

Senate T&E Committee
January 30, 1991
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SB 171 - WKS

SENATE LEGISLATIVE COMMITTEE
ON TRADE AND ECONOMIC DEVELOPMENT

January 30, 1991Hearing Room 343
3:00 P.M.State Capitol
Salem, OR

Tapes 13 - 14

TourisMDivision Overview
SB 171 - Capital Access Program
Committee Rules
Bill Introduction - LC 2478
Film & Video Division Overview

MEMBERS PRESENT: SEN. WAYNE FAWBUSH, CHAIR
 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

WITNESSES:STEVE PETERSEN, DIRECTOR, ECONOMIC DEVELOPMENT
 DEPARTMENT
 JULIE CURTIS, ACTING DIRECTOR, TOURISMDIVISION,
 ECONOMIC DEVELOPMENT DEPARTMENT
 FRANK BRAWNER, OREGON BANKERS ASSOCIATION
 KAREN RUNKEL, ACTING MANAGER, FILM AND VIDEO SECTION,
 ECONOMIC DEVELOPMENT DEPARTMENT

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

TAPE 13, SIDE A

000 CHAIR FAWBUSH: Convenes the meeting at 3:14 p.m.

Economic Development Department Briefing - TourisMDivision

020 STEVE PETERSEN: Begins EDD Briefing.

026 JULIE CURTIS: Begins presentation of written testimony (EXHIBIT A).

Also submits folder of
tourisMinformation (EXHIBIT B).

203 SEN. TIMMS: Of your \$5 million budget, approximately 50 percent goes for media advertising and publications. I think that is a good ratio for promotion. Is that high or low compared to other states.

222 CURTIS: We think that promotion and marketing is the most important use of our dollars. Our staff is one of the smallest in the country. Our total budget ranks about 40th nationally; I don't know how the marketing numbers rank.

231 SEN. TIMMS: Approximately 60 percent of the regional strategies funds went for tourism in the first biennium of that program. How is that coordinated with the state program?

237 CURTIS: We have a very good relationship with the Regional Strategies staff. Tourism staff sat in on marketing committees of regional strategies groups to assure a "Brand Oregon" type of program, that they tied in with the State program (they were required to use the same ad agency as the State does). It is a team effort and those communities are very involved with our staff.

260 SEN. HAMBY: Do you still have the program with OWCC inmates handling tourism inquiries?

265 CURTIS: Yes. They are responding to inquiries, mailing packets of information, etc. This has been very successful.

270 SEN. HAMBY: Are there other projects that OWCC could assist you in?

273 CURTIS: Particularly during the slow periods, we have tried to find other projects for them, not only for the Tourism Division but other areas of EDD also.

298 CHAIR FAWBUSH: You did market research during the past biennium (four or five projects). What did you use the research for?

305 CURTIS: Partially for reaching the primary target markets (West Coast). Regions use it for their advertising. Developers use it. All reports produced are used by a variety of agencies and private industry.

321 CHAIR FAWBUSH: Have you done any actual surveys of people who came here?

323 CURTIS: Yes. We also do ad conversion studies on our advertising. This is gathered through a representative sample by a research firm that we contract with.

340 CHAIR FAWBUSH: Is there an industry standard that you can measure yourself against to tell if your advertising is successful?

343 CURTIS: For every dollar that we invest in advertising, we receive \$19 in return. That is based on new

visits. We also influence people to stay longer that were already planning on coming. That is considered an average. That dollar is for direct advertising costs.

370 SEN. TIMMS: During a presentation in the Transportation Committee from the State Parks Department we heard about the poor condition of State parks and the State's inability to purchase additional parks. I cannot find anything on Parks in your advertising.

383 CURTIS: We don't do any advertising directly. The parks are full, even during off season. They have serious budget constraints. They do research on who their visitors are and this is increasing. We want and try to work with them in coordination of efforts.

410 SEN. TIMMS: This recommended budget looks like it is close to what you received last biennium.

419 CURTIS: With this budget request approved, we believe we can continue our successful programs with slight enhancements in some areas.

430 SEN. TIMMS: How much in total is being spent on the Oregon Trail promotion?

433 CURTIS: The only State funds that I am aware of is the \$1 million through TouriSMDivision budget. There may be other projects that I am aware of. A major goal of the Oregon Trail Coordinating Council is to raise money from the private sector.

454 SEN. TIMMS: We need to know the total amount; that includes private and state funding.

475 CHAIR FAWBUSH: The Coordinating Council has an ambitious program outlined to raise funds.

TAPE 14, SIDE A

032 SEN. HAMBY: Do any of the local communities contribute to these publications (visitor guides, events calendars, accommodations guide, etc.)?

037 CURTIS: For the first time last biennium, we supported our State Travel Guide with paid advertising. That helped to offset some costs.

044 SEN. HAMBY: What percent?

047 CURTIS: Approximately 25 - 30 percent. The Accommodations Guide is a cooperative project with the Oregon Lodging Association. We are looking at doing more paid ads or sponsorships for the Events Calendar. Cooperative funding is the hope of the future.

055 SEN. HAMBY: Where is the Governor's TouriSMConference held?

059 CURTIS: We try to rotate it to different locations.

070 SEN. HAMBY: Do you think, after passage of Ballot Measure 5, that there will be local matching

funds available?

071 CURTIS: We only grant small amounts; it often goes for projects that literally could not be done without that small State contribution. These funds are not going for major projects. In 1990 we had 85 applications for \$125,000; we granted 40. This is a very popular program.

082 SEN. HAMBY: Are you replicating any other efforts in hospitality training?

083 CURTIS: The hospitality training (statewide) is currently being done by Oregon Tourism Alliance with Regional Strategies funds. This has been successful and we have been partners in this. For the next biennium, I requested \$30,000 in case OTA doesn't do it anymore. We are a very industry-driven agency and the industry wants that. If OTA continues the program, these funds will be re-allocated. We would not duplicate.

093 SEN. HAMBY: Regarding the museum grants, was this a line item in last year's budget?

098 CURTIS: The museum grant program has always been General Funds. It has always been \$53,000. This biennium we increased the program to \$75,000 and we are requesting \$100,000 for the next biennium. These are funds that are used by very, very small museums who have no other source of funds. From our research on visitors from out of state, we know that they like historical sites and museums. There is a need for that investment.

108 SEN. TIMMS: They have a hospitality training program in Canada through their colleges that is funded primarily through private industry. Have you ever considered this?

113 CURTIS: When we first started doing hospitality training, we used the community colleges. Now we are even looking at high school voc-ed programs. The young adults are often the employees providing those front line services and it is important that they be trained in customer relations.

131 SEN. TIMMS: Lodging for employees in tourist areas is a major problem. We are going to have start to consider that.

136 CHAIR FAWBUSH: Tell me more about the matching funds, including examples.

138 CURTIS: We have been doing that since we have had lottery funding (two biennia). It's gone for a variety of programs: marketing projects mainly during the first biennium and the criteria this biennium was broadened to include market research, advertising campaigns, events coordination, etc.

150 CHAIR FAWBUSH: Have you required any coordination with what you do in marketing? Any

cooperative marketing efforts with the regions? How does this relate to the \$15 million in Regional Strategies funds in tourism? Why should we have a statewide program when so many resources are going into tourism at the local level?

158 CURTIS: In terms of marketing, any region that uses state lottery dollars for advertising had to use our advertising firm in order to retain the "look". Beyond advertising, our Division coordinates direct sales and marketing opportunities. There is good communication and coordination between the industry and the State. We function as an umbrella organization for local areas and industry to come under to market through direct sales missions or other opportunities. We encourage groups to coordinate with us.

186 SEN. HILL: I would like assurance that in the event that in the future we get some replacement revenue, you would not continue to seek lottery funds for administrative purposes.

196 PETERSEN: Prior to this biennium, administration has always been paid for through the General Fund. It would be intent to move that back to General Fund if funds are available.

198 SEN. HILL: I would like to discuss an issue that could have a tremendous negative effect on tourism. The availability of gasoline. If gasoline stations are not able to resolve their underground storage tank problems by October 1, these stations will be out of business. There are already some problems with gasoline availability now. It may not be within your purview, but if 80 percent of tourists comes by auto this is a serious problem. We need to address this problem. This is our last chance.

228 SEN. TIMMS: Most of these small gas stations don't have the money to address this. We need to find a way to take care of these stations that absolutely necessary - for emergency vehicles, etc.

247 CHAIR FAWBUSH: Obviously, ongoing administrative funds from the lottery will be an issue. We need to look at all of the efforts that have been done for tourism - regionally, statewide, and independently. There is more of an emphasis on those people who get the advantage paying for it - like a hotel/motel tax (statewide), a portion of which would go to the State to run the Tourism Division. There is preliminary discussion about this. Losing your place in the General Fund is a backwards step for our third main industry. There will be increasing scrutiny of administrative costs from lottery funds. I realize that the industry is concerned about any more fees; but we may have to look toward that or it may go away. One of the advantages to industry of a statewide tax is a cap. Local governments are utilizing these room taxes to run their local governments and if some kind

of cap is not put in place soon and we do not help local governments with Measure 5 fallout, those room taxes are going to severely increase. A statewide tax may actually be of help to the industry.

332 SEN. TIMMS: In my district there have been a lot of local governments that have passed a local tax. What is the dollar impact of those have been in Oregon?

339 CURTIS: We can provide you with that information - an economic impact report for 1989.

354 CHAIR FAWBUSH: This is an item your Tourism Council may want to discuss. You have shown us what can be done for Oregon with an active tourism program. My personal opinion is that the Regional Strategies funds have not been as well spent (in the area of tourism). I still want to see how all of that ties together.

373 CHAIR FAWBUSH: We also need more information on the exact amount of funding for the Oregon Trail. The opportunity for promoting Oregon via that project is significant. We need more emphasis on this in the literature. I have complained about this before. I am pleased with most of the work that has been done. We are going to try to continue.

SB 171 (Capital Access Program) - Work Session

422 JOE CORTRIGHT: Presents "Proposed -2 Amendments to SB 171" (EXHIBIT C).

487 FRANK BRAWNER: We totally support the Proposed -2 Amendments to SB 171 and urge adoption.

489 Motion: SEN. HILL moves the adoption of the -2 amendments to SB 171.

490 Vote: There being no objection, the -2 amendments to SB 171 are adopted.

TAPE 13, SIDE B

030 Motion: SEN. HAMBY moves SB 171, as amended by the -2 amendments adopted above, to the Senate floor with a Do Pass recommendation.

031 Vote: Passed, 5-0. Voting AYE: Senators FAWBUSH, HAMBY, J. HILL, JOLIN, and TIMMS. EXCUSED: Senator BRADBURY. Carrier: Senator J. HILL.

Committee Rules

034 CHAIR FAWBUSH: We may receive another member, but currently we only have five. I would like to suggest that we amend our Committee Rules to allow passage with a majority of committee members voting affirmatively rather than stating a number. Currently, that would mean we could pass a bill out with three members. If we do get another member (to make our membership six), it would take four votes.

045 Motion: CHAIR FAWBUSH moves to replace the word "four" (in the Committee Rules) with "a majority".

046 Voting: There being no objection, the Committee Rules are amended as stated above.

Bill Introduction

051 CHAIR FAWBUSH: LC 2478 (EXHIBIT D) is the lottery allocation draft. We have agreed with the House that we will introduce this legislation on both sides and then try to work on it together.

Motion: CHAIR FAWBUSH moves to introduce LC 2478 as a Committee bill.

064 SEN. HILL: My concern is that the legislature recommending a lot of different uses for lottery funds and I would like them to all flow through this Committee.

068 CHAIR FAWBUSH: I agree. We intend to do that. We have not yet had any discussion with EDD or the Governor over the finality of any of her suggestions on the lottery. We will have that within the week. Everything is still fairly loose. Expectations are beginning though and we need to begin to ask.

083 CORTRIGHT: All of the funding amounts in this LC draft currently correspond with the Governor's budget. The form of the bill is the same form that this Committee acted on last biennium. It has the Committee's recommended allocation language on overage and shortfall from last biennium.

094 Vote: There being no objection, LC 2478 will be introduced as a Committee bill.

093 SEN. HILL: I would like an opinion from Legislative Counsel as to whether Head start is an allowable use of lottery funds under the constitution.

103 CHAIR FAWBUSH: Let's get a preliminary opinion from Legislative Counsel before we ask for an opinion from the Attorney General.

Economic Development Department Briefing - Film and Video Section

128 KAREN RUNKEL: Begins presentation of written testimony (EXHIBIT E). Also submits Film and Video Office Presentation (EXHIBIT F).

211 SEN. HAMBY: You have done an outstanding job. For our minimal investment, this has been successful.

222 CHAIR FAWBUSH: What do you do if you are lucky enough to have two or three movies being filmed here at once?

214 RUNKEL: It is difficult. We do have regional coordinators and we are getting more crew people in

the industry in Oregon. The industry is still interested.

244 SEN. HILL: There is one city or state that had the first-rate video department that is ahead of the others.

255 RUNKEL: They were referring to Illinois, which is a very successful model of success.

249 CHAIR FAWBUSH: We will

265 CHAIR FAWBUSH: Adjourns the meeting at 4:30 p.m.

Submitted by,

Jeri Chase
Office Manager

EXHIBIT SUMMARY

EXHIBIT A -Oregon TouriSMDivision Presentation, presented by Julie Curtis, 4 pages

EXHIBIT B - Folder of TouriSMInformation, submitted by Julie Curtis

EXHIBIT C -Proposed -2 Amendments to SB 171, presented by Joe Cortright, 1 page

EXHIBIT D -LC 2478, submitted by Joe Cortright, 9 pages

EXHIBIT E - Written testimony, presented by Karen Runkel, 6 pages

EXHIBIT F - Oregon Film and Video Board Presentation, submitted by Karen Runkel, 6 pages