

Senate T&E Committee
March 04, 1991
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SB 364 - WKS

SENATE LEGISLATIVE COMMITTEE
ON TRADE AND ECONOMIC DEVELOPMENT

March 04, 1991Hearing Room 343
3:00 P.M.State Capitol
Salem, OR

Tapes 37 - 38
Bill Introduction - LC 3489, 3490, 3691, 3761 and 3788
Forest Industry Products

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: PRESIDENT JOHN KITZHABER, SENATOR, DISTRICT 23
CHARLES SPENCER, LABOR CO-CHAIR, OLSEN EMPLOYEE
BUYOUT COMMITTEE
BERNIE AGRONS, FORMER STATE REPRESENTATIVE

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 37, SIDE A

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

Bill Introduction - LC 3489

008 JOE CORTRIGHT: Presents draft of LC 3489 (EXHIBIT A).

015 MOTION: The CHAIR moves that LC 3489 (EXHIBIT A) be introduced.

VOTE: Being no objections, the CHAIR, approves LC 3489 for introduction.

Bill Introduction - LC 3490

020 CORTRIGHT: Presents draft of LC 3490 (EXHIBIT B).

032 MOTION: The CHAIR moves that LC 3490 (EXHIBIT B) be introduced.

VOTE: Being no objections, the CHAIR, approves LC 3490 for introduction.

Bill Introduction - LC 3691

034 SEN. TIMMS: Introduces draft of LC 3691 (EXHIBIT C).

041 CHAIR FAWBUSH: Why can't the port sell power now?

048 SEN. TIMMS: It is not allowed under statute.

050 MOTION: SENATOR TIMMS moves that LC 3691 (EXHIBIT C) be introduced.

VOTE: Being no objections, the CHAIR, approves LC 3691 for introduction.

Bill Introduction - LC 3761

053 CORTRIGHT: Presents draft of LC 3761 (EXHIBIT D).

058 MOTION: The CHAIR moves that LC 3761 (EXHIBIT D) be introduced.

VOTE: Being no objections, the CHAIR, approves LC 3761 for introduction.

Bill Introduction - LC 3788

058 CORTRIGHT: Presents draft of LC 3788 (EXHIBIT E).

065 MOTION: The CHAIR moves that LC 3788 (EXHIBIT E) be introduced.

VOTE: Being no objections, the CHAIR, approves LC 3788 for introduction.

084 CHAIR FAWBUSH: This is a bill which allows the commodity commission to continue to contract the services that they have done for years. Presents bill request (EXHIBIT F).

MOTION: The CHAIR moves to forward the bill request (EXHIBIT F) to the Rules Committee for approval for drafting and introduction.

VOTE: Being no objections, the CHAIR, forwards the bill request to the Rules Committee for approval for drafting and introduction.

SB 364 (Forest Industry Products) - Work Session

099 PRESIDENT JOHN KITZHABER: I want to support the package. There are some opportunities to leverage federal dollars.

123 SEN. TIMMS: There is a lot of legislature around here for the timber industry. How are we going to coordinate all the packages relating to the timber industry?

156 KITZHABER: I am trying to keep them together in packages and now that the filing deadline is past

we will have the opportunity to figure out where everything is located.

175 SEN. TIMMS: I want to see these things prioritized so that the most important are funded.

190 SEN. KITZHABER: You can certainly make a recommendation on how these bills ought to be prioritized.

194 SEN. JOLIN: There seems to be a number of bills of similar subject matter. I would like to see all the bills.

203 SEN. KITZHABER: I will get a list of all the bills that will affect this and get them to you.

216 CHARLES SPENCER: Presents "Testimony in support of SB 364, 365 and 366" (EXHIBIT G).

346 CHAIR FAWBUSH: Did the owners contact the department at all or did you contact them to look at stabilization?

348 SPENCER: We did, but it was to late.

351 SEN. HAMBY: Would the aging owner have accepted government help?

359 SPENCER: They don't like to think they need help it is our job to make them understand that the state is not breathing down their neck.

382 SEN. HAMBY: Do you think the agent would have been able to get through the front door?

385 SPENCER: Yes. Continues EXHIBIT G.

TAPE 38, SIDE A

019 SPENCER: Continues EXHIBIT G.

097 CHAIR FAWBUSH: Is this company now being run by a non profit?

103 SPENCER: It can't be run by a non profit so the owner gifted the assets to Christian Brothers Charitable Organization with the idea that they would sell it and the proceeds would go into a trust and the owner would receive an annuity from the trust.

131 SPENCER: Concludes presentation of EXHIBIT G.

134 SEN. JOLIN: How much commitment had you gotten to help with your purchase offer?

161 SPENCER: We had no financial commitment. One of our mistakes in structuring our purchase offer was that it was way to conservative.

170 SEN. JOLIN: But it could work with a viable company?

180 SPENCER: Yes. Real sacrifices have to be made to achieve a buy out and

it is a difficult task.

200 SPENCER: You have to put your assets on the line to be an owner.

209 SEN. HAMBY: Was there any effort by your employee group to call for help from the national organizations?

220 SPENCER: No. These industries are using a form of management that has been successful for decades but the circumstances are not the same today.

240 SEN. HAMBY: I am concerned with how willing management will be to accepting government help.

247 SPENCER: There is going to be some resistance.

310 BERNIE AGRONS: The private non profit is tempting but they have problems with being lean and they don't have time to engineer and follow through with changes. It may not have a big constituency rising up to support it. I think we need to have the establishment of a commission be our goal. This commission would be along the lines of a commodity commission in which the people who are being benefitted will elect the membership and which they will be able to see the benefits. Also they have the ownership and everyone who is in the business will have to pay a little something. It seems the first board should be appointed but after that they should be electing their own people. Over site should come from the Economic Development Department. The extension service is a mistake and the university should never have been involved.

419 CHAIR FAWBUSH: Are we assuming that there are not people out there in the industry who are progressive enough in their business management that they know what is going on and what their resources are?

TAPE 37, SIDE B

011 AGRONS: Yes. One of the biggest opportunities is the networks.

040 CHAIR FAWBUSH: We heard testimony from programs organized around the World Forestry Center and they are interested in seeing the opportunities in SB 364 presented.

047 AGRONS: We didn't see anything impressive coming out of the World Forestry Center.

066 SEN. TIMMS: In regards to the Wood PIC in that area. Do you want to separate them completely from the World Forestry Center?

073 AGRONS: Yes, because the Worl Forestry Center has very little to do with manufacturing.

097 SEN. HILL: I am intrigued by the focus groups. This concept of a

commission came out of the focus
groups didn't it?

100 AGRONS: Yes.

124 SEN. HILL: Has this bill been taken back to the focus groups?

134 CORTRIGHT: The focus groups went through a round of voting to define policy alternatives. The results of that were presented to the committee and the committee had a meeting and invited in industry to discuss it again. The Co-Chairs authorized us to send out copies of the final report of the Forest Products Committee. We sent those out with a questionnaire and we are just starting to get results back.

166 SEN. HILL: I think this industry driven aspect of this program is important. We should continue this process of guidance from the industry because it would aid in putting together a program that will be used.

190 AGRONS: Big industry has indicated that they don't want us to subsidize people who will compete with them. We have tried to express that they are not in any real danger.

224 AGRONS: Almost all the focus groups were successful.

270 SEN. HILL: What are our opportunities to get the input from the industries? I want to hear from the people in the business.

339 CORTRIGHT: We have the survey that staff has sent out. We asked four questions relating to legislation.

368 CORTRIGHT: Summarizes work done on "SB 364: Major Issues" (EXHIBIT H).

420 CORTRIGHT: Presents "Wood Products Competitiveness Commission/Corporation: Division Responsibilities" (EXHIBIT I).

TAPE 38, SIDE B

022 CORTRIGHT: Financing could go 2 ways. Continues presentation of EXHIBIT H.

040 SEN. HILL: We are going to have to strongly justify how we arrive at the amount of the allocations and help from the industry would help to justify that .

048 CHAIR FAWBUSH: The commodity type commission gives you an on going source of funding because it is a self imposed tax. We could start it with lottery funding with a requirement that in the next biennium it at least match the funds.

083 SEN. HILL: I would like to know from industry when they feel they would be ready to put in funds.

103 SEN. DUFF: What is the gross volume dollar of the industry?

107 CONTRIGHT: It is hard to find that figure because of the diversity of value added and secondary wood products.

115 AGRONS: They have many similarities but these products haven't been linked together. Don't expect this all to happen at once. The six year sunset came from the interim committee believing it would take that long to get this together.

166 SEN. TIMMS: How do you collect money from these different industries?

179 AGRONS: That is one of the problems that we would have to look to the commission to solve. What unit of measurement are we going to have and how are we all going to contribute to this thing are questions for the commission.

185 SEN. TIMMS: Will the primary industry people sit down and discuss these ideas?

190 AGRONS: Yes. But they need to realize it is to their advantage.

203 SEN. TIMMS: Do you think we can come up with the one to one match?

207 AGRONS: They need to see that it will work first.

238 SEN. DUFF: I don't know the capacity of the industry to finance themselves. I don't know how much money we should be considering giving them.

249 AGRONS: We don't know. The more we have probed at this business the bigger we have found it was in terms of being diffused.

260 SEN. JOLIN: Do current commissions, by state law, make some kind of determined assessment?

269 SEN. DUFF: Some commissions have the authority to increase their assessment some don't.

338 CHAIR FAWBUSH: The wheat commission has done a real good job of selling a commodity but hasn't branched into internal product diversification and marketing for more finished products.

396 AGRONS: There are two elements of the commission that are attractive here. One it's industry driven and it serves industries needs as they perceive them. Secondly if this develops a constituency then this will pay for itself.

432 CHAIR FAWBUSH adjourns the meeting at 5:07 pm.

Submitted by,

Jeri Chase
Office Manager

EXHIBIT SUMMARY

EXHIBIT A - Draft of LC 3489, submitted by Joe Cortright, pgs. 3.

EXHIBIT B - Draft of LC 3490, submitted by Joe Cortright, pgs. 4.

EXHIBIT C - Draft of LC 3691, submitted by Senator Eugene Timms, pgs. 2.

EXHIBIT D - Draft of LC 3761, submitted by Joe Cortright, pgs. 1.

EXHIBIT E - Draft of LC 3788, submitted by Joe Cortright, pgs. 2.

EXHIBIT F - Bill request, submitted by Chair Wayne Fawbush, pgs. 1.

EXHIBIT G - "Testimony in support of SB 364, 365, and 366," submitted by Charles Spencer, pgs. 3.

EXHIBIT H - "SB 364: Major Issues," submitted by Joe Cortright, pgs. 10.

EXHIBIT I - "Wood Products Competitiveness Commission/Corporation: Division of Responsibilities," submitted by Joe Cortright, pgs. 1.