

EXHIBIT B - Proposed amendment to SB 169, submitted by Dan Fowler, pgs. 1.

EXHIBIT C - "The Oregon Housing Fund and Economic Development," submitted by Peter Grunfossen, pgs. 3.

EXHIBIT D - "Position Paper: A Housing Policy and Program for Oregon," submitted by Peter Grunfossen, pgs. 8.

EXHIBIT E - "Housing Lobby Coalition," submitted by Peter Grunfossen, pgs. 1.

EXHIBIT F - Association of Oregon Housing Authorities newsletter, submitted by Peter Grunfossen, pgs. 1.

EXHIBIT G - Lottery Allocation Worksheet, submitted by Co-Chair Ray

Baum, pgs. 1.

EXHIBIT H - "Economic Development Criteria," submitted by Joe Cortright,
pgs. 1.

EXHIBIT I - "Lottery Cash Flow Analysis," submitted by Joe Cortright,
pgs. 2.