

Senate T&E Committee

March 20, 1991

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SENATE LEGISLATIVE COMMITTEE  
ON TRADE AND ECONOMIC DEVELOPMENT

March 20, 1991Hearing Room 343

3:00 P.M.State Capitol

Salem, OR

Tapes 49 - 51

Electric Power Generation by Ports

Bill Introduction - LC 3977

Economic Improvement Business License Fee

Economic Improvement District Voluntary Payments

Economic Improvement District Constitutional Amendments

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:REPRESENTATIVE MIKE NELSON, DISTRICT 59  
GARY NEAL, GENERAL MANAGER, PORT OF MARROW  
PAGET ENGEN, OREGON PUBLIC PORTS ASSOCIATION  
DENISE MC PHAIL, PORTLAND GENERAL ELECTRIC  
SARA BROKER SIFFORD, OREGON RURAL ELECTRIC  
COOPERATIVES  
BILL WARREN, PUBLIC UTILITY COMMISSION  
GEORGE RICHARDSON, NORTHWEST NATURAL GAS COMPANY  
LARRY HITTLE, PORT OF MARROW  
MARK NELSON, OREGON DOWNTOWN DEVELOPMENT  
ASSOCIATION  
BRIAN SCOTT, PRESIDENT, OREGON DOWNTOWN DEVELOPMENT  
ASSOCIATION  
SOLOMON MENASHE, BOARD MEMBER, ASSOCIATION FOR  
PORTLAND PROGRESS  
JEB BLADINE, BOARD MEMBER, MCMINNIVILLE DOWNTOWN  
ASSOCIATION  
LYNN YOUNGBAR, LEGISLATIVE LIAISON, ECONOMIC  
DEVELOPMENT DEPARTMENT  
GEORGE WYATT, 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 49, SIDE A

000 CHAIR FAWBUSH convenes the meeting at 3:12 p.m.

SB 996 (Electric Power Generation by Ports) - Public Hearing

022 SEN. TIMMS: This bill has to do with the port generating power and being able to sell it to some utilities.

026 GARY NEAL: Testimony in favor of SB 996 (EXHIBIT A).

069 NEAL: We are going to build a co-generational facility and Portland General Corporation will be our partner in this project. This is a new project in the Port Industrial Park. We will burn natural gas supplied from either Pacific Gas Transmission line, the Northwest pipeline, or Cascade Natural Gas. We are looking at 440 mega watts, it is about a \$250 million project.

080 REP. NELSON: Testifies in support of SB 996. It has a substantial financial impact to that area of the state.

096 NEAL: Oregon Public Ports supports this measure. Submits PGE/ORECA Amendments (EXHIBIT B) and letter in support of SB 996 (EXHIBIT C).

110 TAMI MILLER: This amendment would limit the authority to sell power from the plants not only for ports but also for entities that join with ports in the construction of those plants. This bill would allow ports to construct and operate their own power generation facilities alone or with a partner.

125 NEAL: The intent was not to compete with Umatilla Electric Cooperative or the servicing entity that the ports are involved with but to help facilitate some projects to bring them to reality.

152 PAGET ENGEN: The bill has been endorsed by the Oregon Public Ports Association.

155 DENISE MC PHAIL: We recommend that you amend the language.

162 SARA BROKER SIFFORD: We are satisfied that they are not interested in competing with any utility or any cooperative that serves that area.

176 BILL WARREN: This type of resource is compatible with the regional plan.

193 CHAIR FAWBUSH: How much over production in steam are you doing to produce power?

201 NEAL: About 1/3 will come right off the top for existing potato facilities.

213 CHAIR FAWBUSH: You don't get a secondary use off of that steam?

215 NEAL: The processing operation would be the secondary use.

222 GEORGE RICHARDSON: We are not in opposition to this bill, however, we do have some concerns with the bill authorizing the ports to be able to construct, own and operate a related fuel supply facility. Does that relate only to the generation of electrical power or does it relate to any activity the ports may wish to engage in?

233 LARRY HITTLE: The way that this amendment is drafted it's tied to an amendment that allows ports to be generators of electricity. Sale of utilities and the expansion of the facility relates only to gas used to supply the generating project.

249 CHAIR FAWBUSH: I don't want them in the business of transferring gas.

LC 3977 - Bill Introduction

260 JOE CORTRIGHT: Presents LC 3977 Draft (EXHIBIT D).

MOTION: The CHAIR moves that LC 3977 be introduced.

VOTE: Being no objections LC 3977 is introduced.

SB 719 (Economic Improvement Business License Fees), SB 720 (Economic Improvement District Voluntary Payments) and SJR11 (Economic Improvement District Constitutional Amendment) - Public Hearing

285 JOE CORTRIGHT: Presents Staff Measure Summaries on SB 719 (EXHIBIT E), SB 720 (EXHIBIT F) and SJR11 (EXHIBIT G).

340 MARK NELSON: Submits "Discover Downtown Astoria" (EXHIBIT H).

350 BRIAN SCOTT: Presents Economic Improvement District (EXHIBIT I). SB 720 allows participation in EIDS to be voluntary. SB 719 is a business license surcharge, and SJR 11 is a constitutional amendment exempting EIDS from tax limits. Submits letter to the committee (EXHIBIT J).

TAPE 50, SIDE A

020 CHAIR FAWBUSH: SJR11 is not likely to go very far and there is a reluctance to put out to many things that might confuse the voters. What kind of support would we get

out of the Portland folks for  
SB 720?

036 MENASHE: We would get excellent support.

040 CHAIR FAWBUSH: Have you received comments on a business license tax and how laudable that would be?

045 SCOTT: There is some debate on whether SB 719 is really necessary and whether cities could do it anyway. Our intent with this legislation is to clarify that this is something they can do locally if they want to.

055 JEB BLADINE: The legislature has given us two important pieces of legislation, funding for the Downtown Development Association and the second was the response to the request to install this EID legislation.

083 NELSON: I believe that this will not be put forth as an individual ballot measure we just wanted you to know it is here.

132 CORTRIGHT: The theory behind SB 720 is that your trying to classify it as an incurred charge. Do you know if the attorney general or anyone has seen if you meet any one of the three criteria for incurred charges.

145 SCOTT: I don't think it has been officially reviewed, but we had that in mind when we put the bill together.

154 CHAIR FAWBUSH: The only question I would raise with the committee is SB 719 . I was always under the impression that cities were able to do that anyway. I am willing to reinforce this in the statutes if we must.

178 SEN. DUFF: I am worried that if we pass both of these that it will put the city in a bind to decide which type of district to have.

182 SCOTT: We would like to leave the flexibility at the local level. This gives people the opportunity to buy off on this charge.

196 CHAIR FAWBUSH: If I was a city council member and I had a choice of the voluntary way or the traditional way I might be inclined to go the voluntary route and try that first.

205 BLADINE: The property owners decide up front what they want and they take it to the city and try to get it through. It is not a quandary for the city councils, they will have a package brought to them. Submits testimony in favor of SB 719, SB 720 and SJR11 (EXHIBIT K).

SB 364 (Forest Industry) - Work Session

245 CORTRIGHT: Presents "SB 364: Major Issues" (EXHIBIT L). Reviews the committees accomplishments to date.

TAPE 49, SIDE B

093 SEN. HILL: The survey depicted a preference for the private non profit.

100 CORTRIGHT: Yes.

113 CHAIR FAWBUSH: I gravitate toward the one time funding.

145 SEN. HILL: The networking and the money are the important things.

153 SEN. HILL: We need an idea about how much money this program will need.

190 SEN. DUFF: Everyone that we have talked to has had difficulty getting a return, so they are interested in trying to locate and insure a supply of material for their manufacturing plant.

221 CHAIR FAWBUSH: The department takes care of traditional needs. If you want to try to further cooperation and better networks within the industry then this is the suggested way to do it.

253 SEN. DUFF: In looking at structure I think A and B (EXHIBIT L) would be the way to go. I think it could be housed in the World Forestry Center.

266 CHAIR FAWBUSH: We are in agreement that it needs to be independent and either A or B would give us that.

278 CORTRIGHT: Continues review. On the membership issue the committee decided on product balance.

300 CHAIR FAWBUSH: We agree that there should be a geographic balance, but leave the product balance alone.

322 CORTRIGHT: Continues review. Secondary Wood Products.

336 CHAIR FAWBUSH: It seems to me that you need to have a piece of the networking proposal needs involving secondary wood products.

355 SEN. TIMMS: We need to let them have their independence. People don't like to much government control.

376 SEN. DUFF: Maybe we should use Jim Mercers definition to pick the first group of board members.

380 CORTRIGHT: The problem with that definition is that it would include all primary wood products. You may want to exclude certain commodities or exclude brokers.

397 CHAIR FAWBUSH: I like setting that as a requirement for the initial board.

424 CORTRIGHT: Continues review. Financing the commission.

TAPE 50, SIDE B

017 CHAIR FAWBUSH: I still like the idea of a one shot money commitment from the state.

028 SEN. JOLIN: When would that contribution take place?

030 CHAIR FAWBUSH: It would be lottery funded so it would be paid out over time on allocation basis through the department.

055 SEN. HILL: We still need to determine whether the industry will get behind this program.

063 CORTRIGHT: Putting together the focus groups they had a lot of difficulty getting participation but the people who came were very enthusiastic.

078 LYNN YOUNGBAR: One of our concerns is how to get this program started. We don't want it to stay in the department, however, we are concerned because we haven't had that good of a response to the program. The people in this industry are too busy to talk about what they need.

129 CHAIR FAWBUSH: We might be further ahead if we use this as a general policy and we try with the forest products folks but we don't limit ourselves if we don't get a response.

135 SEN. DUFF: We have a program like that with specialty foods in my district, so it is an idea that can work.

144 CORTRIGHT: Continues review. Coordination with state agencies.

154 CHAIR FAWBUSH: I like the contracting option and I like aversion of the mandate cooperation that would not so much direct but make it implicit that those are the main agencies that the commission will rely on.

161 CORTRIGHT: Continues review. Network development grants.

185 CHAIR FAWBUSH: I think broker training is a good idea.

202 SEN. HILL: I am not sure about what we do to get people together. I don't want to pay them to come together.

210 CHAIR FAWBUSH: We are not paying them to come together, they have to give you a proposal and you are only reimbursing them for expenses that they will incur to explore that.

254 SEN. HAMBY: Something that might get me interested is if someone that knows the industry and the people walks in the door of my office with an idea on how to improve my business.

278 SEN. DUFF: We are talking about a big network of all these people rather than small groups of 3. If we work on the big network then they are going to form their own small groups of three, but we need to get the big network put together first.

300 CHAIR FAWBUSH: How do you do that?

326 SEN. DUFF: We select a group of people on the commission and they are the people who give this credibility.

340 SEN. TIMMS: Why couldn't you put together a conference and have them discuss what they want to do as far as organizing a commission.

355 GEORGE WYATT: There is a conference scheduled in mid April. There is a lot of activity already going on.

412 CHAIR FAWBUSH: What are the results?

418 WYATT: The result has been that the industry is beginning to believe there is a future. They are identifying new products.

TAPE 51, SIDE A

027 YOUNGBAR: It seems there are two levels here. One, is that you have to get the people together, get them to know each other and find opportunities. Secondly, when they get together they might find out that they need something to make that happen and that is what the network grant is for.

065 SEN. DUFF: I don't see the step where we have funded the commission and created the network statewide. We need to get the big group together before the small ones.

076 CHAIR FAWBUSH: I just want to start.

081 SEN. HILL: We want to start too. We want to bring the people together but what do they do when they get together? After getting them together we have to sell them something and say what the purpose of their getting together.

095 CHAIR FAWBUSH: We pick a commission and their role is to look at their industry for what they want to do. We will only provide seed money to get them together. The committee would have several goals but one would be to start developing a networking system.

145 CHAIR FAWBUSH adjourns the meeting at 5:18 pm.

Submitted by,

Jeri Chase  
Office Manager

EXHIBIT SUMMARY

- EXHIBIT A - Testimony in favor of SB 996, submitted by Gary Neal, pgs. 3.
- EXHIBIT B - PGE/ORECA amendments, submitted by Gary Neal, pgs. 2.
- EXHIBIT C - Letter in support of SB 996, submitted by Gary Neal, pgs. 2.
- EXHIBIT D - LC 3977 Draft, submitted by Joe Cortright, pgs. 2.
- EXHIBIT E - Staff Measure Summary on SB 719, submitted by Joe Cortright, pgs. 2.
- EXHIBIT F - Staff Measure Summary on SB 720, submitted by Joe Cortright, pgs. 2.
- EXHIBIT G - Staff Measure Summary on SJR11, submitted by Joe Cortright, pgs. 1.
- EXHIBIT H - "Discover Downtown Astoria," submitted by Mark Nelson, pgs. 14.
- EXHIBIT I - Economic Improvement District, submitted by Brian Scott, pgs. 1.
- EXHIBIT J - Letter to the committee, submitted by Brian Scott, pgs. 1.
- EXHIBIT K - testimony in favor of SB 719, SB 720 and SJR11, submitted by Jeb Bladine, pgs. 1.
- EXHIBIT L - "SB 364: Major Issues," submitted by Joe Cortright, pgs. 10.