

Senate T&E Committee
May 01, 1991
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SENATE LEGISLATIVE COMMITTEE
ON TRADE AND ECONOMIC DEVELOPMENT

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

Tapes 101 - 102

Executive Appointment - Janet Towle to Lottery Commission
Pacific Northwest Legislative Leadership Forum
Strategic Reserve Fund

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:JANET TOWLE,
DEBBS POTTS, FORMER OREGON STATE LEGISLATOR
LYNN YOUNGBAR, LEGISLATIVE LIAISON, ECONOMIC
DEVELOPMENT DEPARTMENT
DAVID LOHMAN, SENIOR 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 101, SIDE A

000 CHAIR FAWBUSH convenes the meeting at 3:20 p.m.

Executive Appointment - Janet Towle

009 JANET TOWLE: My perception of the lottery is that it is a way to put money into programs to help Oregon. I feel my skills as a CPA could benefit the lottery.

026 CHAIR FAWBUSH: Have you been on any government boards before?

028 TOWLE: No.

038 SEN. TIMMS: What do you think about video poker?

040 TOWLE: I think we need to clean it up and make it a legal game.

051 CHAIR FAWBUSH: The commission will determine the payback that the establishment owners will get and the rent on the machines. That will be an interesting situation that will put a lot of pressure on the commission. How would you anticipate working through that?

055 TOWLE: I would want to educate myself about the lottery as a whole and then I would look at that area and see what kind of alternatives were available and then work with the commission as a whole to come to a decision on that.

060 CHAIR FAWBUSH: Do you have any experience in looking at the bottom line?

063 TOWLE: Yes. In any business involving the renting, leasing or selling of a piece of equipment you need to look at how long the machine will last and how much money it will generate. I don't see that as a difficult task.

072 SEN. TIMMS: I worry about how you interface those machines in rural areas. I would like the commission to look at adapting the lottery for rural areas.

087 TOWLE: I am from a rural area and I always look at the eastern part of the state and I think the lottery has to look at the state as a whole.

096 SEN. JOLIN: Do you have any ideas on how to make the lottery more visible?

110 TOWLE: I think that needs to be done better as well. I don't have any specific ideas but I think the lottery should come to each area and show communities what the lottery has done for it.

134 SEN. JOLIN: I would just like you to let people know what lottery funds do. Lottery proceeds have flattened. As a citizen how do you think we can get more people interested in purchasing lottery tickets?

162 TOWLE: I would like to see who the winners are advertised better.

175 SEN. JOLIN: I think we could get more people to buy into the lottery if we showed them what their money did.

184 SEN. HILL: It would seem that in the advertising campaign we could show what the lottery dollars are

doing. I would ask you to try to see if there is a way of incorporating a part of the advertising dollars in showing what is done with the money.

215 SEN. DUFF: I understand that you will help set the pay back rate for video lottery if it is approved. I would appreciate it if you would examine the amount of return necessary for the state lottery to administer the program and look at the pay back amount.

230 CHAIR FAWBUSH: I think the lottery commission is entering a very difficult period.

242 MOTION: SEN. TIMMS moves to recommend the appointment of Janet Towle to the Lottery Commission.

VOTE: By roll call vote (5-0) the committee approves the recommendation of the appointment of Janet Towle to the Lottery Commission. Voting AYE: SENATORS DUFF, HAMBY, HILL, TIMMS and FAWBUSH. EXCUSED: SENATOR JOLIN.

266 DEBBS POTTS: When money is spent from the lottery I like to be at the event as a way to show the lotteries involvement in the event.

274 SEN. HILL: Would you look into the advertising campaign and see if we can do something there?

278 POTTS: I will try. We had to fight to get the signs put up on those buildings at the University of Oregon.

293 CORTRIGHT: Projects that receive lottery funding are required to have a sign.

SB 751 (Pacific Northwest Legislative Leadership Forum) - Public Hearing and Work Session

326 SEN. TIMMS: Presents information regarding Pacific Northwest Legislative Leadership Forum (EXHIBIT A). We are the only state in the northwest not involved in this program.

428 CHAIR FAWBUSH: That is \$25,000 per year.

440 SEN. TIMMS: Yes. I am a little nervous about the funding for this because of the cut back but there are 4 members that served on the steering committee.

TAPE 102, SIDE A

024 CHAIR FAWBUSH: Is this a request from lottery?

029 SEN. TIMMS: This is a request from general fund.

036 CHAIR FAWBUSH: We may want to send this on to Ways and Means.

040 MOTION: SEN. HAMBY moves the -1 amendments to SB 751 (EXHIBIT B).

044 SEN. TIMMS: Does Ways and Means designate how travel money is spent?

047 CHAIR FAWBUSH: It is spent as the leadership sees fit. This is outright membership money though, not travel money. We are of observer status for NCSL because we cut our dollars on that down to a bare minimum. That might free up some money for things like this.

063 CORTRIGHT: The amendment has the effect of substituting the words "economic region" with "legislative leadership".

065 VOTE: Being no objection the -1 amendments to SB 751 are adopted.

068 MOTION: The CHAIR moves SB 751, as amended by the -1 amendments, to Ways and Means with a Do Pass recommendation.

VOTE: By roll call vote (5-0) SB 751, as amended by the -1 amendments, moves to Ways and Means with a Do Pass recommendation. Voting AYE: SENATORS DUFF, HAMBY, HILL, TIMMS and FAWBUSH. EXCUSED: SENATOR JOLIN.

082 SEN HAMBY: I have some questions on Community Initiatives. The lottery allocation was \$300,000 for Community Initiatives and with its other funding sources their total is \$1.2 million or more. The grant awards come to \$205,000. What are the grants?

093 LYNN YOUNGBAR: That \$375,000 includes \$150,000 that is in the process of being applied for by the Eastern Oregon communities that we are now working in. It has been allocated but not contracted for and there are no administrative costs. What you see are the total of the applications.

105 SEN. HAMBY: Are any of the dollar amounts coming back because the project has not been completed?

111 YOUNGBAR: The projects are too new to decide that.

116 SEN. HAMBY: Mapleton wanted to build a therapy spa to attract well to do residence. Mapleton could barely take care of their swimming pool much less the upkeep of a spa, so they haven't used the money. How many other communities might not be able to use their money? It would be nice to know if other projects were built.

169 YOUNGBAR: Mapleton went through an analysis to diversify their economy. My understanding on that project was that it was part of a tourism and retirement strategy.

SB 998 (Strategic Reserve Fund) - Public Hearing and Work Session

228 CORTRIGHT: Presents Staff Measure Summary on SB 998 (EXHIBIT C) and "Cumulative

Information on Projects Through March 15, 1991" (EXHIBIT D).

268 SEN. TIMMS: What problems is this going to create putting this in statute?

271 DAVID LOHMAN: This was a committee bill and it would cause some difficulties for us. Submits "Economic Development Department Strategic Reserve Fund Projects 1989-91 Biennium" (EXHIBIT E) and Strategic Reserve Fund (EXHIBIT F). Explains the concerns of the department.

373 CORTRIGHT: Regarding the language on line 15-21 deals with adding on money to agency budgets. Lines 18 and 19 deal with the backout issue, which involves using money in the Strategic Reserve Fund to backfill other state agency expenses. C addresses the notion of ongoing commitments. There is some argument about whether you as a legislature are comfortable with having things sit in the Strategic Reserve and be funded or not funded at the Governors' discretion or whether you want to identify them as individual line items and assure that the money you have earmarked goes to particular line items.

TAPE 101, SIDE B

038 LOHMAN: Whenever we were aware that a project might have some out year consequences or that it did supplement an existing activity of an agency we tried to bring that before the E-board so that we would at least get some legislative involvement on whether it was a good idea to do that. We felt we had to tell someone so we told the E-board. Some of these we were statutorily required to go to the E-board.

053 SEN. HILL: The basic ideal of the Strategic Reserve Fund when we set it up was that it was to be unfettered and used mainly at the discretion of the Executive branch.

058 LOHMAN: Yes. It was for significant projects or ones that might lead to significant economic development projects.

070 SEN. HILL: They have to be related to economic development. How much discretion are we going to give the Executive in allocating this money? Has the Executive branch abused the Strategic Reserve Fund?

076 CHAIR FAWBUSH: We will have to find out the answer to that. I would be reluctant to see a governor run a program out of Strategic Reserves. If it is worth doing then we will look at putting it in the statute. I have a problem with backfilling state agencies.

170 CHAIR FAWBUSH: When we started the fund we intended to use it for innovative, first time stuff.

185 SEN. HILL: Some of us wanted more restrictions on this money and the committee said they were going to leave it to the discretion of the Executive branch. I don't really see an abuse though.

240 CHAIR FAWBUSH: The question is what do you want to use this money for, think about it.

247 CHAIR FAWBUSH recesses the meeting at 4:35 pm .

Submitted by,

Jeri Chase
Office Manager

EXHIBIT SUMMARY

EXHIBIT A - Information on Pacific Northwest Economic Region, submitted by Senator Eugene Timms, pgs. 10.

EXHIBIT B --1 amendment to SB 751, submitted by Joe Cortright, pgs. 2.

EXHIBIT C - Staff Measure Summary on SB 998, submitted by Joe Cortright, pgs. 2.

EXHIBIT D - "Cumulative Information on Project Through March 15, 1991," submitted by Joe Cortright, pgs. 5.

EXHIBIT E - "Oregon Economic Development Department Strategic Reserve Fund Projects 1989-91 Biennium," submitted by David Lohman, pgs. 4.

EXHIBIT F - Strategic Reserve Fund, submitted by David Lohman, pgs. 3.

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May 1, 1991
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SB 562 - WKS

SENATE LEGISLATIVE COMMITTEE
ON TRADE AND ECONOMIC DEVELOPMENT

May 01, 1991Hearing Room 343
4:30 P.M.State Capitol
Salem, OR

Tapes 103 - 105
Lottery Allocation

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

GUEST MEMBERS:REP. RAY BAUM, CO-CHAIR
REP. MARGARET CARTER, VICE CHAIR
REP. JERRY BARNES
REP. CEDRIC HAYDEN
REP. VERA KATZ
REP. DAVE MC TEAGUE
REP. BOB PICKARD

MEMBERS EXCUSED:

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

WITNESSES:DAVID LOHMAN, SENIOR DEPUTY DIRECTOR, ECONOMIC
 DEVELOPMENT DEPARTMENT
STEVE PETERSEN, DIRECTOR, ECONOMIC DEVELOPMENT
 DEPARTMENT

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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 103, SIDE A

003 CO-CHAIR FAWBUSH convenes the meeting at 4:40 p.m.

019 CORTRIGHT: At the last meeting the committee made some fairly specific
desicions about the video
lottery proceeds. First, you decided to revise the existing statutory
allocation of video lottery proceeds
and change it from the current allocation which is for faculty salaries and
transit projects. Second, you

agreed to protect the existing level of regular lottery proceeds at a level of \$100 million for the 1991-93 biennium. The third thing you decided was to allocate the video lottery proceeds to a capital trust fund for capital construction projects and you identified the first two sets of projects to be financed: repayment of existing state obligations for the prison construction; and, retirement of the state obligation of the west side light rail project.

042 CO-CHAIR FAWBUSH: Once we pay off the prisons with the money from video poker that money will be used to buy forward the next \$16 million but will not back-out the current \$16 million in this biennium. You will have an available pool of money next biennium. That is the understanding that we are all working on.

060 CORTRIGHT: You also agreed that the video lottery would extend to all 36 counties and that there would be no local option. There will be an allocation, of a portion still yet to be determined, of the proceeds to local governments for their costs, including treatment.

074 CO-CHAIR FAWBUSH: The general consensus was to have a sunset in 1993 on the allocation.

105 SEN. DUFF: We were talking about the purpose of the account not the account itself. Sen. Hamby brought up a point about using 10% for enforcement and 3% for mental health treatment. 10% and 3% of what?

131 SEN. FAWBUSH: Of the \$56 million.

136 REP. KATZ: Why are we sunsetting it when we know we have prison debts to pay off and light rail?

140 SEN. HAMBY: It gives us all an opportunity to review.

154 CO-CHAIR FAWBUSH: If it meets half of its expectation you will have paid off prisons and most of the light rail by the beginning of next biennium.

222 CO-CHAIR BAUM: Presents "Lottery Allocation Worksheet Assuming Video Lottery" (EXHIBIT A).

359 CO-CHAIR BAUM: I would like to add \$1 million to Ag Op Fund for research to find an answer to the field burning question. That money will be freed up by keeping Regional Strategies at its current funding proposal of \$14 million. Continues presentation of EXHIBIT A.

417 SEN. HILL: Go over the Capital Access Program.

427 CO-CHAIR BAUM: We have \$1 million in that program now. Under the existing program if you had a \$100,000 loan \$3,500 is put up as a guarantee fund from the borrower, \$3,500 from the bank and the state matches that \$7,000 with another guarantee.

446 SEN. DUFF: When you refer to dislocated timber workers, that is not just for dislocations that occur

because of the Spotted Owl concerns, but if would refer to dislocations throughout the state?

448 CO-CHAIR BAUM: Yes. It would include dislocations as a result of forest health problems.

463 REP. HAYDEN: I will not be supporting video lottery in any way.

TAPE 104, SIDE A

027 REP. BARNES: Don't forget OMSI/Shakespeare as we go through and spend the money.

051 SEN. TIMMS: I have a problem with saying everybody should support a project because that makes it more difficult to make any decisions.

066 SEN. HAMBY: I am assuming that there is no General Fund backfill in any of these line items.

082 SEN. HILL: What do we do if video poker doesn't pass?

088 CO-CHAIR FAWBUSH: The best way to do this is to clearly identify the \$7 million that would need to go away if video poker does not materialize. I would urge the committee to figure out where they would like to take that \$7 million from if video poker doesn't happen.

127 CO-CHAIR FAWBUSH: Lets go line item by line item using the last list from the House (EXHIBIT A).

220 CO-CHAIR FAWBUSH: How much of the \$5 million for tourism was used for administration last biennium?

230 DAVID LOHMAN: For salaries, it was approximately \$1 million.

240 CO-CHAIR FAWBUSH: Is your intent in your recommendation for Tourism, to back out administration dollars?

241 CO-CHAIR BAUM: My intent is that whatever General Fund paid for last biennium ought to happen this biennium. Tourism is an ongoing, General Fund activity.

247 CO-CHAIR FAWBUSH: Is there consensus that administration costs should be General Funded? That's approximately \$1.2 million. This would give you an increase in lottery funds available.

262 STEVE PETERSEN: We had \$3 million in General Fund and approximately \$2.1 in lottery; a total budget for Tourism of \$5.1.

CO-CHAIR FAWBUSH: Let's add everything to the list.

287 REP. PICKARD: I am looking for a place to add the Shakespearean Festival to the list.

300 REP. BARNES: That would be an addition of \$1.6 million for the Shakespearean Festival.

308 REP. KATZ: I would add \$3 million for OMSI.

311 REP. MC TEAGUE: I would add \$1 million for End of the Oregon Trail.

340 SEN. HILL: As a process question, what is it we are doing now?

344 CO-CHAIR FAWBUSH: We are discussing things that members would like to see added to the list.

When we get through and add the additions up, we will then discuss them and see if there is general support for them to be actually added to the list, with reductions made in other items. These things are not being actually added to the list yet.

354 SEN. HILL: Why don't we do it by category?

363 REP. PICKARD: We have not yet voted on this list. These ideas are not any less important than the ones on the list.

370 CO-CHAIR FAWBUSH: We can deal with this two ways. We can try to decide on each item, one by one. If we wait until we get to the end and add these items in, you have an idea of where to get the money.

400 CO-CHAIR BAUM: We need to get everything on the table. Go down the list one time and add everything that anybody wants to add. If that adds up to far too much money, we will just have to work on that.

415 REP. KATZ: That is the fair way to do it.

422 REP. BARNES: You are discussing this list as if it were a given.

429 CO-CHAIR FAWBUSH: It is not a given at all. We will add things to the list that members ask and when we get to the end, we will go back over the list.

TAPE 103, SIDE B

040 REP. CARTER: I would recommend that State Parks be reduced to \$500,000.

077 REP. BARNES: I would recommend we reduce Key Industries to \$1 million.

088 SEN. DUFF: I would recommend that we increase Key Industries by \$250,000. We are working on a statewide telecommunications policy that is not available in the state. Those funds could be used to develop and coordinate that policy.

093 SEN. JOLIN: SB 1208 (currently in the Senate Telecommunications Committee) would create a statewide telecommunications policy that would require the hiring of at least a consultant. I don't know exactly how to fund it, but it does have the support of the Governor, Senate President, and the industry. I don't know if the funds could come from the recommended amount for Key Industries or if \$200,000 needs to be added to that category so that telecommunications can be funded.

110 REP. BARNES: I suggest a reduction because I don't believe we have an obligation to help key industries get themselves organized.

115 SEN. JOLIN: My request is to allocate \$200,000 in lottery funds for telecommunications policy. I don't care if it comes from any particular pot.

122 CO-CHAIR FAWBUSH: So this is an add-on of \$200,000 for a telecommunications policy study (the recommendation from SEN. JOLIN and SEN. DUFF). It could be separate or included in key industries.

130 CO-CHAIR FAWBUSH: Watershed Enhancement has been increased by \$500,000 (in the House proposal).

138 CO-CHAIR FAWBUSH: Ag Opportunities has been recommended for increase to \$1.35 million, with the understanding that some of those funds go into the CARR program.

140 REP. KATZ: Should straw utilization be funded with General Fund or lottery funded? Could this be a General Fund add-back?

142 CO-CHAIR FAWBUSH: The one place you could get that (from General Fund) would have been from a very small ag research fund (\$1.2 million last biennium) that has been zeroed out. Therefore, the likelihood of any general funds for agricultural research for any purpose is not good. I may agree with the \$1 million addition, but there are a lot of different problems throughout agriculture and to put all of that into the research on straw utilization is not good. We have been asking the grass seed industry to solve this for a long time and they have been raising funds among themselves to do that without making much progress. This would be a major infusion of funds for a group that some feel have not tried to adequately address the problem themselves.

168 SEN. TIMMS: I recommend a \$325,000 addition for minerals. Submits letter as EXHIBIT B.

180 REP. HAYDEN: Geothermal energy research is also very important. I would recommend an additional \$1.2 million for completion of that.

205 CO-CHAIR FAWBUSH: Fisheries received approximately \$2.1 million last biennium in lottery funds. They will receive approximately the same amount this biennium, only from fees, not lottery funds. If we recommend \$1 million, this would be approximately a 50% increase in their funding level from last biennium. I recommend the House recommendation be reduced by \$500,000.

219 REP. MC TEAGUE: I would recommend an additional \$1 million.

224 SEN. HILL: Does the list that we have include carry-over?

234 CO-CHAIR BAUM: No. These are new dollars from 1991-93 biennium revenues.

237 SEN. HILL: I thought we were going to consider the uncommitted balances in programs in making an allocations. We have to do that.

250 CO-CHAIR BAUM: I took them into consideration when I made by recommendations, but they are not actually reflected in the recommended amounts. You can raise that issue when we get to the particular programs with carryover.

274 SEN. JOLIN: I would suggest that Regional Strategies in the tri-county area be limited to rural areas of counties - the non-urban growth boundaries.

284 CO-CHAIR FAWBUSH: I would like to just go through dollar allocations at these meetings and deal with that substantive issue later.

290 SEN. JOLIN: I am satisfied with dollar amount.

300 REP. HAYDEN: Wasn't last biennium's funding for Regional Strategies \$25 million and isn't this biennium's recommendation for \$30 million when light rail is factored in?

304 CO-CHAIR FAWBUSH: The actual amount that the Regional Strategies program received this biennium was \$17.7. The Convention Center was approximately \$7.5 million. There will be actually an increase in Regional Strategies this biennium.

317 REP. BARNES: I would recommend reducing funding for the Rural Institute by \$1 million.

320 SEN. JOLIN: I recommend that we increase funding for that by \$1 million.

324 CO-CHAIR FAWBUSH: Housing is a substantial increase.

330 SEN. HILL: My concern with Housing is how the money is going to be used. It needs flexibility.

345 CO-CHAIR FAWBUSH: The dollar amount is within our purview; details on how the funds will be used will be decided by other committees and then by the Legislature as a whole.

350 SEN. HAMBY: Regarding the Rural Institute, I still have questions.

367 SEN. JOLIN: I would prefer that dredging come from video poker proceeds - perhaps in 1993. If not, then I would support a reduction of the \$3 million now recommended.

393 CO-CHAIR BAUM: We are going to have an option to do larger projects in the Columbia in 1993-95. This amount is for immediate needs of small ports on the coast. It needs to be done now. The Capital Construction Account will be of assistance for the whole larger dredging issue. This is a problem that needs to be dealt with now.

420 CO-CHAIR BAUM: The House recommendation for Rural Health includes additional funding for

Area Health Education Centers (AHECS).

428 SEN. TIMMS: \$600,000 is all that can be used for AHECS. There are a lot of additional ways that \$400,000 could be used, but it would not go for AHECS.

444 REP. CARTER: I would recommend a reduction of \$400,000.

453 REP. CARTER: I would recommend that we zero out County Fairs.

455 REP. BARNES: I would recommend we leave it as \$400,000.

465 CO-CHAIR FAWBUSH: The current recommendation on Community Facilities is that it be zeroed out.

468 SEN. TIMMS: I believe that projects such as the Shakespearean Festival should have to be included in a group, such as Community Facilities, with money awarded on a competitive grant process. I thought that was why we had the Community Facilities funds.

TAPE 104, SIDE B

026 SEN. TIMMS: I would recommend that \$4 million be added to Community Facilities.

033 SEN. JOLIN: I would recommend that Community Facilities receive \$1 million.

039 CO-CHAIR FAWBUSH: Community Facilities was established for one-shot infusions of capital into projects (mainly bricks and mortar) that did not classify for other programs. Last biennium, this fund went to the Convention Center in Pendleton (\$500,000), the Lake County Medical Clinic (\$300,000), Children's Museum in Salem (\$50,000), and to the Confederated Tribe in Warm Springs for a Childcare Center (\$160,000).

055 REP. HAYDEN: I would say that \$4 million is good for Community Facilities if every project in the state competes for it.

060 SEN. HILL: I would like to go back to the SPWF because there is an uncommitted balance there of \$10,634 million. Some of that is committed to the Bond Program.

064 PETERSEN: Approximately \$7.9 million is committed to the Bond Program.

067 SEN. HILL: If that is the uncommitted balance, I would recommend that SPWF be reduced by \$2.7 million.

072 SEN. HAMBY: I object to lumping major West Coast tourist attractions with child development centers and labeling them "Community Facilities".

078 CO-CHAIR FAWBUSH: I would agree with that.

082 CO-CHAIR FAWBUSH: Regarding the Capital Access Program, it has a balance of \$1.2 million, and the recommendation is that an additional \$1 million be added targeted to

distressed communities.

085 REP. CARTER: I recommend an increase SB DCs by \$300,000 (to \$1 million). We have increased their responsibilities with the timber response program and they have been cut 18 percent by General Fund. We need these services.

091 SEN. JOLIN: They also receive approximately \$980,000 from General Fund.

100 CO-CHAIR FAWBUSH: Oregon Marketplace/GCAP is on the list for \$1 million. What exactly do they need to continue business as usual that includes GCAP?

103 CO-CHAIR BAUM: \$750,000 for Marketplace; \$250,000 for GCAP.

110 SEN. HILL: Is there any carryover in the Industrial Retention Program?

113 LOHMAN: There may be some carry-over in that and we are trying to figure out exactly what that is. It may be in six figures.

120 SEN. HAMBY: We need these figures.

121 CO-CHAIR FAWBUSH: You are saying that you are interested in backing out the equivalent amount of carry-over?

123 PETERSEN: The figure we have for uncommitted balance is \$265,000 in that fund.

126 SEN. HAMBY: Request backout of \$265,000 of that fund.

157 CO-CHAIR FAWBUSH: I would add \$200,000 to the Oregon Downtown Development Association.

165 REP. KATZ: I would like to suggest something. We are trying to make a paradigm shift in education. We need to also shift societal values that education and work is important. I recommend that we add \$1 million to sell value changes about the value of education.

190 SEN. HAMBY: We need to focus on emphasizing math and science. I hope there are dollars for that included in the workforce bill. Also, last session we funded a program called VISTO. Kids who volunteer one-on-one; funds were divided by population. The Tri-County area has responded the least to this. For every 500 hours of volunteer work, they get one year of free tuition in higher education in Oregon. I will be requesting funds for that. I would like to recommend \$500,000 now.

230 REP. BARNES: I recommend a reduction of \$1 million in workforce.

233 SEN. DUFF: In reviewing the Job Training study, it appears that by assessing a small administrative charge across statewide workforce training we could fund the entire \$8 million. I recommend we zero out \$8 million.

255 SEN. HAMBY: We need to find more innovative ways to stretch education resources and forget district

boundaries. This is reflected in the Community Schools concept. I would like to see funding flexibility to allow for this.

281 REP. KATZ: Could Ed-Net be funded with capital construction funds?

288 CO-CHAIR BAUM: Only if we wanted to wait until 1993-95.

292 REP. HAYDEN: I would zero out the lottery funds for the Progress Board because I think that should be General Fund.

313 CO-CHAIR BAUM: I was told today by both of the Co-Chairs of the Ways and Means Committee that HeadStart would be funded from General Fund.

316 REP. BARNES: I would like to recommend a reduction in the Strategic Reserve Fund by \$2 million.

327 SEN. HILL: There is a \$300,000 uncommitted balance in the Strategic Reserve Fund. I would recommend that be backed-out.

336 CO-CHAIR FAWBUSH: I would recommend an increase of \$1 million.

355 SEN. DUFF: I would recommend an addition of \$340,000 for statewide forest planning.

380 SEN. HILL: There is an uncommitted balance of over \$1 million in the OBDF.

395 SEN. HILL: I recommend a decrease of \$1 million in OBDF.

399 LOHMAN: I don't believe that there is as large a balance as \$1 million in the OBDF. We will need to review those figures.

401 SEN. HILL: If the figure is inaccurate, I would withdraw my recommendation.

433 SEN. HILL: I want it clear that my recommendation for a back-out of uncommitted funds in SPWF comes out of the regular fund, not the \$4 million that has been set aside for timber response.

450 CO-CHAIR FAWBUSH: I would recommend an additional \$1 million for Wood Products Networks.

452 REP. KATZ: I recommend a reduction of \$1 million.

SB 562 (Lottery Allocation) - Work Session

463 CO-CHAIR BAUM: We have gone through the whole list. Any further recommendations?

465 REP. KATZ: I would recommend that we get copies of all the recommendations totaled so we can get through the process.

480 REP. PICKARD: Have we voted on how to handle the video poker funds?

482 CO-CHAIR BAUM: The Committee adopted a conceptual amendment on April 30 that would create

a trust fund for video poker revenues dedicated first to pay-off prison construction debts, then pay off light rail, and then have a capital construction fund.

TAPE 105, SIDE A

033 REP. KATZ: Those of us who do not support video poker will have the opportunity to voice that on the substantive bill when it is up on the floor.

037 SEN. HAMBY: One we get the final list of recommendations, I want accurate, up-to-date information on uncommitted balances from EDD. I also want to assure that there is a need for these programs and that the EDD has a plan for the expenditure of these funds.

055 REP. CARTER: Restructuring of this will take time. We don't have that much time. We need to work on this now.

065 SEN. HILL: How do we handle the possibility of video poker not passing and needing to find a \$7 million back-out?

076 CO-CHAIR BAUM: When we get a list of committee recommendations that total (approximately) \$107 million, then we will need to have a \$7 million back-out list.

107 SEN. HAMBY: The Senate Committee needs to have a comfort level on workforce (which we have not heard) and the House Committee needs a comfort level on wood products (which you have not heard) before we can make voting decisions on those programs at our next meeting on Tuesday evening.

108 CO-CHAIR BAUM: We are weeks away from achieving that because the bills are not even in Committee.

110 REP. CARTER: I thought the assumption was that we would trust each other on those issues that could not have been heard yet by both committees.

120 CO-CHAIR BAUM: Leadership has requested that this package be completed this evening.

124 CO-CHAIR FAWBUSH: The difficulty is that the House is expert on half and the Senate is expert on the other half. When we get to closure, we hopefully can agree generally on dollar items. This will take some faith. If we don't do that, this package cannot move until after all the other substantive legislation at the end of the session. The intent of the Co-Chairs and the presiding officers was to have the lottery package (including EDD's budget) completed by mid-May to avoid raiding at the end of the session. The Ways and Means hearings on EDD's budget is contingent on what we do here. In this bill we are after general allocation of dollar amounts. We are not going to finalize specific substantive issues.

145 SEN. HILL: Could we have staff present the workforce program to the Senate Committee next week?

Does our agenda allow for that?

154 CO-CHAIR FAWBUSH: That may be a good way to summarize the legislation.

160 REP. CARTER: We could present a synopsis of it next week.

168 CO-CHAIR FAWBUSH: We need to close this next week. This week you will receive a listing of major policy issues remaining that we need to decide on and there will be other decisions that need to be made.

186 SEN. HILL: We also need a recommended list for \$7 million worth of backouts.

200 REP. KATZ: The members need to see the list first and get to closure on that. We need to feel comfortable with it.

213 CO-CHAIR FAWBUSH: We will give you options on the list and the process before the meeting.

222 CO-CHAIR BAUM: Are there any other concerns?

230 SEN. DUFF: I have concerns about the manner in which the Community Colleges spent their allocation this biennium.

250 SEN. HAMBY: I still have concerns about the Rural Institute dollar amount.

263 CO-CHAIR BAUM: Is there anything else that needs to be on the list? Hearing no objection, we are closing the discussion on this list.

271 CO-CHAIR BAUM: Adjourns the meeting at 6:50 p.m.

Submitted by,

Jeri Chase
Office Manager

EXHIBIT SUMMARY

EXHIBIT A -Lottery Allocation Worksheet dated 5/1/91, submitted by Rep. Ray Baum, 1 page

EXHIBIT B - Memo regarding lottery funds for DOGAMI, submitted by Sen. Gene Timms, 1 page