

HOUSE LEGISLATIVE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

May 17, 1991Hearing Room 343 8:00 A.M.State Capitol Salem, OR

Tapes 194 - 195

Rural Revitalization and Development Minority and Women Business Enterprises

MEMBERS PRESENT: REP. RAY BAUM, CHAIR 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:SENATOR WAYNE FAWBUSH, SENATE DISTRICT 28 SENATOR SCOTT DUFF, SENATE DISTRICT 29 LYNN YOUNGBAR, ECONOMIC DEVELOPMENT DEPARTMENT BILL WYATT, OREGON BUSINESS COUNCIL SENATOR JEANNETTE HAMBY, SENATE DISTRICT 5 DICK CULBERTSON, MAYOR OF OAKRIDGE WES HARE, CITY MANAGER, CITY OF OAKRIDGE DAVE 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 194, SIDE A

000 CHAIR BAUM convenes the meeting at 8:17 a.m.

SB 713 (Rural Revitalization and Leadership Act) - Public Hearing

018 MILLER: Presents Staff Measure Summary on SB 713 (EXHIBIT A).

029 SENATOR WAYNE FAWBUSH: Testifies in support of SB 713. We are trying to provide a means for people in rural areas to help themselves. The institute is designed to be private non-profit corporation that will run itself composed of members of the private sector, from the communities, and from provider groups such as the Economic Development Department, extension services, and, possibly federal agencies. We feel the institute will provide a focal point - a center. We want one place in the state where people can go and combine their efforts and have an organized plan and approach to any given community. The key to this is the board's independence.

093 SENATOR SCOTT DUFF: Testifies in support of SB 713. The ideas that are used in Community Initiatives are proven business tactics. This gives the communities the opportunity to shape their own future.

120 CHAIR BAUM: The Regional Services Institute in LaGrande at Eastern Oregon State College provides a lot of these same services to the counties it serves. Are you still looking for a location for this institute?

126 SEN. DUFF: Yes. RSI would have the opportunity to bid on the contract for these services.

130 REP. BARNES: Can we require a balance in geographical representation?

139 MILLER: The bill requires balanced geographic distribution from rural areas.

146 LYNN YOUNGBAR: On Page 3, in Section 4, subparagraph 2, it discusses the requirements for members. EDD intends for that to be representative of all of rural Oregon.

164 YOUNGBAR: To clarify previous discussion, the Department would contract with the Institute. The institute would have to meet the requirements. A lot of the budget of the institute will be decided by the Board of Directors. A lot of the budget will be worked by contractors. We don't want to have this be a staff-intensive organization. We want to build on the existing organizations.

181 REP. CARTER: It would seem to me that in Section 5 (c) (2) (somewhere between lines 16 - 21) it would be appropriate to include language that further clarifies a balance of geographical representation from the rural community.

198 REP. BARNES: How does this program tie in with the new concepts included in Regional Strategies - technical assistance, etc.?

209 YOUNGBAR: Community Initiatives - and thus the Rural Institute - works at the individual community level. Getting these communities focused on their strategic plans, then they feed into the Regional Strategies Program as a resource for funds. As long as a project fits into the Regional Strategy that is a resource for them. The difference in these programs is that this doesn't focus on a single industry; it is much broader, looking at all of the opportunities.

224 REP. BARNES: Then there would be dove-tailing, but not duplication.

226 BILL WYATT: Ideally, this program would have preceded Regional Strategies (in a perfect world). Regional Strategies could have been an opportunity fund for communities that had succeeded in this effort - communities who know where they are going and have achieved consensus.

239 REP. CARTER: We need the communities to have the ability to tell the government that they don't want the government running their communities. I think this is a self-help bill.

294 BILL WYATT: Presents "Rural Development Institute Business Plan" (EXHIBIT B).

403 REP. BARNES: I would hope you would use local government officials

as partners not as a focus.

416 YOUNGBAR: The city manager or mayor seems to be the first contact in a community, but a lot of the people on the city committees are in business and industry and I think the leadership program is for these emerging leaders more than existing leaders. There are many of these people that are involved in their communities and that have participated in Community Initiatives.

481 CHAIR BAUM: We appreciated the Oregon Business Council's involvement in these rural issues.

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026 YOUNGBAR: Presents background information on the rural institute. It was a question we asked, how to best serve the needs of these rural communities, especially given what is happening in the natural resource-based industries. How do you address the fact that there is so little economic opportunity in most of these areas because their economies have been dominated by single industries? This is not uncharacteristic of many small towns. The other question is how to motivate people to take the initiative. We could invest, but that doesn't go anywhere unless the local people are motivated and focused on what their communities need to have happen. Assuming that the state has a role - which we do believe - how do you commit to solving a problem that is going to need years to achieve change? This is a long-term issue. This is how we stumbled upon the Community Initiatives Program. Oakridge was our first community that we did a SWOT analysis in. We discussed the assessment process with others in the country. We need to continue to ask and answer these same questions. Our experience at this time - in Oregon and throughout the country - led us to this Rural Institute proposal. There were a lot of other people working on this and coming to the same conclusions. This needs to involve more than the State, also the private sector - particularly utilities and the banking industry. They have big investments in these communities that they want to also protect. Our idea was to pool these people with what we had learned in Community Initiatives and add a more focused leadership training program and bring in new partners - people from the communities affected, the private sector, and foundations. We would like to hear any complements or enhancements to this idea or any different ideas that others may have. By spinning the Community Initiatives program off, obtaining a substantial State investment that shows commitment and interest on the State's part, we will be able to obtain private sector investment and other foundation funds. I would hope that the State investment would drop off after a while, but I don't know that it should completely stop. All parties need to stay involved to ensure success. We are asking the State to seed this in order to draw others. The private sector and foundations are very interested.

104 REP. CARTER: I am very supportive of this program. I am not sure that I am going to look at this program two years from now with the same enthusiasm. I want to see other investors from foundations, private business, and the federal government. If this program is a good one, these other parties should be active.

132 SENATOR JEANNETTE HAMBY: I have some concerns about SB 713. Initially I was concerned about the costly line items and the heavy administrative costs. Initially \$1 million was requested to train only 50 people. That has changed. I am still concerned that in similar programs in other states (Washington, Colorado, etc.) these states

expect a personal financial commitment from anyone being trained. That results in a strong commitment on the part of those being trained - if they contribute to the costs of that training. I think that would lead to a more successful program. My main concern is a constitutional question.

157 SEN. HAMBY: Submits EXHIBIT C. It is my concern that SB 713 could be considered an unconstitutional use of lottery funds in accordance with the opinion of the Attorney General on the use of lottery funds for the Joint Interim Committee on Forest Products Policy.

212 CHAIR BAUM: How do you feel about the program now?

215 SEN. HAMBY: I see it as an intervening step. I wonder about this and funding for Rural Health. I also question using lottery funds for the Straw Utilization study. I am concerned about some of the Agricultural Opportunity Fund.

233 CHAIR BAUM: As an attorney reading this, the Joint Interim Task Force was a group that did initial interim legislative studies. We are now in a Legislative Session with the power to enact. This program, after the foundation was laid today, seems more defensible. It would not make sense to tell the AG that we were going to allow these rural areas to have hard funds for hard jobs, but no funds to plan for it. They have to have a plan to utilize the resources we give them. Submits EXHIBIT D.

260 CHAIR BAUM: For the Committee's information, regarding the lottery allocation bill that has been sent to the Committee on Ways and Means, we had recommended that the General Fund be used to fund some of the items - Tourism, some small business items, etc. I want members to know that Ways and Means may still be looking for a couple of million dollars in adjustments in order to fund those items out of the lottery dollars.

328 DICK CULBERTSON: Testifies in support of SB 713A.

422 WES HARE: Testifies in support of SB 713A. Reads a letter citing Oakridge as a success story.

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030 HARE: Continues testimony in support of SB 713A.

050 CHAIR BAUM: We need to go after the communities that don't even have the resources of a community the size of Oakridge.

062 REP. PICKARD: This program would have an advantage in the area of campaign reform. This could be a training ground for people to run for local office. It would decentralize some of the power that small towns have now.

084 MILLER: In researching rural development programs I have talked staff with other, bigger programs. A natural following has been for these people to become state legislators.

SB 713 (Rural Institute) - Work Session

103 MOTION: REP. CARTER MOVES SB 713A to the House Floor.

108 REP. BARNES: I do not have to have an amendment assuring

geographical representation.

110 REP. CARTER: If the discussion is not good enough, I am prepared to amend this bill to assure geographical representation.

112 YOUNGBAR: I believe that balance is there.

115 MOTION WITHDRAWAL: REP. CARTER RESCINDS previous motion.

117 MOTION: REP. CARTER MOVES an admendment that would sunset the program in order that they have to be able to review geographical balance.

120 CHAIR BAUM: That would be an appropriate motion except that we have only allocated them enough dollars for this biennium.

123 MOTION: REP. CARTER MOVES SB 713A to the House Floor with a Do Pass recommendation.

VOTE: Passes. 6-0. Voting AYE: REP. BARNES, CARTER, HAYDEN, MC TEAGUE, PICKARD, and BAUM. EXCUSED: REP. KATZ.

133 MILLER: This bill has a referral to the Committee on Ways and Means.

160 MOTION: MOVES SB 713A to the Committee on Ways and Means with a Do Pass

recommendation.

165 VOTE: Passes, 6-0. Voting AYE: REP. BARNES, CARTER, HAYDEN, MC TEAGUE, PICKARD, and BAUM. EXCUSED: REP. KATZ.

HB 3174 (Minority and Women Business Enterprises) - PH and WKS

172 REP. CARTER: I have a conceptual amendment that where the word "shall" appears in HB 3174, it be replaced with the word "may".

180 CHAIR BAUM: Does this bill have a subsequent referral to the Committee on Ways and Means?

181 MILLER: No, it does not.

182 CHAIR BAUM: What will happen now that this bill has a \$100,000 fiscal impact statement?

187 MILLER: If you change the language in the bill to "may" the Legislative Fiscal Office will do a second statement. EDD will be contacted and asked what the fiscal impact will be. The new fiscal impact statement will reflect their response.

201 CHAIR BAUM: It could come back indeterminable.

206 REP. CARTER: Does EDD see financial impact if the language is changed?

208 DAVID LOHMAN: I don't think so. We are a little unclear on what the bill is asking us. I think changing the wording to "may" says that if we don't have the resources we are not required to do this program. It appears that this is primarily a matter of encouraging mentorships

between contractors and minority enterprises that they work with. We want to do that in any event and would continue to do so to the extent our resources allow.

221 REP. HAYDEN: But if you want to accomplish something it will cost you something.

232 LOHMAN: Changing "shall" to "may" gives us a range of things we can do. We can provide encouragement and that may not cost us any money. However, developing a plan and monitoring the plan (as indicated in another section of the bill) would require staff time.

255 REP. BARNES: What would be the legal significance between "shall" and "should"?

257 CHAIR BAUM: The word "should" is not used in legislation - Legislative Counsel doesn't like these.

277 MILLER: Please review this bill and indicate where "shall" needs to be changed. Section 2, Line 4, needs to be changed to "may"; the "shall" on line 6 (of that same page) should remain; in Section 3, Line 44 (same page), change to "may"; on page 3, line 2, the "shall" remains; on line 21 (same page), change to "may"; on line 24, keep the word "shall"; on line 37 (same page) the first one should be "shall", the second one should be "may"; in line 10 (on page 3) change "shall" to "may".

348 CHAIR BAUM: Does that remove all the cost-causing mandates in the bill?

349 LOHMAN: I believe that it does.

356 MOTION: REP. CARTER MOVES the above conceptual amendments to HB 3174 be adopted.

VOTE: There being no objection, the conceptual amendments are adopted.

359 MOTION: REP. CARTER MOVES HB 3174, as amended above, to the House Floor, with a Do Pass recommendation.

366 VOTE: Passes, 6-0. Voting AYE: REP. BARNES, CARTER, HAYDEN, MC TEAGUE,

PICKARD, and BAUM. EXCUSED: REP. KATZ. CARRIER: REP. CARTER.

376 CHAIR BAUM adjourns the meeting at 9:38 a.m.

Submitted by,

Jeri Chase Office Manager

EXHIBIT SUMMARY

EXHIBIT A -Staff Measure Summary on SB 713A, submitted by Tami Miller, 3 pages

EXHIBIT B - RDI Business Plan, submitted by Bill Wyatt, 10 pages

EXHIBIT C -Excerpt from AG's Opinion to W. Miles of 4/19/91, submitted by Sen. Jeannette Hamby, 3 pages

EXHIBIT D -AG Opinion (6373), submitted by Rep. Ray Baum, 15 pages