

Senate T&E Committee  
March 27, 1991  
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SENATE LEGISLATIVE COMMITTEE  
ON TRADE AND ECONOMIC DEVELOPMENT

March 27, 1991Hearing Room 343  
3:00 P.M.State Capitol  
Salem, OR

Tapes 54 - 55  
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: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 54, SIDE A

000 CHAIR FAWBUSH convenes the meeting at 3:21 p.m.

SB 719 (Economic Improvement Business License Fee) - Work Session

006 MOTION: The CHAIR moves SB 719 to Revenue without recommendation to passage.

VOTE: By roll call vote (4-1) SB 719 moves to Revenue without recommendation to passage.

Voting AYE: SENATORS DUFF, HILL, TIMMS and FAWBUSH. Voting NAY: SENATOR

JOLIN. EXCUSED: SENATOR HAMBY.

SB 720 (Economic Improvement District Voluntary Payments) - Work Session

010 MOTION: The CHAIR moves SB 720 to Revenue without recommendation to passage.

VOTE: By roll call vote (5-0) SB 720 moves to Revenue without recommendation of passage.

Voting AYE: SENATORS DUFF, HILL, JOLIN, TIMMS, and FAWBUSH. EXCUSED: SENATOR HAMBY.

SJR11 (Economic Improvement District Constitutional Amendments) - Work Session

025 CHAIR FAWBUSH: We know this won't come out of the Revenue committee. We will just let this one sit.

SB 364 (Forest Industry) - Public Hearing and Work Session

057 CORTRIGHT: Submits Competitiveness Commission Chart (EXHIBIT A) and "Secondary Wood Products Industry Strategy" (EXHIBIT B).

058 BERNIE AGRONS: I have the impression that it is not fair to ask people who have not previously been associated with this topic to jump right in and understand and look at the details of this program.

This all arose with a charge given to the Joint Interim Forest Products Committee by SJR38. We

wanted to enhance the wood economic base of wood products manufacturing.

We talked with Katherine

Mater who worked with regional strategies and had worked to define niche products. The Northwest

Policy Center had done a study on this so we looked to them as consultants.

We found their

information to be very helpful and it lead us to create focus groups around the state. These consisted

of groups of 10-14 people who were in the business and were brought together for 12 meeting. They

tried to identify the pressing needs, to better understand the nature of the industry and to talk about

some of the things that the state might do to help expand that existing industry. Interesting information

came out of these meetings. We found that there were people who were in the business in the same

neighb orhood that didn't know one another. When they got together some of them created

opportunities for networking. Later on selected groups were brought back to look at the policy options

that the legislature had created. This discussion brought forth the bill that is before you. The

Northwest Policy Center had several recommendations that basically said:

1) Because we are so

fragmented we need some kind of coordination and there should be some sort of coordinating entity;

2) We need certain kinds of technical assistance; 3) Financial

incentives and regulatory improvements

could be considered in time. The key to anything succeeding is that it has

to be owned by the industry.  
They don't need a government agency to tell them how to do things they need  
an entity in which they  
can come together and make decisions on how their industry can be enhanced.

TAPE 55, SIDE A

033 AGRONS: I would hope these industries would end up independent of the  
government. We can't tell  
them we know what is best for them because we don't know. We should  
appoint the first group for the  
commission. We are credible now because we have asked them what they need.

102 CHAIR FAWBUSH: I think we should look for incentive to draw people  
together in all industries.  
We need to see how this would fit with other industries and models.

149 AGRONS: Refers to EXHIBIT A. I would think in the next biennium you  
would not be able to get  
into all of these things. A detailed census is not necessary but a  
directory would be nice.

260 SEN. TIMMS: I am questioning how we can be more private sector  
motivated. It seems that we are  
not looking at every avenue we can take to do what we want to do. If it is  
a flop the government looks  
bad again.

330 AGRONS: Katherine Mater had the wrong answers. She thought the  
industry needed to go after niche  
products. We can't build a foundation on niche products.

371 SEN. HILL: You mentioned developing the directory first. What is its  
purpose?

387 AGRONS: We need a mailing list of people in this industry. The  
commission can then decide on what  
it's opportunities might be and then outreach through the mailing list.

400 SEN. HILL: Are we sending them information about the commission and if  
so what type?

410 AGRONS: Yes. We are telling the people in the industry that this  
commission is made of people like  
them and it is here to enhance the industry and make it grow.

TAPE 54, SIDE B

020 SEN. HILL: What forum do you plan to use to bring these people  
together?

025 AGRONS: There will be issues or opportunities before them that they  
will be interested in. The  
commission would decide what is important.

034 SEN. HILL: I assume financial assistance would be a draw for people to  
come to the meeting.

038 AGRONS: Yes, and we would let the industry decide what the best way to spend that money is.

050 CORTRIGHT: The way that SB 364 is now drafted the commission would have the authority to decide how many of these things (EXHIBIT A) it would do and how much money it would allocate to each of them. That is the key industry driven portion of it.

067 AGRONS: I would want them to understand that they should choose some early targets wisely.

078 SEN. DUFF: You identified the first three items on our list. How much would those things cost?

084 AGRONS: We did not estimate the cost but I don't think it would be much. Money becomes important when you look at how much you are going to be able to give them for whatever grants they might make.

100 SEN. HILL: We need to figure out what the minimal amount is that is needed to run this.

146 CORTRIGHT: There is a \$200,000 fiscal impact for the commission. Industrial extension service will cost \$700,000 a year. Other pieces will cost: Networking grants - \$25 million for the 1,500 firms involved (publicity, overhead, etc.); Research and Development - Funds would be decided by the commission; Nurturing network organizations - \$75,000 is a good estimate; Directories - Less than \$100,000 per year; Financial assistance - a wide range of funds could be dedicated to this.

228 SEN. HILL: Priorities maybe should come from the commission. We need to figure out what the minimal amount of funding is to have this commission be at all effective.

311 AGRONS: These small businesses do not fit the big business scheme because it doesn't "fit" them. They can't afford to operate the same way.

425 SEN. TIMMS: It is important to have the supply. Don't kid yourself that we are going to take care of this process. The problem - down the road - is supply.

460 AGRONS: In terms of the dislocated worker and dependent community aspect I want to get some honesty and reality in what is happening.

TAPE 55, SIDE B

043 SEN. HILL: The industry could be speaking with a unified voice on these issues.

060 AGRONS: If you are serious about doing secondary wood products then put the money into the program. We are trying to get some reality into this picture.

072 SEN. HILL: If the things we have talked about are there then I am ready to move forth with the bill.

083 AGRONS: My priorities are: 1) Directory and mailing list; 2) review industrial extension service and make recommendations for that operation; 3) early steps in networking. As a part of the early work, concurrent with directory development, would be breaking out to various regional groups and providing them a forum for involvement. Later, if there has been success, you could do research and development.

115 SEN. TIMMS: If you had the priority to fund money for people to check on the forest plans to the program we started last session or funding this program which would you fund?

128 AGRONS: It is a qualitative thing and they are not similar.

137 CHAIR FAWBUSH: That program is in the Executive Department and needs to be funded from the General Fund.

140 CHAIR FAWBUSH adjourns the meeting at 5:00 pm.

Submitted by,

Jeri Chase  
Office Manager

#### EXHIBIT SUMMARY

EXHIBIT A - Competitiveness Commission Chart, submitted by Joe Cortright, pgs. 1.

EXHIBIT B - "Secondary Wood Products Industry Strategy", submitted by Joe Cortright, pgs. 9.