

Senate T&E Committee
March 01, 1991
Page
SB 636 - PH
SB 364 - WKS

SENATE LEGISLATIVE COMMITTEE
ON TRADE AND ECONOMIC DEVELOPMENT

March 01, 1991Hearing Room 343
3:00 P.M.State Capitol
Salem, OR

Tapes 35 - 36
Bill Introduction
Benchmarks
Forest Industry

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

MEMBERS EXCUSED:

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

WITNESSES:DUNCAN WYSE, EXECUTIVE DIRECTOR, OREGON PROGRESS
BOARD

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 35, SIDE A

000 CHAIR FAWBUSH convenes the meeting at 3:11 p.m.

Bill Introduction - LC 3763

028 CHAIR FAWBUSH: Introduces Draft for LC 3763 (EXHIBIT A).

MOTION: SEN. DUFF moves that LC 3763 (EXHIBIT A) be introduced

VOTE: Being no objections, the CHAIR, approves LC 3763 for introduction.

SB 636 (Benchmarks) - Public Hearing

044 DUNCAN WYSE: This bill adopts Oregon Benchmarks.

070 CHAIR FAWBUSH: We will seriously consider this bill in about a month.

SB 364 (Forest Industry) - Work Session

081 JOE CORTRIGHT: Presents Major Issues on SB 364 (EXHIBIT B).

133 CHAIR FAWBUSH: There is no specific mission statement in the bill currently?

135 CORTRIGHT: No there is not.

137 CHAIR FAWBUSH: I would like to see at least three of these in the bill.

139 SEN. JOLIN: My first preference would be to go with C and if that doesn't work I would go with B.

145 CHAIR FAWBUSH: Tell me about the process relationship.

149 CORTRIGHT: The issue here is what is the appropriate role for this program? Is it to identify products that need to be made or leave that decision up to the firm? The implication of this criteria is that the program itself wouldn't try to make any determination about product. Its focus would be in helping private firms.

160 SEN. DUFF: That doesn't have anything to do with the scale of the individual industry?

163 CORTRIGHT: No.

171 SEN. DUFF: I think there should be something in there about networking.

176 CORTRIGHT: Something could be added.

182 SEN. DUFF: Is it also necessary to cover the issues of confidentiality?

189 CORTRIGHT: That is in the bill. There are five options on structure. Continues presentation of EXHIBIT B.

194 SEN. DUFF: That means it could be a non profit corporation?

200 CORTRIGHT: It could be.

209 SEN. JOLIN: My preference would be to go with B.

220 CORTRIGHT: Continues presentation of EXHIBIT B.

244 SEN. JOLIN: Could B allow the industry to elect its own membership?

255 CORTRIGHT: You could write it that way. Continues presentation of EXHIBIT B.

278 CHAIR FAWBUSH: C doesn't have the comprehension we are looking for.

285 SEN. TIMMS: I am nervous about putting money into an industry that is

already in trouble. The number one concern of every secondary person is timber supply. This makes the primary manufacturer important. We need to try and get the private sector to fund it even more.

338 CHAIR FAWBUSH: If we could co-op the federal money and put it all together it would be an advantage but I don't think that is what industry wants.

348 SEN. TIMMS: It seems to me that they are in the value added area and the less organization you have out there that can impact the process the less confusing it is plus you establish credibility with the primary people. If you start something new you are going to find a fracturing of the timber industry.

360 CHAIR FAWBUSH: Their purpose is not to create business activity.

391 SEN. TIMMS: I just want us to be sure that we are not fracturing an industry that is already in trouble. There is still a risk factor and this could wind up a liability for the state of Oregon instead of an asset.

407 CHAIR FAWBUSH: I will not commit money until we have some control. I want some say in how this is put together.

426 SEN. TIMMS: The more government we put in this the more of a problem we are going to have getting the private sector involved.

425 CHAIR FAWBUSH: The dilemma is that we have the money and we are the government. I am after selective targeting of those smaller value added businesses that need to learn to cooperate and find out where each other are at so they can find bigger better markets, produce better products and do it more efficiently.

TAPE 36, SIDE A

043 SEN. TIMMS: I think the commission should be underneath the commodity group in the World Forestry Center.

050 CHAIR FAWBUSH: Unless we change the intent of what we are after or get them to agree that a major emphasis would be secondary forest products and value added, we won't get support from industry.

058 SEN. TIMMS: If we put \$2 million into this and it is not successful and if we fracture the timber industry, an already fractured industry, then I think it is important we pick up credence from all producers. I don't think primary producers can be separated from secondary producers.

070 CHAIR FAWBUSH: It would be great if we get a combination of one group. However, I think it

would be a terrible mistake to put that much money into a commodity group that doesn't have the interest of value added manufacturing at heart and doesn't represent small to medium businesses.

084 SEN. JOLIN: My preference is B but I concur with the chair that state over site is needed. I would not agree that WOOD PIC should be our umbrella.

115 CHAIR FAWBUSH: I would take the WOOD PIC monies and put it into what we are doing.

121 SEN. HILL: Larry Papa refers to WOOD PIC as being in the infancy stage. We talk about getting government out of it and then we have people who are in the business who speak critically of the government programs. I just want to be sure that we talk to people in the business.

152 CHAIR FAWBUSH: We agree that it needs to be industry dominated, value added and secondary forest products, medium and small outfits. I think we should ask Joe to make another contact with WOOD PIC and tell them what we are interested in and ask them how they would relate all of the activities in the World Forestry Center to cooperate with this activity and if they would be willing to amend their relationship so we could guarantee that would happen.

165 CORTRIGHT: Continues presentation of EXHIBIT B.

189 SEN. JOLIN: I am not as concerned about geographic balance.

206 CHAIR FAWBUSH: Are we going to be running into a conflict of interest?

227 CORTRIGHT: You have 11 different services that are possible things that could be provided through the corporation. Some of them you wouldn't have any concerns about. A few of them involve an instance where a firm would actually get cash.

252 SEN. HILL: Are we modeling this after someone? How did they deal with it in Denmark?

264 CORTRIGHT: Denmark is not targeted at any one industry.

279 SEN. HILL: I would like some idea about where these businesses are.

308 CORTRIGHT: All over the state, but concentrated in some areas.

317 SEN. HILL: If they are from all over the state then we need geographic balance.

320 SEN. DUFF: I would think you could use product balance and then geographic as secondary or maybe those two together. The importance of geographic balance is you have different wood species in different parts of the state and you are going to need to represent those different species and possibly different products.

327 CHAIR FAWBUSH: You might want to look at putting together a commission that has some expertise in the financial aspect, someone who deals with trading, and a broker because that kind of a mix would allow for lots of ideas.

340 SEN. DUFF: With a non-profit you are not going to have the same type of conflicts.

345 CORTRIGHT: You can make different choices for different parts of the program.

367 CHAIR FAWBUSH: You could make EDD commission the board.

400 CORTRIGHT: Continues presentation of EXHIBIT B.

420 CHAIR FAWBUSH: Our purpose is to promote a process. The combination of activity is what is important here. One condition is that you have to add some value to them and the other is that you have to have more than one player.

438 SEN. JOLIN: I think item D makes a lot of sense.

TAPE 35, SIDE B

023 SEN. DUFF: We could cut out the limiting 50%.

034 CORTRIGHT: You could have value added just by packaging the lumber differently. It is difficult to sort out the commodity products.

049 SEN. TIMMS: What if we put the mission statement in and allow them to define how they accomplish it.

058 SEN. JOLIN: If you go with the D option you have that flexibility.

072 CHAIR FAWBUSH adjourns the meeting at 4:15 pm.

Submitted by,

Jeri Chase
Office Manager

EXHIBIT SUMMARY

EXHIBIT A - Draft on LC 3763, submitted by Senator Scott Duff, pgs. 4.

EXHIBIT B - Major Issues on SB 364, submitted by Joe Cortright, pgs. 10.