

May 07, 1991Hearing Room 343 4:30 P.M.State Capitol Salem, OR

Tapes 176 - 179 Lottery Allocation

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

GUEST MEMBERS:SEN. WAYNE FAWBUSH SEN. SCOTT DUFF SEN. JEANNETTE HAMBY
SEN. JIM HILL SEN. PEG JOLIN SEN. EUGENE TIMMS

MEMBERS EXCUSED:REP. CEDRIC HAYDEN

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

WITNESSES:DAVE LOHMAN, SENIOR DEPUTY DIRECTOR, ECONOMIC DEVELOPMENT
DEPARTMENT SANDY CUTLER, DIRECTOR, SMALL BUSINESS DEVELOPMENT CENTER
NETWORK MIKE HOLLAND, COMMISSIONER, OFFICE OF COMMUNITY COLLEGES STEVE
PETERSEN, 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 176, SIDE A

HB 2614 (Lottery Allocation) - Work Session

000 CHAIR BAUM convenes the meeting at 4:39 p.m. He submits "Trade
Committee Lottery Allocation Worksheet" dated May 7, 1991 (EXHIBIT A).

038 MOTION: SEN. DUFF MOVES that the Committee adopt the fourth
column of EXHIBIT A (labeled "Co-Chairs 5/7") to incorporate this as a
starting point for amendment of HB 2614 and SB 562.

049 VOTE: There being no objection, the above motion is adopted.

056 CHAIR BAUM: All further motions made by Committee members of both
Houses are to both HB 261 4 and SB 562. We have adopted the Co-Chairs
recommendation in EXHIBIT A. Those are the allocation amounts that will
be amended by Committee action.

064 SEN. HAMBY: Submits Proposed Program Evaluation Amendment for SB
562 and HB 2614 (EXHIBIT B).

084 SEN. HAMBY: I would also like to include a conceptual addition to
this amendment that "we also report on outcome data regarding program
effectiveness". How effective were the dollars that were expended?

085 SEN. HAMBY MOVES the Committee adopt EXHIBIT B as amended by

language above as a conceptual amendment to HB 2614 and SB 562.

086 REP. KATZ: We are going to be asking schools to do that and state government should be held just as accountable as anyone else.

090 REP. BARNES: The date of "January 31, 1991" (in the fifth line of EXHIBIT B) should read "January 31, 1993".

097 VOTE: There being no objection to the above conceptual amendment as amended, it is so adopted.

100 CHAIR BAUM: We are going to go item-by-item through the list. You will note that there has been a change to Tourism/Oregon Trail. The Co-Chairs of Ways and Means have indicated that they will accept a back-out into General Funds of \$1.2 million, but not \$2.5 million. That has resulted in an adjustment.

113 REP. KATZ: We need information on ending balances for programs for 198 9-91.

116 "Trade Committee Lottery Allocation Worksheet" dated May 2, 1991 (EXHIBIT C) is submitted.

125 CHAIR FAWBUSH: The process that may work best is to accept additions/subtractions from amounts and when we get to the end of the list, if it does not balance, we will have to go through the list again until we balance. If there is a line item with no disagreement, we move on.

Tourism & Oregon Trail

140 MOTION: REP. KATZ MOVES to reduce Tourism allocation by \$1.5 million.

145 REP. KATZ: I am making this motion because this Committee has already made the recommendation to back \$2.5 million out into General Fund. The decision to not do this has been made somewhere else, not in this Committee and that limits our ability to put a package together here that we want. I believe that the Ways and Means Committee can find the additional General Funds (\$1.3 million).

161 CHAIR FAWBUSH: The actual dollar allocation within the \$5.5 million is \$3.8 for Tourism and \$1.7 million for the Oregon Trail. That \$3.8 million of lottery funds plus the \$1.2 million of General Funds will allow EDD approximately the same amount of funding as last biennium.

170 REP. KATZ: It is not my intent to reduce either Tourism's budget or Oregon Trail's allocation. The intent of the motion is to send a message that this item should be General Funded.

175 SEN. HAMBY: One of our first criteria has been that we will not backfill from the General Fund.

180 MOTION: SEN. DUFF MOVES a friendly amendment to REP. KATZ's above motion to insert a priority that in the event of cuts Tourism Funds are cut first and Oregon Trail funds are cut second.

REP. KATZ accepts the above amendment as friendly amendment to her motion.

195 VOTE: Fails. Voting AYE: SENATORS DUFF, HAMBY, HILL, JOLIN, and TIMMS; REPRESENTATIVES BARNES, KATZ, and PICKARD. Voting NAY: SENATOR FAWBUSH; REPRESENTATIVES CARTER, MC TEAGUE, and BAUM. EXCUSED: REP. HAYDEN.

State Parks

207 MOTION: REP. BARNES MOVES to reduce the allocation for State Parks by \$300,000.

211 REP. BARNES: I don't believe that State Parks needs the entire \$1 million for acquisition and I am trying to save money to use it elsewhere.

214 VOTE: Fails. Voting AYE: SENATORS HAMBY and HILL; REPRESENTATIVES BARNES, CARTER, KATZ, and PICKARD. Voting NAY: SENATORS DUFF, JOLIN, TIMMS, and FAWBUSH; REPRESENTATIVES MC TEAGUE and BAUM. EXCUSED: REP. HAYDEN.

228 MOTION: SEN. TIMMS MOVES to increase the allocation for State Parks by \$500,000.

230 SEN. TIMMS: State Parks are among the most popular tourist attractions in the State. This allocation would be used for purchase of additional State Parks - a one-time infusion of lottery funds. This is not backfill of General Funds for the State Parks Department, but additional funds to purchase needed parks.

242 VOTE: Fails. Voting AYE: SENATOR TIMMS; REPRESENTATIVES CARTER and BAUM. Voting NAY: SENATORS DUFF, HAMBY, HILL, JOLIN and FAWBUSH; REPRESENTATIVES BARNES, KATZ, MC TEAGUE, and PICKARD. EXCUSED: REP. HAYDEN.

Key industries

269 SEN. JOLIN: I would like to establish intent. I am assuming that the recommended increase of \$200,000 for Key Industries is intended to be used for implementation of SB 120 8, the statewide telecommunications policy bill.

276 CHAIR BAUM: That is correct.

288 MOTION: REP BARNES MOVES to reduce Key Industries by \$500,000.

290 CHAIR FAWBUSH: This is a continuation of a successful approach that EDD has begun to assist business/industry. The \$200,000 is an estimate of the amount needed to develop a communication policy for the state over the next biennium. This is the best place we found to put these funds.

310 VOTE: Fails. Voting AYE: REPRESENTATIVES BARNES, KATZ, MC TEAGUE, and PICKARD. Voting NAY: SENATORS DUFF, HAMBY, HILL, JOLIN, TIMMS, and FAWBUSH; REPRESENTATIVES CARTER and BAUM. EXCUSED: REP. HAYDEN.

Watershed Enhancement

320 No motion was made to change the recommended \$500,000 allocation for Watershed Enhancement.

Agricultural Opportunities Fund

323 REP. KATZ: Why was the recommended amount for the Agricultural Opportunities Fund increased?

341 CHAIR BAUM: To boost efforts to find a solution to grass field burning problem.

342 CHAIR FAWBUSH: A \$1.2 million research program has been eliminated from the Department of Agriculture's budget in Ways and Means. We want to put these funds back into that fund in addition to the Agricultural Opportunities Fund to supplement that. One of the main priorities in the research, as suggested by the Speaker of the House, will be to try to solve the grass burning crisis in the Willamette Valley.

353 MOTION: REP. PICKARD MOVES to reduce the Agriculture Opportunities Fund by \$1 million.

355 REP. PICKARD: Having been on the Environment and Energy Committee last biennium and observed what the State has not done in terms of field burning and to see what is occurring this session is a terrible joke. I don't believe this Committee should allocate \$1 million to continue to burn fields and create problems for other areas of Oregon - including my district. These funds would go to the grass seed growers who have been working on this for a long time with no solutions. In 1989 they testified they had spent \$7.5 million and all they had to show for it was a thick book. I will not support something as blatant as this. If they intend to seriously do something about utilizing their straw, they need to come up with the funds. To ask the State to do this with lottery dollars, under the guise of economic development, is a ludicrous insult.

396 CHAIR FAWBUSH: If this is passed the funds go to the Department of Agriculture - into the CARR research fund. That fund is controlled by a Board of a group of researchers from around the state - OSU and other agricultural research institutions. They will make decisions for allocation of these dollars. A certain amount of these funds will be used for grass seed issues. If this is allocated as it has been in the past, there will have to be matching grant funds. The industry will have to also respond and the industry will not be controlling the research - the Department of Agriculture will. There are valid ideas out there. I also have a concern about the dumping of grass seed smoke into my district. I am concerned that we will not see a grass seed bill pass this session and I am taking whatever I can get to deal with this problem. This is a good start.

424 SEN. DUFF: The fundamental problem is trying to replace fire. This is not an easy solution.

434 SEN. HAMBY: In addition to previous biennial expenditures on this problem, this also represents a backfill of General Fund dollars.

439 VOTE: Fails. Voting AYE: SENATORS HAMBY, HILL, and JOLIN; REPRESENTATIVES BARNES, CARTER, KATZ, MC TEAGUE, and PICKARD. Voting NAY: SENATORS DUFF, TIMMS, and FAWBUSH; REPRESENTATIVE BAUM. EXCUSED: REP. HAYDEN.

Mineral Exploration

457 MOTION: SEN. TIMMS MOVES an increase of \$325,000 for mineral exploration.

465 SEN. TIMMS: The \$90,000 is to make up for lottery shortfalls that happened during 1989-91 and will conclude a mapping project. The additional \$325,000 would be for continued work in other mineral areas - clay, building substitutes, etc. Minerals could be an important growth industry in the state that receives very little funding.

488 VOTE: Fails. Voting AYE: SENATORS DUFF, HILL, JOLIN, and TIMMS. Voting NAY: SENATORS HAMBY and FAWBUSH; REPRESENTATIVES BARNES, CARTER, KATZ, MC TEAGUE, PICKARD, and BAUM. EXCUSED: REP. HAYDEN.

TAPE 177, SIDE A

Fisheries Enhancement

030 MOTION: REP. MC TEAGUE MOVES an increase in the fisheries allocation of \$250,000.

039 VOTE: Fails. Voting AYE: SENATORS DUFF and HILL; REPRESENTATIVES BARNES, KATZ, MC TEAGUE, PICKARD, and BAUM. Voting NAY: SENATORS HAMBY and FAWBUSH; REPRESENTATIVE CARTER. EXCUSED: REP. HAYDEN.

050 MOTION: SEN. TIMMS MOVES an increase in the fisheries allocation of \$500,000.

052 VOTE: Fails. Voting AYE: SENATOR TIMMS; REPRESENTATIVE BARNES, KATZ, MC TEAGUE, and PICKARD. Voting NAY: SENATORS DUFF, HAMBY, HILL, JOLIN, and FAWBUSH; REPRESENTATIVES CARTER, KATZ, and BAUM. EXCUSED: REP. HAYDEN.

Oregon Shakespearean Festival

060 MOTION: REP. BARNES MOVES \$1.6 million for the Oregon Shakespearean Festival.

062 REP. BARNES: This is a good tourism facility and it makes a lot of money for the state. It is well worth the money.

068 REP. MC TEAGUE: I am supportive of the next three items; they are of regional and statewide significance. Would the CO-CHAIRS consider funding a program for Community Facilities as an option for these projects as opposed to line items.

076 CHAIR BAUM: You will have the opportunity to vote for Community Facilities when we come to that item on the list.

077 REP. KATZ: I would like to have the opportunity to vote for these separately.

082 VOTE: Fails. Voting AYE: SENATOR HAMBY; REPRESENTATIVES BARNES, CARTER, KATZ, MC TEAGUE, and PICKARD. Voting NAY: SENATORS DUFF, HILL, JOLIN, TIMMS, and FAWBUSH; REPRESENTATIVES BAUM. EXCUSED: REP. HAYDEN.

Oregon Museum of Science and Industry (OMSI)

090 MOTION: REP. KATZ MOVES \$2.5 million for the Oregon Museum of Science and Industry.

092 REP. KATZ: This is a major tourism attraction and also an important education facility for everybody.

094 VOTE: Fails. Voting AYE: SENATOR HAMBY; REPRESENTATIVES BARNES, CARTER, KATZ, MC TEAGUE, and PICKARD. Voting NAY: SENATORS DUFF, HILL, JOLIN, TIMMS, and FAWBUSH; REPRESENTATIVE BAUM. EXCUSED: REP. HAYDEN.

101 MOTION: REP. CARTER MOVES \$1.5 million for the Oregon Museum of Science and Industry.

103 REP. CARTER: OMSI has a van that travels to rural areas and presents science programs and there are many science programs being cut in schools. It is building a monument for the state and is an enhancement for tourism and observation.

120 SEN. HAMBY: This is a statewide program.

117 VOTE: Fails. Voting AYE: SENATORS HAMBY AND HILL; REPRESENTATIVES BARNES, CARTER, KATZ, MC TEAGUE, and PICKARD. Voting NAY: SENATORS DUFF, JOLIN, TIMMS, AND FAWBUSH; REPRESENTATIVE BAUM. EXCUSED: REP. HAYDEN.

End of the Oregon Trail

132 MOTION: REP. MC TEAGUE MOVES an allocation of \$1 million for End of the Oregon Trail activities.

134 REP. MC TEAGUE: This is a well-designed, well thought-out project that creates a major attraction in Oregon City and compliments the rest of the centers along the Oregon Trail. It is important that the State be a partner in this project. There is the potential of leveraging a substantial amount of federal dollars through BLM or the Forest Service.

148 REP. KATZ: I made a motion to reduce the Tourism/Oregon Trail funding so that resources would be available to fund the End of the Trail. If this fails, I would like to re-visit the first motion and, hopefully, find the resources for this.

163 SEN. JOLIN: I will support this. Notwithstanding the importance of this project for the whole state, in reviewing past allocations for Regional Strategies, I believe that there have been areas of Clackamas County that have been treated unfairly.

170 VOTE: Fails. Voting AYE: SENATOR JOLIN; REPRESENTATIVES BARNES, CARTER, and MC TEAGUE. Voting NAY: SENATORS DUFF, HAMBY, HILL, TIMMS, and FAWBUSH; REPRESENTATIVES KATZ, PICKARD, and BAUM. EXCUSED: REP. HAYDEN.

Geothermal Energy

182 MOTION: REP. PICKARD MOVES an allocation of \$1.2 million for exploration of geothermal energy.

184 REP. PICKARD: In my district the potential for geo-thermal energy production is potentially phenomenal and other sources of energy will probably be shrinking. We need to know what this potential resource is. The test holes that have been dug have not been deep enough to really determine the economic viability of these sources.

197 VOTE: Fails. Voting AYE: SENATOR TIMMS; REPRESENTATIVES MC TEAGUE and

PICKARD. Voting NAY: SENATORS DUFF, HAMBY, HILL, JOLIN, and FAWBUSH; REPRESENTATIVES BARNES, CARTER, KATZ, and BAUM. EXCUSED: REP. HAYDEN.

Regional Strategies Program

208 MOTION: REP. KATZ MOVES to decrease the allocation for the Regional Strategies Program by \$1 million (to \$13 million).

210 REP. KATZ: There is an ending balance and income of \$1.5 million that should be used.

214 SEN. DUFF: My understanding is that balance is committed.

215 CORTRIGHT: The \$1.5 million is money in interest earnings that is expected to accumulate over the course of 1991-93 biennium. It is not an ending balance. It would be reduced slightly if the allocation of \$14 million was reduced.

232 SEN. TIMMS: Regional Strategies is one of the best ways we have spent lottery funds in the state.

238 SEN. HAMBY: \$12 million was spent last biennium outside of the tri-county area. This indicates an increase of \$2 million.

243 VOTE: Fails. Voting AYE: SENATOR HAMBY; REPRESENTATIVES CARTER, KATZ, and PICKARD. Voting NAY: SENATORS DUFF, HILL, JOLIN, TIMMS, and FAWBUSH; REPRESENTATIVES BARNES, MC TEAGUE, and BAUM. EXCUSED: REP. HAYDEN.

Special Public Works Program (SPWF)

254 SEN. HILL: There is some discussion about carry-over and I need to get clarification on this.

265 CORTRIGHT: There are two issues: the uncommitted balance (approximately \$2 million) and the \$7.9 million that has been assigned to the bond bank program which would be used next biennium to buy down the interest rate on bonds issued by localities for future projects. For the purpose of this discussion, the Committee needs to decide whether or not to regard this \$7.9 million as committed.

279 DAVID LOHMAN: You need to separate out that money (\$7.9 million of interest that has accumulated on SPWF) if you want to have the Oregon Bond Bank. We believe this is a cost-effective way to provide infrastructure. After interest from the 1991-93 biennium, there should be approximately \$12 million for the Bond Bank that will buy approximately \$45 million in infrastructure.

291 SEN. HAMBY: Is that the goal for this program then, \$12 million? Is there a dollar goal?

300 LOHMAN: There is no dollar goal. The infrastructure needs in Oregon are much greater than we can begin to address with SPWF.

307 LOHMAN: There is a separate issue of carry-over. We believe that carry-over will be approximately \$1.3 million. We think we need carry-over in the pipeline in this type of program so that we can respond to a business that is proposing to move in.

322 MOTION: SEN. HILL MOVES a reduction of \$1 million for the

allocation for the Special Public Works Program.

328 SEN. HAMBY: Do we have a dollar goal for the Oregon Bond Bank?

334 LOHMAN: For the next biennium we think we can reach \$45 million if we use the SPWF interest.

340 SEN. DUFF: This has been a very successful program in my region that produces family wage jobs.

335 VOTE: Fails. Voting AYE: SENATOR HILL; REPRESENTATIVES CARTER, KATZ, MC TEAGUE, and PICKARD; Voting NAY: SENATORS DUFF, HAMBY, JOLIN, TIMMS, and FAWBUSH; REPRESENTATIVES BARNES and BAUM. EXCUSED: REP. HAYDEN.

Rural Institute

365 SEN. HAMBY: I think the 20 percent administrative costs are too high.

378 MOTION: SEN. HAMBY MOVES that the Rural Institute allocation be decreased by \$200,000.

407 CHAIR FAWBUSH: This program will incorporate the Community Initiatives Program that currently has 20 percent administration costs. This will be run by a private non-profit corporation that will have a Board to determine the expenses of it. This is designed to leverage a great deal of funds. We don't expect the expenses to be that much.

432 SEN. DUFF: This is a necessary project and if 20 percent are the administrative costs you need to consider the costs of driving from the Willamette Valley to Eastern Oregon.

447 SEN. TIMMS: This is the first time I've ever seen extra money for rural programs.

456 VOTE: Fails. Voting AYE: SENATOR HAMBY. Voting NAY: SENATORS DUFF, HILL, JOLIN, TIMMS, and FAWBUSH; REPRESENTATIVES BARNES, CARTER, KATZ, MC TEAGUE, PICKARD, and BAUM. EXCUSED: REP. HAYDEN.

Housing

470 No motion was made to change the recommended \$5 million allocation for Housing.

Port Revolving Loan Fund (PRLF)

473 CHAIR BAUM: This recommended allocation amount includes \$1 million for the Port Revolving Loan Fund and \$3 million for dredging.

476 MOTION: REP. BARNES MOVES that the allocation for the Port Revolving Loan Fund be decreased by \$2.5 million (1 million from the Port Revolving Loan Fund and \$1.5 million from dredging).

485 REP. BARNES: I have not yet been convinced we need more money into that Port Revolving Loan Fund.

TAPE 176, SIDE B

030 SEN. DUFF: We are going to be facing a salmon crisis on the

Columbia River with the salmon. Dredging is extremely important and we need to begin it immediately.

035 REP. KATZ: Is the \$3.1 million carry-over interest earnings?

038 CORTRIGHT: The \$3 million consists of a 5 percent carry-over reserve, interest earnings on the fund balances in the coming biennium, and the repayment of currently outstanding loans - interest and principal repayments. That is the amount accruing to the fund over the course of the next biennium.

045 REP. CARTER: This is not a Port of Portland bill. This is for the Lower Columbia River and communities. The revolving loan fund is for some of those smaller communities for economic development activities.

055 REP. PICKARD: Is the \$3 million for dredging in the Columbia? I am confused about this because I thought we heard testimony that dredging the Columbia was a separate issue that would involve a large amount of money.

066 SEN. DUFF: A small portion of these dredging funds will go to the Port of Morrow on the Columbia. What is significant is that this is an entire system that is of statewide significance.

074 CHAIR FAWBUSH: The bulk of these funds will be used for dredging in Coos Bay where the greatest need is and the largest expense because of the harbor fill process.

079 REP. BARNES: What about the other areas that don't have a revolving loan fund? The rest of the cities and areas in Oregon? We have airports who could use those funds too.

091 VOTE: Fails. Voting AYE: REPRESENTATIVES BARNES, and MC TEAGUE. VOTING NAY: SENATORS DUFF, HAMBY, HILL, JOLIN, TIMMS, and FAWBUSH; REPRESENTATIVES CARTER, KATZ, PICKARD, and BAUM. EXCUSED: REP. HAYDEN.

Rural Health Care

114 No motion was made to change the recommended \$740,000 allocation for Rural Health Care (AHEC's).

County Fairs

117 MOTION: REP. CARTER MOVES that the allocation for County Fairs be decreased by \$200,000 (zero out program).

121 REP. CARTER: This has been done over and over again and I would like to see these funds go to other programs.

126 VOTE: Fails. Voting AYE: REPRESENTATIVES CARTER and KATZ. Voting NAY: SENATORS DUFF, HAMBY, HILL, JOLIN, TIMMS, and FAWBUSH; REPRESENTATIVES BARNES, MC TEAGUE, PICKARD, and BAUM. EXCUSED: REP. HAYDEN.

Community Facilities

143 MOTION: REP. MC TEAGUE MOVES an allocation of \$5.6 million for Community Facilities.

143 REP. MC TEAGUE: It has been suggested that OMSI, Shakespeare, and the End of the Oregon Trail be funded via this fund. It may be a way of funding some of these projects of regional state-wide significance.

157 REP. KATZ: I would like the opportunity to re-visit this.

171 VOTE: Fails. Voting AYE: SENATOR TIMMS; REPRESENTATIVES BARNES, CARTER, KATZ, MC TEAGUE, and PICKARD. Voting NAY: SENATORS DUFF, HAMBY, HILL, JOLIN, and FAWBUSH; REPRESENTATIVE BAUM. EXCUSED: REP. HAYDEN.

Capital Access Program

181 There was no motion made to allocate unspecified funds for the Capital Access Program.

Small Business Development Centers (SB DCs)

183 SEN HAMBY: Why does the Co-Chair recommendation include an addition of \$300,000 for SB DCs?

191 CHAIR BAUM: The Small Business Development Centers are going to have major responsibilities in the timber response package and also be involved in the Rural Institute and other things. The Co-Chairs believed that additional funding was needed to provide these services.

198 SEN. HAMBY: Can you assure us there is no carry-over?

200 CORTRIGHT: We have not asked for information about carry-over for SB DCs. The bulk of their funds go to operating costs expended during each biennium.

204 SEN. HAMBY: There is a notation that they also receive \$1 million of General Fund. Therefore the total budget is \$2 million.

208 REP. KATZ: How much did they get last biennium?

210 SEN. HAMBY: \$819,000.

212 CORTRIGHT: Their total funding was for \$1.8 million last biennium.

219 SANDY CUTLER: For 1989-91 the SB DCs received \$1.2 million of General Fund. The proposal for the 1991-93 biennium is \$980,000. We received \$819,000 of lottery funds in 1989-91 and this request is for \$1 million. The proposed budget would represent a 17 percent reduction for 1991-93.

232 There was no motion made to change the recommended allocation of \$1 million for Small Business Development Centers.

Oregon Marketplace/Government Contract Acquisition Program (GCAP)

236 CHAIR FAWBUSH: This is a split - \$750,000 for Oregon Marketplace and \$250,000 for GCAP.

238 There was no motion made to change the recommended allocation of \$1 million for Oregon Marketplace and the Government Contract Acquisitions Program.

Industrial Retention

239 There was no motion made to allocate funds for Industrial Retention.

Employee Ownership (CESCO)

240 There was no motion made to allocate funds for employee ownership (CESCO)

Business Environmental Regulatory Advocate

242 There was no motion made to allocate funds for a Business Environmental Regulatory Advocate.

Small Business Hotline

243 There was no motion made to allocate funds for the Small Business Hotline.

Oregon Business Development Fund (OBDF)

244 There was no motion made to allocate unspecified funds for the Oregon Business Development Fund (OBDF).

Oregon Downtown Development Association (ODDA)

245 SEN. HAMBY: What is the rationale for this recommendation?

252 CHAIR FAWBUSH: The House Co-Chair of the Ways and Means Committee has recommended this be funded. This is a reduction of \$100,000 from last biennium's allocation.

258 MOTION: REP. BARNES MOVES to decrease the allocation for the Oregon Downtown Development Association by \$200,000 (zero out program).

264 CHAIR FAWBUSH: This program has value and I would like to see it continue.

265 VOTE: Fails. Voting AYE: SENATORS HAMBY and JOLIN; REPRESENTATIVES BARNES and PICKARD. Voting NAY: SENATORS DUFF, HILL, TIMMS, and FAWBUSH; REPRESENTATIVES CARTER, KATZ, MC TEAGUE, and BAUM. EXCUSED: REP. HAYDEN.

Workforce

288 SEN. HAMBY: I would like to see a math-science component incorporated into Workforce funding. There is nothing more important than strengthened math-science programs. There has been testimony on MESA and SMILE programs, for youth and rural areas to encourage more math and science participation. There is also the ISME project which provides updates for math and science teacher via a computerized network for only \$100,000. I would like a minimal amount of \$200,000 for a math and science component.

321 SEN. DUFF: I also have concerns about the recommended \$8 million for workforce and some of the included items and would like to see a math and science program. I believe we should focus on youth and people earning family wage jobs. There may be some areas to rearrange the priorities.

335 CHAIR FAWBUSH: At a meeting last night with the President and Speaker, the issue came up of whether or not the Senate Trade Committee would see the bills that the House Trade Committee worked on and vice versa. There is an absolute commitment that this will happen. The Senate will have the opportunity to review programs contained in the Workforce bills.

351 There was no motion made to change the recommended \$8 million allocation for workforce.

Community College Equipment

352 MOTION: REP. KATZ MOVES to increase the allocation for Community College Equipment by \$750,000.

356 REP. KATZ: We have requested a clearer delineation of lottery vs. general fund for next biennium's expenditures for equipment.

380 SEN. HILL: I need to hear that from the Community College personnel.

396 SEN. HAMBY: Since the Senate members did not hear your testimony in the House, do you recall your statement: "If you want us to show you an expenditure of funds tied to economic development, curricular classroom appropriate type of expenditures, we can do that. Give us a chance, we will re-do our report."

421 CHAIR BAUM: Submits proposed amendments to address this issue (EXHIBIT D).

424 HOLLAND: ". . . it certainly is my intention to make sure that any additional monies that are appropriated for Community College equipment come back in a format that has non-controversial expenditures attached to it and that we will not be engaged in this process again."

442 CHAIR FAWBUSH: I want to be sure the Committee understands what the assumptions were for the allocation of equipment funds to the community colleges in 1989-91. It was our clear understanding that money would be used for vocational equipment and we did not put restrictions on them. You have seen the results.

457 SEN. HAMBY: But there was clear legislative intent.

458 CHAIR FAWBUSH: We need to remember we are trying to tie training together. These amendments give clear direction on the use of any equipment funds allocated this biennium. It will fit in.

469 MILLER: Describes EXHIBIT D.

TAPE 177, SIDE B

030 MILLER: Continues to describe EXHIBIT D.

038 REP. KATZ: I don't understand why we are dealing with this now. It may be something that should be done but it is not in order to deal with it now with no bill before the Committee.

041 CHAIR FAWBUSH: After we get through the allocation list, we can address this. We requested these amendments be prepared and we can discuss them at any time.

047 CHAIR BAUM: Perhaps this is the wrong time and we will address them at the end of the evening.

050 SEN. HAMBY: There were many Community Colleges that did not break out expenditures. However, I did exhibit an example of a delineation of lottery expenditures for other uses. I have difficulty understanding why lottery funds would be used again for maintenance, PE equipment, saunas, etc. There are the same kinds of requests this biennium as what we had last biennium.

075 HOLLAND: The 1991-93 request list were provided as requested to the T&E Committee. We have not even begun these discussions. All we have from the colleges are "proposed purchases from them". For some of the colleges, all the list indicates is "equipment needs" for the next year or biennium. We need to have discussions with them on what they are proposing to buy in 199 1-93. Don't assume that what you see is what we are going to authorize.

090 SEN. HAMBY: I would hope that the community colleges receive direction that this is the law that these expenditures be tied to economic development.

110 REP. BARNES: Calls for the previous question.

115 VOTE: Fails. Voting AYE: SENATORS DUFF, HILL, and TIMMS; REPRESENTATIVES BARNES, CARTER, KATZ, PICKARD, and BAUM. Voting NAY: SENATORS HAMBY, JOLIN, and FAWBUSH; REPRESENTATIVE MC TEAGUE. EXCUSED: REP. HAYDEN.

Ed Net

125 There was no motion to change the recommended allocation of \$3,800,000 for Ed Net.

Progress Board

134 MOTION: REP. CARTER MOVES an increase of \$200,000 for the Progress Board.

135 REP. CARTER: This is futuristic movement for the State. It needs to be fully funded.

138 REP. PICKARD: Agrees with motion. There is no other state doing this. Our short-sightedness is not having the ability to plan for the future. We are making the attempt to do that and the funding should be at least \$400,000.

147 VOTE: Passes. Voting AYE: SENATORS DUFF, HAMBY, HILL, JOLIN, and TIMMS. REPRESENTATIVES BARNES, CARTER, KATZ, MC TEAGUE, and PICKARD. Voting NAY: SENATOR FAWBUSH; REPRESENTATIVE BAUM. EXCUSED: REP. HAYDEN.

Pre-Kindergarten

158 REP. KATZ: I want CHAIR FAWBUSH to clearly understand the commitment on this trade-off.

162 CHAIR BAUM: It will be funded at \$10.7 million.

165 There was no motion made to allocate funds for Pre-Kindergarten programs.

Dislocated Workers

166 There was no motion made to allocate funds for dislocated workers. (See discussion on timber response, below).

OIT Portland Campus

167 There was no motion made to allocate funds for the OIT Portland Campus.

Education Reform Promotion

168 There was no motion made to allocate funds for education reform promotion.

Volunteers In Service to Oregon (VISTO)

169 SEN. HAMBY: This is an outstanding program of peer counseling; it is throughout the State.

179 MOTION: SEN. HAMBY MOVES that \$200,000 be allocated to VISTO.

180 REP. KATZ: I want to second that motion. We know from educational research that peer mentoring is one of the most effective ways to assure student success.

192 VOTE: Passes. Voting AYE: SENATORS DUFF, HAMBY, HILL, JOLIN, and TIMMS; REPRESENTATIVES CARTER, KATZ, PICKARD, and BAUM. Voting NAY: SENATOR FAWBUSH; REPRESENTATIVES BARNES AND MC TEAGUE. EXCUSED: REP. HAYDEN.

Light Rail

226 There was no motion made to change the recommended allocation for light rail construction.

Prison Construction

227 There was no motion made to change the recommended allocation for prison construction.

Strategic Reserve Fund (SRF)

229 MOTION: SEN. DUFF MOVES to reduce the Strategic Reserve Fund by \$400,000.

237 MOTION WITHDRAWAL: SEN. DUFF WITHDRAWS motion stated above.

239 There was no motion made to change recommended allocated for the Strategic Reserve Fund.

Statewide Marketing

243 There was no motion made to allocate funds for Statewide Marketing.

Reforestation

245 There was no motion made to allocate funds for reforestation.

Dredging

245 There was no motion made to allocate funds for dredging. NOTE: See PRLF discussions.

Forest Planning

248 SEN. TIMMS: Are funds for Federal Forest Planning allotted in the General Fund budget?

250 CHAIR FAWBUSH: These funds are now being included within the Executive budget and the Ways and Means Committee has not yet identified a funding source for this. We are assuming it will come from General Fund.

255 There was no motion made to allocate funds for forest planning.

Program Auditing

256 There was no motion made to allocate funds for program auditing.

Dislocated Worker Training

258 There was no motion made to change the recommended allocation of \$5 million for dislocated worker training.

Dislocated Worker Loans

259 There was no motion made to change the recommended allocation of \$1 million for dislocated worker loans.

Targeted Oregon Business Development Fund (OBDF)

260 MOTION: CHAIR FAWBUSH MOVES to reduce the targeted OBDF program by \$400,000.

265 CHAIR FAWBUSH: They have carry-over. We have two other loan programs that can help with this.

258 VOTE: Passes. VOTING AYE: SENATORS DUFF, HAMBY, JOLIN, and FAWBUSH; REPRESENTATIVES CARTER, KATZ, MC TEAGUE, PICKARD, and BAUM. Voting NAY: SENATORS HILL and TIMMS; REPRESENTATIVE BARNES. EXCUSED: REP. HAYDEN.

Targeted Capital Access Program

283 There was no motion made to change the recommended allocation of \$1 million for the targeted Capital Access Program.

Targeted Special Public Works Fund (SPWF)

284 There was no motion made to change the recommended allocation of \$4 million for the targeted Special Public Works Program.

Wood Products Networks

293 There was no motion made to change the recommended allocation of \$2.5 million for wood products networks.

Lottery Allocation Totals/ Recommendations/Discussion on Uncommitted Balances

298 CHAIR BAUM: We are in balance.

300 REP. KATZ: The Committee still had some other things it wanted to fund.

305 SEN. HILL: There are several projects members are interested in funding - Shakespeare, OMSI, and the End of the Oregon Trail. There is an uncommitted balance of almost \$14 million. We should be able to fund those projects out of the uncommitted balances.

316 MOTION: REP. CARTER MOVES that EDD look at uncommitted balances and those balances reflect the needs of OMSI, Shakespeare, and the End of the Oregon Trail.

331 SEN. HILL: We can do this. I am not asking for the entire balance. We need to achieve closure and cannot walk away from \$13 million. I would agree about those projects. I think we can get those funds from the uncommitted balance.

344 CHAIR BAUM: We went through the list; you knew about the uncommitted balances while we did this. Is the Committee now requesting that we go back through the list and reduce the programs with uncommitted balances - dollar-for-dollar - to free up dollars for programs that lost on the votes the Committees took earlier this evening?

352 SEN. HILL: There are uncommitted balances that we have not even discussed and some that are not on this sheet. I am not advocating reducing any of the recommended amounts the Committee has voted on during this meeting - only looking at uncommitted balances.

373 CHAIR FAWBUSH: We have information on carryover balances and expected fund earnings for 1991- 93 (submitted as EXHIBIT E). SEN. HILL is suggesting you consider those amounts. You do not change dollars levels, you simply backfill and create additional money by replacing next biennium's level with carryover. That would free up lottery funds for other projects.

394 SEN. TIMMS: There is \$10 million carryover listed in SPWF. I would like to know why that carry-over is there. We may get carried away with these uncommitted balances. We should not penalize programs for carry-over.

406 SEN. HILL: I agree that we need to review the reasons for carry-over but it is too much money to ignore. There may be \$5 million to sneeze out. I just believe we should look at it.

410 REP. KATZ: There are some unhappy committee members here. We should review this and see if there are any funds available.

422 REP. CARTER: My motion is still on the floor.

430 CHAIR FAWBUSH: Without us changing the line items EDD cannot do that. My suggestion is if the Committee is interested in reviewing this, staff should review it with EDD and there should be a definite agreement on what the actual dollars are for carry-over, committed, etc.

449 CHAIR BAUM: What information would you like to add to this list (EXHIBIT E)?

462 SEN. HILL: We need to know all of the uncommitted balances for all of the programs.

474 CHAIR BAUM: If there is new information we need to get that. But we have had this information throughout this process.

489 SEN. HILL: This evening is the first time we have had the opportunity to focus on uncommitted balances as a possibility of funding various programs.

TAPE 178, SIDE A

035 CHAIR FAWBUSH: Staff needs to review the list and give us an accurate estimate. EDD has reviewed this with them prior to this meeting.

044 CORTRIGHT: The bulk of uncommitted funds is in programs that are ongoing financial programs that make loans and get program income. The largest amount, available on July 1, 1991, approximately 80-85 percent of those funds are in the SPWF, with the bulk of that in the Bond Bank Program. The other principal repositories are the OBDF (\$1 million or less because of recent loan commitments), Capital Access Program (\$1 million - program stalled because it needed legislation).

064 SEN. HILL: The testimony from EDD is that there is \$1.3 million of genuinely uncommitted funds in the SPWF.

067 LOHMAN: Yes.

070 SEN. HILL: In the category of "other", there is \$447,000. What is that?

074 CORTRIGHT: That is a series of smaller programs and non-lottery programs. That is a cash balance. We did not get any commitments to subtract from that.

080 SEN. HILL: How much carry forward is in the Strategic Reserve Fund?

083 LOHMAN: There is \$300,000 carry forward.

084 SEN. HILL: That totals \$1.6 million.

089 SEN. HILL: How about Workforce?

090 LOHMAN: That amount is carry forward, but it has been budgeted as part of what they plan to spend for administration in the 1991-93 biennium.

093 SEN. HILL: What is the amount of carry forward for Community Initiatives?

094 LOHMAN: Approximately \$40,000 in carry forward.

097 SEN. HILL: Is there anything else?

110 LOHMAN: There are some funds in the Community Facilities Program - \$40,000 - but there is also one project that only got partial funding because of the lottery shortfall and we would like to use that money for that project.

117 SEN. HILL: I think we should use that. There is \$1.64 million. I know the Committee is supportive of the SPWF, but if you want to consider using some of those funds for these other projects. This money was never part of the allocation. It was not considered in our deliberations.

143 REP. KATZ: This is not money that will be cut out. Prison construction is considered in this total allocation that we just worked on. Wasn't there an understanding that if video poker passes that \$7 million would come out of those funds?

154 CHAIR FAWBUSH: The list we just worked on totaled \$107 million. The next consideration will be \$7 million of disappropriations in case video poker does not pass. \$100 million is the projected lottery income for the next biennium without video poker.

191 SEN. HAMBY: What is the \$500,000 "other"?

196 LOHMAN: I am not completely sure where it comes from. EDD did not prepare this sheet. Our information was given to CORTRIGHT and he prepared the list.

205 CHAIR BAUM: Staff will return with the details on that.

208 REP. KATZ: We have worked closely with EDD during the session. We need almost \$4 million dollars. EDD knows their budget better than we do. I would like EDD's assistance in finding funding for these three projects - OMSI, Shakespeare, and End of the Oregon Trail.

234 CHAIR BAUM recesses the meeting at 6:50 pm.

235 CHAIR BAUM reconvenes the meeting at 7:03 pm.

287 MOTION TABLED: CHAIR BAUM MOVES to table REP. CARTER'S MOTION.

294 REP. KATZ: There are two options that EDD has identified. 1) Remove \$1 million in interest carry over from Regional Strategies. 2) Go back and tell presiding officers and Ways and Means Committee Co Chairs to fund an additional \$1.3 million from General Fund for Tourism. With \$1.6 million previously identified in carry over and \$1.3 million from Tourism, that would add up to \$2.9 million.

320 CHAIR FAWBUSH: There is one other suggestion. I am very concerned about the ability to find tourism funding from General Fund. If we do that, I will move to consider removing \$1 million from Housing.

372 REP. KATZ: I want a clear understanding that this is not sabotaged in the Ways and Means Committee.

376 MOTION: In addition to the \$1.65 that was previously identified, REP. KATZ MOVES \$1.3 million be backed out of Tourism- it would be General Funded.

393 CORTRIGHT: That would total \$2.94 million.

399 VOTE: Passes. Voting AYE: SENATORS DUFF, HAMBY, HILL, and FAWBUSH; REPRESENTATIVES BARNES, CARTER, KATZ, MC TEAGUE, PICKARD, and BAUM. EXCUSED: SEN. JOLIN and TIMMS; REP. HAYDEN.

410 REP. KATZ: I am concerned about CHAIR FAWBUSH's comment that he is only voting "AYE" to facilitate the process.

415 CHAIR FAWBUSH: My dilemma is that I don't want to cut the Tourism budget below last biennium's funding level. The Co-Chairs have told us they will General Fund \$1.2 million, but they don't see how they would do the rest. I don't know what they are going to do. This is a real quandary. These are all good projects that will contribute immeasurably. I cannot guarantee what is going to happen with this in the Ways and Means Committee. The Co-Chairs have told us they could not find this amount of money.

438 REP. CARTER: Are you committed to work on this issue in Ways and Means?

439 CHAIR FAWBUSH: I will do my best to find those funds from General Fund. I believe that principle is correct. The bottom line is not to cut that tourism activity. I cannot make my assurance any stronger than that; I do have a dilemma being on both Committees.

459 SEN. HAMBY: Before the Housing motion is made, may I suggest the alternative that since these are all three major public works projects, we could take \$.5 million from there and \$.5 million from Strategic Reserve rather than moving a reduction in the Housing allocation.

490 MOTION: CHAIR FAWBUSH MOVES that the recommended Housing allocation be reduced by \$1 million.

TAPE 179, SIDE A

029 CHAIR FAWBUSH: We know that Housing is important, but these are other important projects. This is a balancing act. This is not the only fund for Housing.

040 VOTE: Fails. Voting AYE: SENATOR DUFF and CHAIR FAWBUSH; REPRESENTATIVES BARNES AND PICKARD. Voting NAY: SENATORS HAMBY and HILL; REPRESENTATIVES CARTER, KATZ, and MC TEAGUE. EXCUSED: SENATORS JOLIN and TIMMS; REPRESENTATIVE HAYDEN.

049 MOTION: SEN. HAMBY MOVES a reduction of \$500,000 from the \$9 million recommended allocation for SPWF.

050 VOTE: Passes. Voting AYE: SENATORS DUFF, HAMBY, HILL, and FAWBUSH; REPRESENTATIVES BARNES, KATZ, MC TEAGUE, and PICKARD. Voting NAY: REPRESENTATIVES CARTER and BAUM. EXCUSED: SENATORS JOLIN and TIMMS; REPRESENTATIVE HAYDEN.

063 CORTRIGHT: That is now a total of \$3.44 million.

066 MOTION: CHAIR FAWBUSH MOVES "that we distribute the \$3.4 million in proportion to the amounts shown on the line items under Shakespeare, OMSI, and End of the Oregon Trail.

070 REP. BARNES: I will oppose this because I have already cut Shakespeare's original request from \$3 million. Could End of the Oregon Trail and OMSI cut theirs also?

077 SEN. DUFF: I believe that the OMSI request add-back was less than \$3 million at one point.

079 REP. PICKARD: At 4:15 this afternoon, it was \$1.6 million.

084 REP. KATZ: Has EDD come up with any other solutions?

090 CHAIR BAUM: We have a total of \$3.44 million and the motion in front of us is to divide it up proportionally between the three projects. Do you have anything to add to that discussion?

091 STEVE PETERSEN: The only request I have is that we use the interest from Regional Strategies instead of using SPWF funds. The net from SPWF is \$3.8 million out of the requested \$15 million amount. We have several hundred million dollars worth of infrastructure needs.

099 CHAIR BAUM: You are recommending that \$500,000 be removed from Regional Strategies interest earnings rather than the SPWF?

100 PETERSEN: Yes.

100 MOTION: CHAIR BAUM moves that \$500,000 come from Regional Strategies rather than SPWF (as passed in previous vote).

VOTE: There being no objection, the above motion is adopted.

107 PETERSEN: I have no other suggestions.

118 CORTRIGHT: To summarize: \$500,000 comes from Regional Strategies, \$800,000 from SPWF, \$300,000 from Strategic Reserve, \$40,000 from Community Initiatives - all out of carryover amounts - and \$1.3 million as identified by REP. KATZ from Tourism. That should add to \$3.44 million.

126 CHAIR FAWBUSH: We want to assure that EDD understands that the motion to remove the additional \$500,000 from SPWF was from the \$9 million. What EDD has recommended is that instead of \$500,000 from that \$9 million, we take \$500,000 from Regional Strategies carryover.

131 PETERSEN: Not from carryover; it would be from anticipated interest that would be earned.

133 CHAIR FAWBUSH: There would still be a \$14 million line item allocation for Regional Strategies.

135 PETERSEN: You could take it out and make the item \$13.5 and we would keep the interest or you could take the interest.

138 CORTRIGHT: There is a real difficulty in getting into the allocation of "as yet unearned interest".

141 SEN. HILL: It has to be \$13.5 million and then they earn it back.

145 CHAIR FAWBUSH: We need an actual estimated allocation for each of the three programs under my motion of distributing \$3.44 million proportionally.

149 CORTRIGHT: The amounts for each of the these programs is approximately 60 percent of the add-on requested amounts. That translates to \$1 million for Shakespeare, \$1.8 million for OMSI, and \$600,000 for End of the Oregon Trail.

164 SEN. HILL: Calls for the previous question.

167 VOTE: Passes. Voting AYE: SENATORS DUFF, HAMBY, HILL, and FAWBUSH; REPRESENTATIVES CARTER, KATZ, MC TEAGUE, PICKARD, and BAUM. Voting NAY: REPRESENTATIVE BARNES. EXCUSED: SENATORS JOLIN and TIMMS; REPRESENTATIVE HAYDEN.

174 MOTION: REP. CARTER MOVES that all allocations voted upon to this point in meeting be incorporated into the lottery allocation bill.

VOTE: There being no objection, the amendments are all adopted into SB 562 and HB 2614.

Video Poker Backout List

177 CHAIR FAWBUSH: Submits backout list (EXHIBIT F). CHAIR BAUM and I have

recommendations. This is needed in case video poker does not go into effect. I propose we adopt EXHIBIT F as a working list.

209 MOTION: REP. BARNES MOVES that EXHIBIT F be adopted as a working document.

VOTE: There being no objection, EXHIBIT F is adopted to work from.

228 CHAIR FAWBUSH: We have already reduced tourism and don't want to further do so. We need to redistribute that \$500,000.

252 MOTION: REP. BARNES MOVES that \$500,000 be backed out of Key Industries.

255 VOTE: Fails. Voting AYE: SENATORS HAMBY and HILL; REPRESENTATIVES BARNES, CARTER, KATZ, MC TEAGUE, and PICKARD. Voting NAY: SENATORS DUFF and FAWBUSH; REPRESENTATIVE BAUM. EXCUSED: SENATORS JOLIN and TIMMS; REPRESENTATIVE HAYDEN.

289 CHAIR FAWBUSH: For clarification, unless you don't like the back-outs suggested in EXHIBIT F, no other back-out recommendations are necessary. These recommendations currently balance except for \$400,000 that we can address in the Timber Response portion when we get there.

303 REP. MC TEAGUE: What do the Chairs think would have the best change of passage? Housing looks as if it is substantially backed out.

318 CHAIR FAWBUSH: The two presiding officers and two Ways and Means Co-Chairs have committed to their approval of both lists. If there is an issue that we would try to resolve in Ways and Means, it is the Housing issue.

331 MOTION: REP. CARTER MOVES that the Committee adopt EXHIBIT
F

345 REP. PICKARD: I object.

355 CHAIR FAWBUSH: We have already adopted this list as our working document. Technically, you don't have to adopt it again - merely make your amendments to it.

364 CHAIR BAUM: REP. CARTER is moving to accept it as is - \$400,000 out of balance.

348 MOTION: CHAIR FAWBUSH MOVES a friendly amendment to amend the list by backing out Dislocated Worker Loans by \$100,000 and Dislocated Worker Training by \$300,000 to balance out the reduction in the OBDF allocation change adopted by the Committee previously.

390 CHAIR FAWBUSH: We reduced the allocation for OBDF by \$400,000 so we need to balance. This motion would balance.

406 MOTION: REP. KATZ MOVES to amend CHAIR FAWBUSH's motion to take the \$400,000 from the Strategic Reserve Fund.

428 VOTE: Passes. Voting AYE: SENATORS DUFF, HAMBY, HILL, and FAWBUSH; REPRESENTATIVES BARNES, CARTER, KATZ, MC TEAGUE, PICKARD, and BAUM. EXCUSED: SENATORS JOLIN and TIMMS; REPRESENTATIVE HAYDEN.

435 CHAIR BAUM: That is adopted. REP. CARTER'S motion is still on the table to adopt the list (as now amended by previous motion). REP. PICKARD objects to that motion so there will be a roll call vote. Any further discussion?

440 REP. PICKARD: I want another chance to pick up additional funds from the Agricultural Opportunities Fund.

450 SEN. HILL: I believe that \$1.5 million from Housing is too much.

482 CHAIR BAUM: We are currently balanced; SEN. HILL has raised the issue of the amount from Housing.

485 SEN. HILL MOVES to back out \$500,000 from Key Industries and reduce the backout from Housing to \$1 million.

495 VOTE: SEN. DUFF objects.

TAPE 178, SIDE B

039 REP. KATZ: Requests formal vote.

039 SEN. DUFF: I would agree to the \$500,000 coming from the Strategic Reserve Fund rather than Key Industries.

041 CHAIR FAWBUSH: I will not agree to that.

044 MOTION: SEN. HAMBY MOVES a backout of \$250,000 from the Agricultural Opportunities Fund.

051 VOTE: SEN. DUFF objects.

054 SEN DUFF: Another option is to back out some of the items we added

- OMSI, Shakespeare, and End of the Oregon Trail.

059 MOTION: SEN. DUFF MOVES to back out \$500,000 from OMSI, Shakespeare, and End of the Oregon Trail projects.

060 VOTE: SEN. HAMBY and REP. CARTER object.

070 MOTION: REP. BARNES MOVES to backout \$500,000 from PRLF.

073 VOTE: SEN. DUFF objects.

088 MOTION: CHAIR FAWBUSH MOVES to back out \$100,000 from State Parks, \$100,000 from Key Industries, \$200,000 from County Fairs, and \$100,000 from the Port Revolving Loan Fund and reduce the backout for Housing to \$1 million.

110 VOTE: Passes. Voting AYE: SENATORS DUFF, HAMBY, HILL, and FAWBUSH; REPRESENTATIVES BARNES, CARTER, KATZ, and BAUM. Voting NAY: REPRESENTATIVES MC TEAGUE AND PICKARD. EXCUSED: SENATORS JOLIN and TIMMS; REPRESENTATIVE HAYDEN.

121 CHAIR FAWBUSH MOVES the question on REP. CARTER's previous motion (TAPE 179 , SIDE A, TAPE COUNT 331) to adopt the backout list as amended.

124 VOTE: There being no objection, the motion is adopted.

Video Lottery Allocation

129 CHAIR BAUM: We have completed the allocation and the video lottery disappropriation. The next agenda item is video lottery allocation. As a Committee we have adopted the concept of creation of a capital trust fund if video lottery was enacted that would pay off COP's for prisons and then pay for light rail. That has been done.

137 REP. MC TEAGUE: How is all of this going to be reflected in bills? Is the disappropriation a bill and the video lottery allocation a separate bill?

139 CHAIR BAUM: We are going to use one bill that will include the capital construction trust fund guidelines that will not be effective if video does not pass.

143 REP. KATZ: What about the substantive piece of legislation? HB 2682 - will that be tabled?

145 CHAIR BAUM: That bill will not be moved out if we include it in here.

146 REP. KATZ: Then I am a "NO" vote on the whole thing. I want a clear discussion on the distribution of those funds - among the different parties.

153 CHAIR FAWBUSH: There are several substantive issues to review on video poker. These are our suggestions. The Lottery Commission currently has the authority for video lottery if they choose. All we need to do in this bill is allocate the funds. We can do that in this bill with the provision that if the Lottery Commission ever starts a video lottery, the accrued funds will follow this bill's allocation procedure. This is merely a mechanism for expenditure of any funds

generated by video poker.

169 REP. KATZ: We are not ready for those decisions yet. We still have not heard from law enforcement, suppliers, etc.

174 CHAIR FAWBUSH: Those are all substantive issues that need resolved. We have not yet discussed the payout, percentages, etc.

183 REP. KATZ: I am objecting to folding in the "bill" that the substantive issues are included in.

186 CHAIR FAWBUSH: We were assuming we would do the allocation, capital construction trust fund establishment, COP payoffs, etc., in this bill. We have two choices: 1) continue discussion of issues you have raised and include it in this bill or 2) include those substantive issues in the bill that you have in the House Committee. But we need to establish the framework for spending of funds in this bill. We would like to include all of the substantive issues in this bill but if you object to that, we can do it the other way.

208 REP. KATZ: I would object to that.

210 REP. PICKARD: The decision is being made in advance of what else needs to be done. It is "dangling a carrot" in front of people before the real discussions on video lottery have taken place.

223 REP. KATZ: I agree. This would be making a decision on passage of the video lottery and I don't believe it is appropriate.

224 CHAIR BAUM: All we are going to include in this bill is the capital construction trust fund creation and allocation.

228 REP. KATZ: He is objecting to the creation of the capital construction trust fund also.

237 REP. PICKARD: I am objecting to the psychology of seeing the wonderful things we can do with multi-million dollars without first considering the impacts of the source of these revenues. This issue is difficult enough without the funds dangled in front of us.

250 CHAIR FAWBUSH: We have just structured a system that does not dangle a carrot. All we have done is spend \$7 million additional this biennium; we have not created any new commitments; we resisted that all evening. All we are trying to do is create the mechanism.

288 CHAIR BAUM: We have HB 2682 in the House Committee that contains the substantive issues about payout distribution, etc. That bill will be up for hearings. As a Committee we have adopted the concept that if this happened, a capital construction trust fund would be created. Do you have a problem with that limited concept? As an allocation concept only?

299 REP. PICKARD: Yes, I have a problem with that. I would first like to deal with the issue of video poker. We are talking about something that creates an impression. This issue is whether or not we are going to have legalized gambling in Oregon.

321 CHAIR BAUM: That debate will occur with HB 3151.

322 SEN. HAMBY: I agree with REP. PICKARD. I have been trying to get

three percent for treatment. The Chairs are telling us that even if all of us should choose to vote negative on establishment of video lottery, they would like our input if the bill should pass how the dollars should be spent.

348 REP. PICKARD: My response is that I would prefer to not discuss that issue this evening.

350 REP. KATZ: I understand that a mechanism needs to be established.

359 CHAIR FAWBUSH: Here is the problem. You may not like video poker. But you do have the opportunity to allocate any funds that may be generated. You don't have control over whether or not it is done. All we want to do is to set a mechanism in place so that if it is done you will have at least had some say over how the funds are spent.

370 REP. KATZ: I do not want the other issues included in this bill.

372 CHAIR BAUM: That is agreed.

405 SEN. HILL: I am not going to vote for it but I will help spend the money.

412 MOTION: CHAIR BAUM MOVES to allocate video lottery funds to a Capital Construction Trust Fund.

432 REP. BARNES: What will we do with left over funds?

435 CHAIR BAUM: It will sit in the Capital Construction account to be allocated by the next Legislature.

440 REP. BARNES: Law enforcement and local officials in my district have indicated they will not opt to participate in this unless they receive some of the revenues.

447 CHAIR BAUM: We will decide those issues in HB 2682.

450 SEN. HILL: Calls for the question.

480 VOTE: Passes. Voting AYE: SENATORS DUFF, HAMBY, HILL, and FAWBUSH; REPRESENTATIVES BARNES, CARTER, KATZ, and BAUM. Voting NAY: REPRESENTATIVES MC TEAGUE and PICKARD. EXCUSED: SENATORS JOLIN and TIMMS; REPRESENTATIVE HAYDEN.

TAPE 179, SIDE B

Lottery Distribution Issues

028 MOTION: CHAIR BAUM MOVES that language be included in HB 2614/SB 562 that refers to other bills that include substantive language regarding programs.

034 VOTE: There being no objection, the above motion is adopted.

035 CHAIR BAUM: We need to have a quarterly allocation system that allocates funds to pay COP's for prisons and light rail allocations "up front".

043 CORTRIGHT: The State Treasurer's Office, in the financing proposal for Light Rail, has assumed that the \$16 million allocation for the biennium will be received in \$8 million installments each July. Therefore, of the quarterly allotments for the lottery (approximately \$12.5 million), in July 1991 and 1992, 2/3 of those will go straight to the light rail fund. In addition, there are installment payments that need to be made on a semi-annual basis for prisons. They are not nearly as large in amount. They start in the second quarter of the biennium. The important thing is that unless you want every other single program ratcheted down so that everybody is dividing approximately \$4.5 million in the first and fifth quarters of the biennium, you need to identify some programs that will receive allocations only in second, third, fourth, sixth, seventh, and eighth quarters. Unless you do that there will famine and feast for all programs. Some programs - those with carry-over, those that fund projects rather than ongoing operations, those that have larger amounts of funds to work with - may be able to better deal with "skipping" the first quarter allocation and receiving their entire allocation in six quarters. You may want to identify programs that will receive their funds on a delayed basis.

069 MOTION: CHAIR BAUM MOVES that staff work with EDD and identify programs who can receive their allocation (as described above by staff) in six quarters and that be adopted in concept.

072 VOTE: There being no objection, the above motion was adopted.

073 MOTION: CHAIR BAUM MOVES that if there is a shortfall in lottery revenues, it be distributed on a percentage basis among all programs after prisons and light rail.

076 VOTE: There being no objection, the above motion was adopted.

078 CORTRIGHT: Staff recommends that you use the quarterly estimated revenues of \$12.5 million each quarter as a ceiling. If revenues exceed that estimate for any quarter, that should be rolled over to meet subsequent possible shortfalls. If, at the conclusion of the biennium, there are any revenues available they would be rolled over for use by the 1993 Legislature.

085 MOTION: REP. KATZ MOVES that recommendations governing overage, as described above by staff, be adopted.

VOTE: There being no objection, the above motion was adopted.

086 CHAIR BAUM: We will meet tomorrow evening at 4:30 to move the final versions of HB 2614/SB 562 out of Committee.

089 CHAIR BAUM adjourns the meeting at 8:19 p.m.

Submitted by,

Jeri Chase Office Manager

EXHIBIT SUMMARY

EXHIBIT A -Trade Committee Lottery Allocation Worksheet - May 7, 1991,

submitted by Rep. Ray Baum, 2 pages

EXHIBIT B -Proposed Program Evaluation Amendment for SB 562 & HB 2614,
submitted by Sen. Jeannette Hamby, 1 page

EXHIBIT C -Trade Committee Lottery Allocation Worksheet - May 2, 1991,
submitted by Rep. Ray Baum, 2 pages

EXHIBIT D -Proposed Amendments to Community College Equipment
Allocation, submitted by Tami Miller, 1 page

EXHIBIT E -Lottery Cash Flow Analysis, Rep. Ray Baum, 2 pages

EXHIBIT F -Potential Lottery Backouts if no Video Lottery, Sen. Wayne
Fawbush, 1 page