

Senate T&E Committee  
February 06, 1991  
Page  
SB 364 - PH  
SB 366 - PH

SENATE LEGISLATIVE COMMITTEE  
ON TRADE AND ECONOMIC DEVELOPMENT

February 6, 1991Hearing Room 343  
3:00 P.M.State Capitol  
Salem, OR

Tapes 17 - 18  
Forest Products

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

HOLLY BROWN, COMMITTEE ASSISTANT

WITNESSES:SENATOR BILL BRADBURY, DISTRICT 25  
BERNIE AGRONS, FORMER STATE REPRESENTATIVE  
DR. GEORGE BROWN, DIRECTOR, FOREST RESEARCH  
LABORATORY  
DR. O.E. SMITH, DIRECTOR, COOPERATIVE EXTENSION SERVICE,  
OREGON STATE UNIVERSITY  
JOHN MOORE, CONSULTANT IN SECONDARY WOOD

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 17, SIDE A

000 CHAIR FAWBUSH convenes the meeting at 3:17 p.m.

SB 364 and SB 366 (Forest Products) - Public Hearing

004 SEN. BRADBURY: We had an interim committee designed to figure out what the state could do to ease the impact of the developing timber crisis brought on by the spotted owl. If the state of Oregon puts some focus on helping those industries we can do a lot to maintain an adequate number of family

wage jobs in at least some of the timber dependent communities. If we go forward with the Wood Product Competitiveness Commission particularly, we will have some indication whether these type of concepts will work in other industries. I am very supportive of these bills.

042 CHAIR FAWBUSH: If it works what do we do next? If we want to use this as a model this time how do we adopt it next time?

056 SEN. BRADBURY: We would find an appropriate vehicle and look for the principles in the Competitiveness Commission. I don't know where the problems will be.

071 SEN. JOLIN: There is also another concern that 2 years from now we may not have achieved all that we wanted to achieve.

076 SEN. BRADBURY: I agree we may need to continue the effort in value added products.

080 SEN. JOLIN: Have we commitments from the House chamber that this package of bills will be looked upon favorably?

085 SEN. BRADBURY: The House clearly shares positive support for these measures.

112 BERNIE AGRONS: There is already a fairly sizable secondary industry in Oregon. Most of them are small shops scattered about Oregon. The Northwest Policy Center got these groups together and said that they had a lot of common interests. The problems and opportunities were those you find in small businesses. They need to find ways to network. There is a great need for sponsorship and coordination among these people, this would be the use of the Wood Products Competitiveness Commission. Secondary wood products are comparable to agricultural commodities. In six years they would come back for a review to see if it is working properly.

230 SEN. HAMBY: Was there interest in joining the Agriculture Association?

238 AGRONS: No, they don't feel an association with agriculture. We are not attempting to form a new state agency.

289 SEN. HAMBY: Oregon wood products artist have their own association.

290 AGRONS: They are not resonating with what we are trying to do here. They are not industry sponsored and industry owned, they are sponsored by the World Forestry Center and some other people who are trying to be helpful. Industry is not participating and they are not likely to. The skills they have assembled are not skilled in small secondary wood products manufacturing.

322 CHAIR FAWBUSH: There are 2 entities that revolve around the forestry center. One, is the Wood PIC and the other is the Wood Workers Guild.

334 AGRONS: The kinds of products that the Wood Workers Guild are making are more the kinds of things that artisans make. The kind of products that we are talking about here are commodity manufacturing.

341 CHAIR FAWBUSH: However, we don't want to exclude high quality work that would result in manufacturing processes for high quality work that could be done with the wood.

349 AGRONS: People find niches and that is fine. Even the people who are running plants have niches of their own. We are looking for ways to expand them. The people who are artisans and craftsman are producing a product that is out of their own personality. The kind of products that these guys are making, anyone can make.

426 SEN. JOLIN: My concern in SB 364 is in Section 2, which establishes this commission as a research organizations with some very specific charges, would you comment on that please?

450 AGRONS: The Wood Products Competitiveness Commission, as one of the charges we put in there, dealt with research. My understanding of the kind of research being done is dim but I think it is more in the terms of wood technology. We are talking about manufacturing processes, not how many different kinds of things can be made out of the cellulose molecule, but how do you design a plant to run more efficiently and how do you develop markets for various types of waste materials.

TAPE 18, SIDE A

034 SEN. JOLIN: It is suggested that SB 366 creates a second extension service that is not attached to the existing OSU extension service, would you respond to that?

043 AGRONS: OSU doesn't have the kind of environment where this project can flourish. Many of these groups can't afford consultants. They need someone who can understand the smaller business problems as opposed to the big business problems. They need this from time to time but they can't afford to have a person full time. We are trying to create a means for the little guy to get technical service.

103 SEN. FAWBUSH: It is possible to contract with the schools to get some advice and expertise.

110 AGRONS: We want the people with experience, the guy with "sawdust behind his ears" not necessarily schooling, to provide this service.

144 SEN. HAMBY: Schooling provides a team approach that is very beneficial and won't necessarily be there with the experienced individual with no schooling.

159 AGRONS: I think you will find it with the experienced person because they have been doing that kind of thing in their plants for a long time. Where you get into rigid manufacturing processes you find them usually in the plants with an archaic union contract. In the relationship between labor and management has changed dramatically in the last 10 or 15 years over what it was say, 20 years ago.

208 AGRONS: We need to get these small businesses together so they can see that if they team up they could produce a big marketing opportunity.

214 SEN JOLIN: The team approach is becoming a valuable asset in the big corporations.

230 SEN. TIMMS: You mentioned there would be no problem setting up a commission if it was the big companies but what bothers me is the private sector and how we get them involved. They are small business people and they don't have the time to attend a lot of meetings and be involved.

241 AGRONS: There is a tremendous amount of interest in the small business community. I think we would have no real problem in finding people who want to participate.

257 SEN. TIMMS: Why do we have to have Senate approval of people on the commission for this to work?

266 SEN. FAWBUSH: I think it was a safety valve to be sure we got people on the board who represented the industry and the type of industry we were after.

279 AGRONS: We may want to modify some of the wording so that the little guys get on the commission.

306 GEORGE BROWN: Presents testimony on SB 364 (EXHIBIT A).

348 SEN. FAWBUSH: If it were clear that the aim of the commission was not to do the research but to identify the subjects and contract would that be alright?

357 BROWN: That would be fine. Presents testimony on SB 366 (EXHIBIT B).

381 SEN. FAWBUSH: We are finding a real gap between research that is being done in direct application, it is a gap in all US industry.

386 BROWN: We have a lot of that ongoing. We have people working on the manufacturing process.

413 SEN. HAMBY: Have you tried to reach out to these people that the focus groups have gathered together?

420 BROWN: Yes, with moderate success. We have no problem working with the working people.

448 CHAIR FAWBUSH: You need to reach out to the little guys.

TAPE 17, SIDE B

030 BROWN: I don't know why they don't know more about us. We have forestry extension programs throughout the state in various counties, but they tend not to be with the manufacturing folks but more with the tree growing people. We send out a whole host of informational brochures on workshops and other kinds of things we do. I think that one of the things that you need to consider is the difference in the approach we talk about here versus what Mr. Agrons was talking about is that it is a different approach in problem solving. The approach that Mr. Agrons was talking about is certainly a valid one, to get some people to go into each mill and trouble shoot as those questions come up. The other model, which has worked very effectively through the extension programs nationwide, is to provide educational programs for people who will then be able to come learn and then go back and solve those problems themselves.

056 BROWN: Continues comments on EXHIBIT B.

069 CHAIR FAWBUSH: How much were we expecting to get back?

070 CORTRIGHT: There are a series of blanks in the bill. There are provisions in there that say that over time there is a minimum level of budget which they have to recover from fees.

077 CHAIR FAWBUSH: People are not going to pay for something they are not certain about.

081 BROWN: The other thing that we wanted to discuss was the size of the program.

089 CHAIR FAWBUSH: We might want to consider that if we do end up on a contractual basis, that there might be a possibility that those contractual arranged would involve you and co-location. I would be reluctant to look at tenured positions until we have tried this.

105 BROWN: In support of what Mr. Agrons had to say about the kind of position they were discussing, "if the kind of person that you really want to have is the trouble shooter, the kind of person Bernie described, I think putting them in or associated with the commission or with an association is really the way to go. If you are interested in an educational program that reaches out, the university is the way. I think it is going to be up to this committee to decide philosophically."

120 SEN. FAWBUSH: Well, obviously, if we had adequate resources we would do

both. We may still  
chose to do a little bit of both. We want to emphasis the experimental  
nature of this.

130 O.E. SMITH: Extension does get right into the people. If you chose to  
associate with the extension  
service success comes because there is that network support behind you. We  
are talking about the  
identification of audiences. We as an extension service are involved in  
the Governor's Watershed  
Enhancement Board which is a similar board. An observation I would make is  
the board would really  
struggle in getting things done if not for the fact that there are agency  
people associated with it.

176 SEN. HAMBY: Does anyone reach out to already existing organizations to  
assist in searching out  
markets?

180 SMITH: Yes.

188 BROWN: In the forest area most of the marketing has been done by  
associations or through programs  
in the Economic Development Department and some very good ones. We in our  
extension program  
have not been involved in marketing activity.

211 SEN. TIMMS: In regard to Regional Strategies, did any of the counties  
that have secondary wood  
products contact you on Regional Strategies?

216 BROWN: Yes, and we talked with the ones in Eastern Oregon particularly.  
The issue in some areas  
was the changing nature of the wood supply which they had not thought about  
in terms of how they  
would go about developing that new industry.

244 JOHN MOORE: I've found, most recently, that there is a lot of small  
firms in secondary wood. One  
of them in Southern Oregon makes oak flooring and flooring has some  
tremendous markets  
internationally. Expansion is difficult because of money problems for  
these small businesses. Small  
firms don't have a way to go overseas and can't afford it. Technology  
transfer is very important, small  
firms don't have a way to get their technology out into the market very  
easily. The commission would  
be an ideal vehicle to help carry that process through. I think it would  
fit better with the commission  
than the university. I agree with Rep. Agrons interpretation of how this  
commission should work.  
There is a tremendous need for technology transfer from one company to  
another. Housing presents  
some tremendous opportunities for the Northwest if it steps up to the table  
and I think the commission  
can help that process.

339 SEN. TIMMS: How do we get the private sector involved in the  
commission?

340 MOORE: I think one of the ways is by having one or two people in the  
commission, staff, out  
continually making just that kind of effort with the private sector.

354 SEN. TIMMS: Do you think we could raise the money needed for overhead  
through the private sector?

365 MOORE: They might be willing to put in some money more in the form of a  
grant program.

379 SEN. TIMMS: We could form a sort of grant program to start the program  
which would mean we are  
not creating overhead and then move to the private sector.

385 MOORE: Yes, that would be effective.

414 MOTION: The CHAIR moves to adopt the rules of the Legislative Committee  
on Trade and  
Economic Development 66th Legislative Session 1991 Regular Session (EXHIBIT  
C).

VOTE: Being no objection the rules are adopted.

465 CHAIR FAWBUSH adjourned the meeting at 4:43.

Submitted by,

Jeri Chase  
Office Manager

#### EXHIBIT SUMMARY

EXHIBIT A - Testimony on SB 364, submitted by Dr. George Brown, pgs. 1.

EXHIBIT B - Testimony on SB 366, submitted by Dr. George Brown, pgs.2.

EXHIBIT C - Rules of the Legislative Committee on Trade and Economic  
Development 66th  
Legislative Session Regular Session, submitted by Joe Cortright, pgs. 2.