

71st LEGISLATIVE ASSEMBLY
SENATE SPECIAL COMMITTEE ON ECONOMIC AND JOB STIMULUS

Sen. Rick Metsger Sen. Jason Atkinson
Co-Chairs

FINAL REPORT

January 8, 2002

SUMMARY

The Senate Special Committee on Economic and Job Stimulus was appointed in November 2001. Appointed for fact-finding only, the Committee collected, and did preliminary analysis of, short-term and long-term ideas on ways to attract and grow business in Oregon, as well as other actions to improve Oregon's economy and create jobs.

The body of this report consists of over 270 action ideas collected from invited witnesses, public comment, and legislators. Ideas are grouped under the following categories: economic development structure, regulatory systems, taxation, government efficiency, and public contracting. All ideas presented to the Committee are included here, without Committee assessment of their merit. Many were considered by committee members to be deserving of further consideration.

Among the short-term economic and job stimulus ideas heard most often that would require legislative or executive action are:

1. **Establish a regulatory streamlining task force** to analyze and make recommendations on:
 - Coordination among agencies, especially siting of new/expanding businesses;
 - Elimination of unnecessary regulation, such as unreasonable wetlands mitigation requirements
 - Streamlining the granting of permits.

The task force could be established through legislative or executive action.

2. **Authorize additional bonding authority for transportation projects**, using existing revenue streams, to take advantage of current low interest rates. An additional \$50 million in bonds may be available to finance construction of a group of transportation projects over and above the \$400 million authorized in HB 2142 (2001). This would require legislative action.

3. **Create authority for a "rainy day" fund**, and transfer unscheduled agency budget reductions into the fund if and when economy improves. Both the creation and financing of the fund would require legislative action.

4. **Establish a back-up funding source for lottery bonds** (in the event that the 1984 lottery initiative is ruled unconstitutional as a result of a recent court challenge) to enable immediate sale of lottery bonds and scheduling of lottery-bond construction projects. Legislative action on this item would require identification of an alternate revenue stream other than lottery revenue.

5. **Re-examine nursing licensure requirements**, including certification standards for nursing assistants and nursing-program instructor qualifications, to accelerate training and hiring of nurses and certified nursing assistants. Changing nursing license/certification and nursing instructor qualifications could be done administratively (through administrative rules of the Board of Nursing) or legislatively.

6. **Listen to the needs of business**, identify more ways to assist business (especially minority and women-owned businesses), and change Oregon's reputation to "business-friendly". Closer partnerships with business could be achieved by executive action and/or legislation establishing a task force to identify strategies and make recommendations.

7. **Re-focus state energy and commitment on international trade**, especially exports of Oregon products and services. Agricultural commodities and value-added agricultural products for trade with China and other emerging markets such as Africa, appear to show the most promise. Legislative action will probably be required.

8. **Shift budget emphasis to fund film/video production incentives**. The proposal presented to the Committee called for creation of a \$2 million "Production Investment Fund" that would reimburse some film/video production costs in Oregon, similar to reimbursements offered in other jurisdictions. Both the creation and financing of the fund would require legislative action.

It should be noted that the eight action items listed above do not have unanimous support among members of the Committee. These and many of the other ideas deserve additional consideration. Members of the Committee urge that they be further analyzed through either the continuation of this Committee, or assignment to other interim committees with the intent of filing legislation for consideration during the upcoming special session or the 2003 regular session. Consideration should be given to re-constituting the Joint Committee on Trade and Economic Development as provided by ORS 171.800 to 171.850.

MAIN/DETAIL

Oregon's economy is in recession. The Oregon Legislative Assembly needs factual information on the status of Oregon's economy, alternatives for stimulating the economy, and creating and retaining jobs.

Senate President Gene Derfler appointed the Senate Special Committee on Economic and Job Stimulus to obtain information. Members appointed are: Co-Chairs Senators Jason Atkinson and Rick Metsger, and members Senators Peter Courtney, Ryan Deckert, Bill Fisher, Gary George, Avel Gordly, and Ken Messerle. The Committee met in Salem, December 11, 12, and 13, 2001, with a subcommittee meeting in Hood River December 18, and a final meeting in Salem January 3, 2002.

Private resources—capital, labor, resources, and entrepreneurship—are critical factors in the creation of industry, jobs, production, and lifestyle by Oregonians. State government itself, however, through its institutions, taxation, and programs such as education, infrastructure, regulation, contract enforcement, public safety, health, and general welfare—put into place by

this and previous Legislative Assemblies—creates the climate for businesses and individuals to flourish.

This report of the Senate Special Committee on Economic and Jobs Stimulus addresses Oregon’s short-run and long run economic development and job needs. It is a list of ideas put forth by invited witnesses, public comment, and members of Oregon’s Legislative Assembly, consisting of:

- ways Oregon can better attract and grow businesses,
- ways Oregon education institutions can better prepare citizens for jobs,
- ways Oregon’s government programs can be improved to provide better prosperity,
- steps that can be taken in the short-run—such as changes in regulatory emphasis or spending patterns—to immediately stimulate Oregon’s economy and job prospects, and long-run strategies for improving the wealth and incomes of the citizens of the state.

The categories (formulated by staff), with the following numbers of ideas, begin at the page noted:

<u>Category</u>	<u>Number of Ideas</u>	<u>Page</u>
ECONOMIC DEVELOPMENT	82	4
Structure of Economic Development Efforts	(25)	
Support for Specific Industries	(26)	
Research and Innovation	(4)	
Business	(27)	
REGULATION	51	12
Regulation/Land Use Policy Goals	(20)	
Land Use	(7)	
Environmental Regulation	(11)	
Regulations/Permits/Inspections	(13)	
TAXATION	42	16
Long Term Tax Policy	(13)	
Income Tax Credits/Deductions	(14)	
Local Taxation	(10)	
Fees and Sales Taxes	(5)	
EMPLOYMENT/WORKFORCE/EDUCATION	36	20
Workforce/Job Training	(12)	
Higher Education	(13)	
K-12 Education	(8)	
Wages/Unemployment	(3)	
GOVERNMENT EFFICIENCY	21	24
CAPITAL IMPROVEMENTS/GOVT. CONTRACTING	19	26
Public Works Infrastructure	(13)	
Government Contracting	(6)	
ENERGY COSTS	10	28
GOVERNMENT SPENDING PATTERNS	5	29
“STAY THE COURSE”	5	30
OVER-ALL/GENERAL	7	31
 TOTAL	 278	

NOTES:

1. Action ideas attributed to contributors are direct quotes, where possible. In some cases, wording has been deleted, added, or rearranged by Committee staff, for clarity. This clarifying language is [in brackets].
2. Every effort was made to include repeated ideas.
3. To provide ease of review, Committee staff grouped and sequenced the proposed ideas. There was no conscious attempt to show favoritism. Many of the ideas involve more than one category, but are listed once in the most appropriate category, as judged by Committee staff.
4. For specific wording and context, please refer to meeting recordings, using Committee minutes as a guide for locating testimony.
5. Action items attributed to a particular individual do not necessarily reflect advocacy or endorsement of the idea by the individual or the organization represented by the individual.
6. Additional explanation compiled by Committee staff is provided for background purposes only, not an expression of either support or opposition.
7. Preliminary drafts of the report were made available to the Committee Co-Chairs, Committee members, witnesses, and others, beginning December 28, 2001. The draft report was reviewed and revised by the Committee at its January 3, 2002 meeting.

ECONOMIC DEVELOPMENT

Structure of Economic Development Efforts

Examine the mission of the Oregon Economic and Community Development Department and other economic development agencies.

- Paul Phillips, Smart Growth Coalition

Examine enterprise zone provisions and results to find out: “What are we getting?” and “What can we do to make them work better?”.

- Bob Shiprack, Oregon State Building and Construction Trades Council

Enterprise zones are governed by ORS 285B.650 to 185B.689, administered by the Oregon Department of Economic and Community Development and the Department of Revenue. According to Mr. Shiprack, “some big tax breaks are resulting in just 20 or 30 jobs.”

Split the Oregon Economic and Community Development Department, with one portion addressing trade, marketing, and attraction of large business; the other doing local job creation and infrastructure.

- Paul Phillips, Smart Growth Coalition

Continue to concentrate efforts on the needs of economically-distressed areas around the state.

- Sheila Holden, N/NE Economic Development Alliance

According to Ms. Holden, this is a particularly critical time; that distressed areas are starting to see re-development; but that gentrification is now putting a squeeze on jobs, access to jobs and access to training required to develop employment skills.

Maximize Oregon’s advantages in the competition for business investment—and minimize the disadvantages stemming from policies that carry out non-economic goals.

- Rep. Deborah Kafoury, State Legislator

Change Oregon’s reputation to “business-friendly”; high-level leadership must actively court every potential investor and resident business thinking of relocating [elsewhere].

- Paul Romero, Lundquist School of Business, University of Oregon

Deliver a consistent message that business is welcome in Oregon.

- Craig Schmidt, Hood River Chamber of Commerce

Support efforts to market Oregon as a good place to do business; encourage expansion of Oregon businesses in Oregon.

- Scott Hage, Oregon Economic Development Association

[Create an economic development] focus on high tech.

- Paul Phillips, Smart Growth Coalition

Develop [industrial] clusters around the state—Bend is an example.

- Don Krahrmer, New Economy Coalition

Increase the focus on international trade; develop a systematic plan.

- Keith Leavitt, Port of Portland

Make job retention an additional immediate focus of the state’s Community Development Fund.

- Rep. Deborah Kafoury, State Legislator

Rep. Kafoury states that “the state recently teamed up with the City of Portland to assist Freightliner to prevent 2,500 layoffs at its Portland headquarter. These funds came from the Strategic Reserve Account in the Community Development Fund administered by the Department of Economic and Community Development.” Rep. Kafoury continues, “investment of \$1-5 million into this fund during these trying times would save the state millions in increased unemployment, health care, and public assistance costs.”

Establish industrial development financing; issue and ensure bonds for the purchase of land and equipment for new or expanding businesses.

- Paul Phillips, Smart Growth Coalition

Persuade Japan and China airlines to provide at least weekly trips for the Portland International Airport, using subsidies if necessary.

- Richard Butrick, Associated Oregon Industries

Listen to the needs of Oregon-based businesses.

- Paul Phillips, Smart Growth Coalition

Continue support for the newly-implemented Oregon Franchise Marketing Campaign.

- Doug Sweetland, Corvallis-Benton County Economic Development Partnership

According to Mr. Sweetland, the Oregon Franchise Marketing Campaign is an aggressive, innovative business recruitment and business retention program unique to the State of Oregon. He goes on to say that the program is critical to Oregon's efforts to be pro-active in attracting new industry to the state as well as assisting those firms that are now operating within the state.

Organize [economic development efforts] by sector.

- Joe Cortright, Economist, Empresa, Inc.

Create an Oregon "Research Valley", including OHSU, OSU, UO, and Oregon Tech.

- Don Kraemer, New Economy Coalition

Invest in telecommunications.

- Mike McArthur, Sherman County Judge

[Continue efforts to develop] affordable and reliable broad band width service.

- Bruce Laird, Josephine/Jackson Counties Regional Development Officer

Minimize damage to infrastructure that maintains the economy and creates jobs.

- Mike McArthur, Sherman County Judge

Get infrastructure in place in preparation for economic recovery.

- John Arens, Hood River County Commissioner

Deliver tourism dollars through regional strategies programs.

- Mike McArthur, Sherman County Judge

Continue efforts to provide ready-to-go ("shovel-ready") and affordable industrial sites for expanding firms and recruitment.

- Bruce Laird, Josephine/Jackson Counties Regional Development Officer

According to Mr. Laird, lottery-funded infrastructure and business-development tools have made a huge difference in developing industrial site inventory and growing the business sector, with the outcome of creating a very large number of jobs.

Maintain funding for Regional Investments.

- Doug Sweetland, Corvallis-Benton County Economic Development Partnership

According to Mr. Sweetland, the recently-proposed 25% reduction in Regional Investment funding would be an error; not only would it "have a tremendous impact on local programs, it also sends a message that assistance to the regions to help strengthen local economies is not a priority."

Support for Specific Industries

Create a Department of High Tech, similar to those currently established for agriculture and forestry.

- Paul Phillips, Smart Growth Coalition

Provide direct support to the state’s hardest-hit industries, such as potato farming in Klamath Falls and seafood processing in Coos Bay.

- Phil Ward, Oregon Department of Agriculture

Find new opportunities in value-added agriculture products.

- Phil Ward, Oregon Department of Agriculture

Authorize economic development dollars for agriculture-related industries—such as ethanol production, fruit and vegetable processing, and meat packaging—that use Oregon agricultural products as a majority of their raw materials.

- Marie Gadotti, Oregon Farm Bureau

Provide added support for Oregon’s food processing industry.

- Phil Ward, Oregon Department of Agriculture

Protect Oregon’s identity by adopting “branding” standards.

- Phil Ward, Oregon Department of Agriculture

Guard Oregon’s competitive advantage in agricultural exports by maintaining marketing infrastructure.

- Phil Ward, Oregon Department of Agriculture

Expand laboratory capabilities to support processed beef exports to Korea and other markets.

- Sen. Vern Duncan, Oregon Legislator

Aggressively look for trade opportunities, such as sustainable development expertise, in African markets.

- Sen. Avel Gordly, Oregon Legislator

Create a Bio-science Task Force to explore building a contract bio-manufacturing facility in Oregon.

- Rep. Mark Hass, Oregon Legislator

According to Rep. Hass, “the ability of American biotech companies to produce their products is being severely constrained by a shortfall in manufacturing capacity. The U.S. simply does not have enough manufacturing facilities to keep up the growth about to occur in this industry.” He goes on to say that “Oregon is uniquely situated to take advantage of this opportunity.”

Use tourism advertising to promote friendliness, welcoming visitors, who may then move their businesses to Oregon.

- Sho Dozono, Portland Chamber of Commerce

Reallocate lottery revenue into arts support, such as summer festivals.

- Tom Costabile, Sony Disc Manufacturing

Induce spending through promotion of regional tourism, focusing on performing arts and other cultural programs.

- Tom Costabile, Sony Disc Manufacturing

Invest in tourism, where expenditures provide immediate impact.

- Sho Dozono, Portland Chamber of Commerce

Revamp Oregon tourism marketing with a regional emphasis.

- Craig Schmidt, Hood River Chamber of Commerce

Enhance support for cooperative [tourism] marketing.

- Dave Riley, Mt. Hood Meadows Ski Resort

Target neighbor states with tourism advertising.

- Sho Dozono, Portland Chamber of Commerce

Re-introduce local markets to local tourist attractions.

- Dave Riley, Mt. Hood Meadows Ski Resort

Re-use 1987 “Things Look Different Here” tourism campaign graphics to target tourists from Los Angeles and San Francisco.

- Richard Butrick, Associated Oregon Industries

Use publicity on Oregon’s new world-class golf resort—Bandon Dunes—to attract visitors.

- Sho Dozono, Portland Chamber of Commerce

Consider lodging tax to finance tourism advertising.

- Sho Dozono, Portland Chamber of Commerce

Support and “Oregon production fund” to reimburse a portion of location costs for film/video production.

- Veronica Rinard, Oregon Film & Video Office

According to Ms. Rinard, Oregon has been losing a number of productions to Canada and other foreign countries, partly because of incentives offered by those countries. Because of recent terrorist events, there is reportedly more interest among the Los Angeles production community in doing production work closer to home. The Oregon Film & Video Office proposal would reimburse at ten percent, capped at \$250,000 for productions that spend at least \$1 million in Oregon. The proposed funding would be \$2 million, none of which would be expended unless there are qualifying productions in the state. Minnesota has a similar program currently in effect. Additional background materials, including a consultant’s study of the industry from August, 2001.

Invest in Dream Builders TV economic stimulus public information campaign.

- Bianca Hein, Dream Builders TV Producer

Dream Builders TV is a weekly half-hour television program that covers the issues and personalities that shape the small business community in Oregon. The program is broadcast on KPDX Fox 49 (Sundays, 7:30 a.m.), other stations, and by streaming video at www.DreambuildersTV.com. Campaign options developed by Dream Builders TV range from 1 station per week for 26 weeks (\$481,000) to 5 stations/week for 39 weeks (\$1,253,500).

Look for ways to attract investment in housing, such as an affordable housing fund that would be used toward down-payment assistance for low-income and first-time home buyers.

- Jana Jarvis and Harlan Levy, Oregon Association of Realtors

Continue investing in preparation of Oregon short line railroad ties and tracks to enable carrying of new 285,000 lb. rail cars.

- Michelle Marquart, Mount Hood Railroad

Allow the Confederated Tribes of the Warm Springs to develop a casino at Cascade Locks.

- Carol York, Hood River County Commissioner

According to Commissioner York, the Columbia River Gorge Casino at Cascade Locks, based on the Chinook Winds Casino in Lincoln City, will generate 500 full time jobs (and 200 more summer jobs) at wages ranging from \$8.50 to \$25 per hour. The facility would attract up to 3 million visitors to the area. The siting of casinos is accomplished through agreement with the Governor, in accordance with federal law, the Indian Gaming Regulatory Act (IGRA). Oregon currently has eight casinos in operation; one, at Kah-nee-tah, is operated by the Confederated Tribes of the Warm Springs. Another tribal casino, which would be operated by the Confederated tribes of the Coos, Lower Umpqua, and Siuslaw Indians east of Florence, is under consideration.

Research and Innovation

Support innovation by providing venture capital—through the Oregon Research and Technology Development Fund—to high-wage industries, which are least likely to be competed away.

- Joe Cortright, Economist, Impresa, Inc.

Invest in higher education to attract top faculty and top students, who will create businesses.

- Skip Rung, New Economy Coalition

Encourage business creation funds, such as those at Intel and Nokia.

- Skip Rung, New Economy Coalition

Bolster Oregon's academic research capabilities.

- Jeff Tryens, Oregon Progress Board

Business Support

Pay official attention to micro-enterprises.

- Bill Goldsmith, Oregon Micro Enterprise Network

Eliminate programmatic biases against micro-businesses that prevent resources from being targeted to the micro-business sector.

- Bill Goldsmith, Oregon Micro Enterprise Network

According to Mr. Goldsmith, "The long-term solution to stabilizing and growing Oregon's economy may not lie in attracting out-of-state businesses, but in encouraging and training our own citizens to be creative, agile, and dynamic participants in our 21st-century economy. We need to re-examine self-employment as a growing and vital sector of our economy and to retrain our workforce in entrepreneurial skill. There are more self-employed individuals in Oregon than there are manufacturing jobs, but you would never know it from the emphasis and the priorities within the state's economic development policy." The 2001 Legislature enacted HB 2406, which requires the state to develop a coherent framework for state agency efforts related to microenterprise activity.

Support cooperative marketing ventures that enable very small businesses, especially those that are rurally based, to access the increasingly costly and complex marketplace.

- Bill Goldsmith, Oregon Micro Enterprise Network

Support economic development programs—such as small business loan guarantees—that have a high benefit to cost ratio.

- Eric Blackledge, Governor’s Small Business Council

Buy Oregon: promote Oregon’s image of quality products.

- Richard Butrick, Associated Oregon Industries

Establish a heavy-duty “Buy Oregon” campaign.

- Bill Goldsmith, Oregon Micro Enterprise Network

Support a “buy Oregon” campaign.

- Tom Costabile, Sony Disc Manufacturing

Endorse “country-of-origin” labeling.

- Chuck Thomsen, Hood River Economic Development Committee

Support the “country of origin” labeling proposal currently in the U. S. Senate.

- Camille Hukari, Hood River orchard owner

“Country-of-origin” labeling is under consideration at the federal level. According to Ms. Hukari, the measure has passed the U. S. House.

Differentiate Oregon products on the basis of quality or safety.

- Phil Ward, Oregon Department of Agriculture

Examine issues affecting minority entrepreneurs.

- Paul Phillips, Smart Growth Coalition

Provide a public forum around the state where business leaders and legislators build consensus on regional and statewide visions.

- Don Krahmer, New Economy Coalition

Place emphasis on doing things that enhance starting a business—and keeping existing Oregon businesses—in Oregon.

- Richard Butrick, Associated Oregon Industries

Continue the Oregon Business Development Fund.

- Scott Hage, Oregon Economic Development Association

Continue Oregon Economic and Community Development loan programs.

- Bruce Laird, Josephine/Jackson Counties Regional Development Officer

According to Mr. Laird, OECD loan programs make a solid contribution, result in direct job creation, and are especially effective when used in combination with other lenders.

Help businesses get through tough times by providing opportunities for creative cash flow.

- Sen. Ken Messerle, Oregon Legislator

Help companies desiring to re-locate in Oregon find suitable land to build on.

- Jessica Harris, Associated General Contractors

Support continued development of the Office of Small Business [within the Oregon Economic and Community Development Department].

- Bill Goldsmith, Oregon Micro Enterprise Network

Mr. Goldsmith states that “While there is only so much government can do to encourage entrepreneurs, there seems to be plenty it can do to foul them up,” and, therefore, “It is important that there be a small business focus somewhere within state government where proposed and existing regulations are reviewed on a regular basis for their impact on small and very small businesses . . .”

Invest in multi-modal transportation and other core economic areas.

- Ken Armstrong, Oregon Public Ports Association

Increase highway access to businesses.

- Sen. Gary George, Oregon Legislator

Support direct marketing—through the Internet and other communications technology—for Oregon’s small businesses.

- Brian Clem and Carol Suzuki, Hood River Orchardists

Large businesses feed small businesses, so don’t neglect large businesses.

- Paul Phillips, Smart Growth Coalition

Support the creation of professional services networks that allow Oregon small businesses to take on larger projects.

- Jeff Tryens, Oregon Progress Board

Create a legislative work group to identify more ways to assist minority and women-owned businesses.

- Jeff Tryens, Oregon Progress Board

Continue support to Small Business Development Centers to assist people to make successful businesses and create jobs.

- Craig Schmidt, Hood River Chamber of Commerce

[Make reasonably-priced] health care for small employers.

- Paul Phillips, Smart Growth Coalition

Support current efforts to provide health insurance to low-income workers through HB 2519 (federal waiver to expand coverage) and HB 3126 (creation of small business health insurance plan by the Insurance Pool Governing Board).

- Jeff Tryens, Oregon Progress Board

REGULATION

Regulation/Land Use Policy Goals

Increase regulatory coordination through the Community Solutions Team and other efforts.

- Stephanie Hallock, Department of Environmental Quality

Protect livability and quality of life.

- Joe Cortright, Economist, Empresa, Inc.

Provide a positive business atmosphere for private enterprise; lighten up on regulation to help businesses control their operating costs.

- Wes Melo, Ingram Books Roseburg Distribution Center

Protect Oregon's environment to safeguard our economic future.

- Matt Blevins, Oregon Environmental Council

According to Mr. Blevins, “many businesses locate in Oregon precisely because of our beautiful natural environment and high quality of life”, and industry “profitability depends on our sustainable resource base and clean water.”

Streamline regulatory processes.

- Sandy Trainor, Associated General Contractors

Ms. Trainor states that large construction projects take years to come online—due in part to complex land-use and permitting processes.

Trim regulatory requirements, especially those not required in other states, to improve Oregon's business competitiveness.

- Sen. Bill Fisher, Oregon Legislator

Initiate a wholesale review of state regulation.

- Phil Romero, Lundquist College of Business, University of Oregon

Mr. Romero states that such a review, to eliminate those regulations whose costs in lost [business] productivity grossly exceed their benefits, is a good idea every five to ten years, and that there is no better time to start than in a recession, when political will is the strongest.

Streamline the permitting process by creating a permitting “czar” with authority over LCDC and DEQ, similar to what is already in place for banking, insurance, workers’ compensation, and building codes.

- Richard Butrick, Associated Oregon Industries

Eliminate sources of fear of retribution among business permit applicants.

- Sen. Gary George, Oregon Legislator

Remove impediments and eliminate unknowns in [regulatory programs such as] flood plains, wetlands, endangered species, and stream setbacks [that inhibit business siting].

- Dick Sheehy, IDC Confidential

Adopt an “Oregon Regulatory Fairness” program—similar to those of the federal government and other states—to require better analysis by state agencies of the potential cost impacts of new regulations on small business, to make all state regulations available to businesses, and to provide compliance assistance.

- Eric Blackledge, Governor’s Small Business Council

Implement regulatory laws quickly and efficiently.

- Paul Phillips, Smart Growth Coalition

Increase efforts to establish clarity and consistency in the administration of complex technical issues.

- Stephanie Hallock, Department of Environmental Quality

Establish a task force to examine the possibility of trading results for regulatory relief in selected state-mandated programs.

- Jeff Tryens, Oregon Progress Board

[Establish or] clarify who is the clearinghouse on business siting.

- Sen. Jason Atkinson, Oregon Legislator

Push state agencies to take quick action when the cost to the state is small.

- Brett Wilcox, Oregon Economic and Community Development Commission

[Prepare explanations on regulatory administration], move from “exception” process—responding to a legislator-inquiry, for example—to general inquiry.

- Mike Greenfield, Department of Administrative Services

Record every inquiry phone call about property improvements and compare with actual approval of property improvement projects to determine the rate of disapproval and discouragement.

- Sen. Gary George, Oregon Legislator

Create a “Good Provider Program”—as in Washington State—where proven good providers are not subject to repeated inspections, allowing regulators to concentrate on problem locations.

- Camille Hukari, Hood River orchard owner

Provide specific examples of regulatory difficulties to the Executive Branch regulatory work group.

- Mike Greenfield, Department of Administrative Services

Land Use Policy

Discourage cities and counties from misusing the State’s land use planning system to erect unreasonably high development barriers or un-necessary regulations that restrict business development.

- Eric Blackledge, Governor’s Small Business Council

Make sure there is enough buildable land within the urban growth boundary, for commercial and industrial use.

- Bob Shiprack, Oregon State Building and Construction Trades Council

Limit exclusive farm use [EFU] zoning to prime, productive farm lands, freeing 14 million acres of privately-held real estate that is currently vacant, unused, and under-utilized.

- Jana Jarvis and Harlan Levy, Oregon Real Estate Association

According to Ms. Jarvis and Mr. Levy, unproductive land sits vacant, with no beneficial use allowed because of a plethora of state regulations.

Remove barriers—such as Land Use Planning Goal 8—to investment in recreational capital improvements.

- Dave Riley, Mt. Hood Economic Alliance

According to Mr. Riley, “the destination resort goal doesn’t work. Bandon Dunes is the most recent example of a resort that had to go through Land Use Planning Goal 2 exceptions process.” The reason Goal 8 doesn’t work, he goes on to say, is because of a determination by the Land Use Board of Appeals (LUBA) in a Baker County case that the agricultural “capability” test includes lands that have never actually produced high value crops, but could.

Open up secondary lands.

- Jason Williams, Taxpayers Association of Oregon

Re-engage Oregon citizens on the issue of land-use.

- Randy Franke, Land Conservation and Development Commission

Allow local governments to create new unincorporated communities, currently prohibited by Oregon Administrative Rule (OAR) 660-022-0010 and 0020.

- Harlan Levy and Jana Jarvis, Oregon Real Estate Association

This administrative rule of the Land Conservation and Development Commission created a conundrum for Umatilla County, according to Mr. Levy and Ms. Jarvis, allowing the County to approve 10-acre lots for sparse, inefficient development, with each lot having its own well and septic system, but not a high-density, more efficient unincorporated community.

Environmental Regulation

Concentrate on processing permit applications involving new facilities.

- Stephanie Hallock, Department of Environmental Quality

Establish a “one stop” Web-page to get people where they want to go.

- Stephanie Hallock, Department of Environmental Quality

[Continue efforts to] change Department of Environmental Quality (DEQ) culture to problem-solving rather than regulating.

- Stephanie Hallock, Department of Environmental Quality

Limit mitigation requirement on fill/removal project permit approval to reasonable mitigation efforts.

- Sen. Ken Messerle, Oregon Legislator

Streamline Oregon’s fill-removal permit process.

- Ann Hanus, Division of State Lands

Use a reasonable definition of “wetland”.

- Sen. Bill Fisher, Oregon Legislator

Senator Fisher states that as currently applied, wetland mitigation requirements are unreasonable, insisting on a three-to-one ration, for example, and insisting that mitigation be done prior to construction of the project. He goes on to say that wetlands designations have been given to industrial sites where the only standing water was in bulldozer tracks .

Re-examine strict water regulations, now that big runs of salmon have returned and salmon has been de-listed as an endangered species.

- Sen. Gary George, Oregon Legislator

Ease restrictions on gasoline refinery siting and pipelines, to lower fuel costs.

- Sen. Bill Fisher, Oregon Legislator

Establish time-tables for culture change within DEQ in areas such as problem-solving and enforcement equity.

- Stephanie Hallock, Department of Environmental Quality

Eliminate DEQ permit delays.

- Ken Armstrong, Oregon Public Ports Association

Put pesticide reporting system on hold.

- Camille Hukari, Hood River orchard owner

Regulations, Permits, and Inspections

Change permitting process to allow existing highway access to continue when property is sold for new development.

- Dale Stepper, Newberg Church of the Nazarene

Lower workers’ compensation costs by eliminating the presumption that the burden of proof is always on the employer.

- Wes Melo, Ingram Books Roseburg Distribution Center

Institute physician panel selection process for treatment of workplace injuries and illnesses, to eliminate “doctor shopping” by those who would abuse the system.

- Wes Melo, Ingram Books Roseburg Distribution Center

Process permitting rapidly to allow construction to start in the spring, saving time and money.

- Bob Shiprack, Oregon State Building and Construction Trades Council

Change Oregon’s Occupational Safety and Health Agency (OR-OSHA) so that it focuses on employees, not just employers.

- Sen. Bill Fisher, Oregon Legislator

Re-consider intimidating wording in communications from OR-OSHA.

- Wes Melo, Ingram Books Roseburg Distribution Center

Reign in regulatory activities facing agriculture and other small business, especially work rules.

- Camille Hukari, Hood River orchard owner

Eliminate regulatory compliance officers who do not know the rules, and who concentrate enforcement activities on personal agendas.

- Camille Hukari, Hood River orchard owner

Make Oregon regulations, compliance, and reporting processes—in payroll, for example—similar to those of the federal government and nearby states whenever possible, to allow easier record-keeping and combined reporting.

- Eric Blackledge, Governor’s Small Business Council

Mr. Blackledge recommends that if Oregon adopt the federal Harmonized Wage Code for reporting wage amounts—which would require only minor changes to Oregon’s definitions—Oregon employers could participate in the IRS combined-electronic payroll-tax reporting program, thus reducing a costly reporting burden.

Re-examine [building code enforcement] the system that requires multiple permits and multiple inspections.

- Sen. Ken Messerle, Oregon Legislator

Re-examine building codes and their administration, to be sure the results are safer homes with benefits worth the costs.

- Sen. Ken Messerle, Oregon Legislator

Eliminate onerous regulation of child-care providers, to allow more services to low-income/part-time/varied-schedule employees.

- Suzanne VanOrman, Mid-Columbia Children’s Council

Force agencies to amend the Transportation Planning Rule (TPR) or pass legislation to preempt it, when the necessary improvements are agreed to by the developer.

- Jana Jarvis and Harlan Levy, Oregon Association of Realtors

According to Ms. Jarvis and Mr. Levy “experience has shown that the TPR has not significantly decreased vehicle miles traveled, nor has it caused more people to use alternative transportation. Rather, it has been effectively used to stop growth and economic development in those communities that need it most.”

TAXATION

Long-term tax policy

Look at long-term tax policy – compare on a global scale.

- Paul Phillips, Smart Growth Coalition

Create a balanced tax system—including a sales tax.

- Dick Sheehy, IDC Confidential

Tackle government spending.

- Jason Williams, Taxpayers Association of Oregon

According to Mr. Williams, “Oregon was the fastest growing government in the year 2000” and “Oregon state and local government ranks the 13th largest spending government as percentage of family income.”

Gradually reduce state income tax—not [by expanding] targeted tax breaks.

- Jason Williams, Taxpayers Association of Oregon

Cut business taxes, especially those that affect the return on investment of business capital, like capital gains.

- Phil Romero, Dean, College of Business, University of Oregon

According to Dean Romero, Oregon’s overall tax burden as a fraction of total income is roughly average, but is composed of a fairly low burden on individuals and a high burden on business.

Reduce capital gains tax for people and business to four percent.

- Jason Williams, Taxpayers Association of Oregon

Maintain a well-balanced, nationally competitive, tax and fee level to attract new residents who will contribute to the state’s economic growth.

- Eric Blackledge, Governor’s Small Business Council

According to Mr. Blackledge, it is important to remember that the balance between taxes paid and state expenditure benefits received by residents can have significant impact on the types of individuals who choose to live in Oregon, and on the sustainability of the state’s economy and governmental budgets. Our much-touted “quality of life” and a highly progressive tax structure, could attract large numbers of retired people, or under-skilled young people who would put more of a burden on public services than they might contribute in taxes.

Provide a reduced capital gains tax rate, and broader rollover deferral, for qualified re-investment in Oregon small businesses.

- Eric Blackledge, Governor’s Small Business Council

According to Mr. Blackledge, “most small businesses don’t have large, tax-favored 401K retirement accounts, because most of their retirement assets are tied up in their business, which Oregon still taxes at the maximum rate when they sell it. This is a major reason why successful entrepreneurs often move to the State of Washington when they are ready to sell one business and invest in another”.

Maintain the increased exemption for federal taxes, and expand it even more when possible to reduce the significant effective tax rate increase on higher income individuals who are in effect paying a tax on a tax.

- Eric Blackledge, Governor’s Small Business Council

Adopt single factor sales apportionment rules to help retain existing in-state companies.

- Paul Phillips, Smart Growth Coalition

Retain or reduce current business tax levels.

- Sandy Trainor, Associated General Contractors

Refrain from tax code changes and new tax proposals—such as the “Business Activity Tax” or real estate transfer taxes—that create uncertainty in the business community, leading to less investment and opportunity.

- Jana Jarvis and Harlan Levy, Oregon Association of Realtors

Replace taxes on productivity (like the income tax) with taxes on economic “bads” like pollution.

- Jeff Tryens, Oregon Progress Board

Income Tax Credits

Provide tax credits on training, job creation.

- Paul Phillips, Smart Growth Coalition

Provide wage tax credits for hiring new employees.

- Paul Phillips, Smart Growth Coalition

Provide investment tax credits for new and expanding companies.

- Paul Phillips, Smart Growth Coalition

Provide corporate headquarters relocation tax credits for cost of move to provide incentive for companies to move to Oregon.

- Paul Phillips, Smart Growth Coalition

Provide investment tax credits as a stimulus to investing in current production equipment.

- Richard Butrick, Associated Oregon Industries

Recruit business using tax credits to build infrastructure. Partner with port districts to fill infrastructure needs in under-developed areas.

- Paul Phillips, Smart Growth Coalition

Authorize investment tax credits highlighted on long-term economic woes.

- Paul Phillips, Smart Growth Coalition

Tie state research and development (R&D) tax credits to federal rules.

- Paul Phillips, Smart Growth Coalition

Provide tax breaks for first-year and second-year business operations or other packages that attract new businesses.

- Darrell Fuller, Oregon Automobile Dealers Association

Provide income tax credit for first-time home buyers fund to help offset the down payment.

- Jana Jarvis and Harlan Levy, Oregon Association of Realtors

Provide tax credits for business relocation costs.

- Tom Costabile, Sony Disc Manufacturing

Authorize significant tax reductions specifically for agriculture-related industries—such as ethanol production, fruit and vegetable processing and meat packaging—that use a majority of their agricultural products originating from Oregon, making Oregon an irresistible location to establish a facility.

- Marie Gadotti, Oregon Farm Bureau

Enact an investment tax credit for the purchase of any business-related equipment, including vehicles.

- Marie Gadotti, Oregon Farm Bureau

Help move companies to Oregon by providing tax exemptions to off-set relocation costs.

- Tom Costabile, Sony Disc Manufacturing

Local Taxation

Discourage unusual or specialized local or regional taxes on business which have high compliance costs in relation to the amount of taxes collected, such as payroll-based special district taxes that require complex payroll tracking systems.

- Eric Blackledge, Governor’s Small Business Council

Phase out personal property taxes, which specifically target businesses that have made a heavy investment in new business and technology equipment to become more competitive.

- Eric Blackledge, Governor’s Small Business Council

According to Mr. Blackledge, “Real property taxes [by themselves] provide a reasonable revenue contribution in relation to a business’s impact on local government.”

Combat problems perceived over growth in some areas by developing “Smart Growth” initiative, identifying under-developed areas and infrastructure needs, and provide tax incentives to private industry to pay for infrastructure improvements, job-training, and job creation benefiting the public.

- Paul Phillips, Smart Growth Coalition

Modernize the strategic investment program (SIP).

- Paul Phillips, Smart Growth Coalition

Stop using system development charges (SDCs) to fill budget shortfalls for local government.

- Harlan Levy, Oregon Association of Realtors

Limit the application of system development charges (SDCs): the charge is OK for connecting new business buildings onto existing systems, but not for change in businesses, and not for unrelated expenses.

- Bill Perry, Oregon Restaurant Association

Mr. Perry reports that SDCs are in place in Portland for water, sewer, stormwater, and transportation. Portland, and other cities, are considering using SDC revenue for parks. But because parks have no direct service connection to new property owners, SDCs are not appropriate for raising revenue for parks.

Stop over-valuing food processing equipment, given today's depressed agricultural economy.

- Phil Ward, Department of Agriculture

Rewrite Oregon's enterprise zone statutes, including construction.

- Paul Phillips, Smart Growth Coalition

Support an initiative to increase the limitation on property taxes going to schools.

- John Arens, Hood River County Commissioner

Eliminate business owner [tax] penalties, such as Portland's business income tax.

- Jason Williams, Taxpayers Association of Oregon

Fees and Sales Taxes

Experiment with toll roads, which are working well in California.

- Richard Butrick, Associated Oregon Industries

Consider imposing modest tolls on new, and repaired, bridges.

- Richard Butrick, Associated Oregon Industries

Repeal the 3% public use fee on energy (SB 1149).

- Sen. Gary George, Oregon Legislator

Establish a small gas tax increase and/or [vehicle title] registration fee to create a revenue stream for transportation infrastructure bonding authority.

- John Arens, Hood River County Commissioner

Raise the gas tax one-cent a year for three years and bond the entire amount for repairing our roads and bridges.

- Richard Butrick, Associated Oregon Industries

According to Mr. Butrick, "the poor shape of our infrastructure depresses the movement of people and goods within the state." According to the Oregon Department of Transportation (ODOT), a one-cent gas tax would raise approximately \$16.3 million per year. The current tax rate is 24 cents per gallon.

EMPLOYMENT/WORKFORCE/EDUCATION

Workforce & Job-training

Target scarce workforce resources toward key job categories that will aid the creation of well-paying jobs.

- Jeff Tryens, Oregon Progress Board

Target existing workforce funding, currently aimed at job entry, toward employment retention.

- Jeff Tryens, Oregon Progress Board

Look for ways to implement Mt. Hood Community College’s “Operation Workforce Recovery” program, short courses on career skills, in other settings.

- Rep. Laurie Monnes-Anderson, Oregon Legislator

Rep. Monnes-Anderson states that “Operation Workforce Recovery is a program of short courses designed to provide the necessary skills for careers currently in demand, including Certified Nursing Assistant, Office Administration Certification, Educational Aide, Auto Maintenance & Light Repair Technician, Medical Customer Service Representative and Phlebotomy/Lab Assistant. Workers gain the skills they need to obtain living wage jobs in a short time.”

Target lay-off aversion strategies.

- Annette Talbot, Governor’s Workforce Coordinator

Redirect resources to incumbent worker training.

- Annette Talbot, Governor’s Workforce Coordinator

Do strategic planning for workforce investments, using a cluster approach.

- Annette Talbot, Governor’s Workforce Coordinator

Enhance technology-training programs—such as nursing and radiologic tech—in rural areas.

- Larry Bowe, Providence Hood River Memorial Hospital

Support workforce re-training and development programs to improve the quality of Oregon’s workforce.

- Eric Blackledge, Governor’s Small Business Council

Continue support for customer-driven workforce investment board programs.

- Craig Schmidt, Hood River Chamber of Commerce

Develop better public/private partnerships in health-care workforce training.

- Annette Talbot, Governor’s Workforce Coordinator

Accelerate the training of nurses aides.

- Jim Carlson, Oregon Health Care Association

Adjust licensing rules of the Oregon Board of Nursing to allow for the filling of the thousand current job openings in nursing.

- Sen. Bill Fisher, Oregon Legislator

Senator Fisher suggest that the Board of Nursing grant a two-stage license to certified nursing assistants (CNAs) so they can fulfill the federal requirement of 80 hours of training in the 4 months allowed and take the additional 70 hours required by the Oregon Board of Nursing within a reasonable time frame, say three months. Senator Fisher goes on to recommend that four-year nurses be certified to teach in two-year community college nursing programs, relaxing the current requirement that teachers be masters-degree level.

Higher Education

Continue support of higher education.

- Tom Costabile, Sony Disc Manufacturing

Continue funding higher education.

- Brett Wilcox, Chair, Oregon Economic and Community Development Commission

Continue investment in community colleges, needed parts of the solution to Oregon's economic crisis.

- Frank Toda, Columbia Gorge Community College

According to Mr. Toda, "Community Colleges are not the problem—they are part of the solution" that can lead the way toward economic recovery. Oregon's community colleges are "accessible, affordable, adaptable, and accountable," he says.

Get serious about top-tier engineering; that should not be the first thing dropped when times get tough.

- Skip Rung, New Economy Coalition

Complete the vision/plan for engineering education in the Portland area (HB 2015).

- Don Kraemer, New Economy Coalition

HB 2015 created a 15-member Post-Secondary Education Opportunity Commission to develop a post-secondary education budget framework, recommendations about alternative governance structures for state-level post-secondary education, and related duties.

Support re-growth of Oregon's "new economy" of emerging business sectors that will be the primary provider of future jobs by continuing funding of the new engineering education programs within the Oregon University system.

- Eric Blackledge, Governor's Small Business Council

Focus on knowledge.

- Joe Cortright, Economist, Impresa, Inc.

Produce graduates of higher education who can be productive in a post-resource, post-industrial economy.

- Phil Romero, Lundquist School of Business, University of Oregon

Create a higher education university system with specialized schools of excellence.

- Richard Butrick, Associated Oregon Industries

Merge universities, Southern Oregon with the University of Oregon, for example, Oregon Tech with Oregon State.

- Don Kraemer, New Economy Coalition

Place high priority on a high-quality higher education system, without which, ambitious Oregonians will have to go elsewhere.

- Phil Romero, Lundquist School of Business, University of Oregon

Refrain from program cuts so large they hurt the education sector's ability to meet the capacity that will be needed after the recession.

- John Wykoff, Oregon Student Association

Reduce the cost of higher education by making student fees optional.

- Richard Butrick, Associated Oregon Industries

K-12 Education

Increase spending for school districts and community colleges; education is economic stimulus.

- David Williams, Oregon School Employees Association

Develop and diversify Oregon's economy; link schools to work, no social program replaces a job.

- Paul Phillips, Smart Growth Coalition

Provide management training for high school principals.

- Richard Butrick, Associated Oregon Industries

Encourage primary and secondary education to look at new learning models, including computer-based learning.

- Eric Blackledge, Governor's Small Business Council

Continue adequate funding for schools and community colleges to teach basic work skills.

- Craig Schmidt, Hood River Chamber of Commerce

Identify ways to increase the percentage of minority school teachers.

- Jeff Tryens, Oregon Progress Board

Encourage greater primary and secondary school cooperation at the state, national, and international levels to develop more effective and challenging learning tools, at a lower cost per student.

- Eric Blackledge, Governor's Small Business Council

Make high school work experience a more significant part of school reform.

- Jeff Tryens, Oregon Progress Board

Wages/Unemployment

Expand and promote Oregon's Work Share program.

- Rep. Diane Rosenbaum, Oregon Legislator

According to Rep. Rosenbaum, "the Work Share program, established by the 1981 legislature, allows business, labor, and the state of Oregon to work together to produce a viable alternative to laying off workers. Instead of having to lay off a worker, an employer can reduce multiple employees' hours by 20-40%. Those lost wages can then be supplemented with partial unemployment insurance benefits." Rep. Rosenbaum's proposed expansions include extending benefits beyond 26 weeks, increasing the allowable hours reduction to 50%, and renaming the program to something more descriptive, such as "The Job Retention Project".

Extend unemployment and health care insurance to working families who've been displaced by the economy.

- Rep. Diane Rosenbaum, Oregon Legislator

Enact a "training wage" for minors, equal to the federal minimum wage.

- Marie Gadotti, Oregon Farm Bureau

GOVERNMENT EFFICIENCY

Streamline staff rather than cutting services to needy Oregonians.

- Sen. Gary George, Oregon Legislator

Avoid creating cost shifts for services the state is unwilling to pay for.

- Ed Patterson, Oregon Association of Hospitals and Health Systems

According to Mr. Patterson, "reducing reimbursements to healthcare providers for care of state Medicaid patients shifts cost to paying patients and employers. Reducing the number of people eligible for the Oregon Health Plan will force tens of thousands of Oregonians to use hospital emergency rooms as their only health care provider, thereby driving up the cost of health care and shifting costs to health insurance. This will retard business expansion and prolong the recession."

Maximize available federal matching funds to boost the economy and assist those most harmed in the recession.

- Ed Patterson, Oregon Association of Hospitals and Health Systems

According to Mr. Patterson, both "unemployment and Oregonians without health insurance are rising dramatically. The Oregon Health Plan receives \$6 of federal match for every \$4 in state funds. A \$100 million state appropriation contributes \$250 million to the economy."

Place high priority on continuing state General Fund expenditures that bring federal match.

- Ed Whitelaw, ECONorthwest and Professor, University of Oregon

Support federal efforts to increase Medicaid funding.

- Barbara Archer, La Clinica del Carino Family Health Care Center, Hood River

Find ways to leverage additional federal dollars.

- Barbara Archer, La Clinica del Carino Family Health Care Center, Hood River

Use unallocated \$82 million in tobacco settlement funds to maintain low-income health care services and dedicate [the funds to off-set] reductions in the Oregon Health Plan instead of non-health related programs.

- Ed Patterson, Oregon Association of Hospitals and Health Systems

According to Mr. Patterson "the national tobacco settlement was intended to compensate states for health care costs incurred for treating tobacco users. Funds would bring in almost \$200 million in federal match."

Implement performance measures to measure what is achieved for dollars spent.

- Brett Wilcox, Oregon Economic and Community Development Commission

Enforce statutes that require agencies to reduce the economic impact of administrative rules on small business.

- Glen Stonebrink, Oregon Cattlemen's Association

Mr. Stonebrink is referring to statutory provisions for the Joint Legislative Committee on Trade and Economic Development, ORS 171.800 to 171.850. The legislature has not appointed a Joint Trade and Economic Development Committee for several biennia, although the statutes survive.

Eliminate time delays in Attorney General processing of public contracts.

- Ken Armstrong, Oregon Public Ports Association

As provided by ORS 291.047, the Attorney General has responsibility of approving of all personal services contracts, plus other public contracts in excess of \$100,000 (\$75,000 for information technology contracts), for legal sufficiency.

Improve agency performance by assuring that the legislature seriously considers agency performance when reviewing and approving budgets.

- Jeff Tryens, Oregon Progress Board

Find ways to provide the equivalent of 0.0% financing [currently used to spur automobile sales] to stimulate economic activity.

- Darrell Fuller, Oregon Automobile Dealers Association

Provide rebates on penalties and fines paid.

- Darrell Fuller, Oregon Automobile Dealers Association

Maintain security of infrastructure and energy facilities.

- Sen. Peter Courtney, Oregon Legislator

Reduce Oregon Department of Transportation (ODOT) environmental expenses, use funds for more construction.

- Sen. Bill Fisher, Oregon Legislator

Use state bonding to expedite super-siting.

- Sen. Ryan Deckert, Oregon Legislator

Promote efficient use of existing infrastructure, such as Interstate 84 and State Highway 35 between Mt. Hood and Portland.

- Dave Riley, Mt. Hood Meadows Ski Resort

Tie more school funding to performance.

- Jeff Tryens, Oregon Progress Board

Recognize major contribution schools make to economic development due to property tax exemptions for enterprise zones.

- Chuck Bennett, Confederation of Oregon School Administrators

According to information supplied by Mr. Bennett, the estimated amount of school taxes not collected due to Enterprise Zone exemptions in the 2000 tax year is \$17.2 million statewide. The reduction for Salem-Keizer, for example, amounted to \$2,460,036.

Look into the Energy Trust’s specific plans for spending the SB 1149 “public purpose” funding to check that we are prioritizing projects that will have an immediate positive impact on the economy while at the same time honoring the original intent of the legislation.

- Rep. Steve March, Oregon Legislator

According to Rep. March, “ The projected total to be collected over the first year (beginning March of 2002) is \$67.7 million. From this amount, ten percent (\$6.8 million) will be taken off the top for energy conservation efforts in schools. Of the remaining ninety percent, five percent (\$3 million) will be given to the Housing Trust Fund, thirteen percent (\$7.9 million) will go to low-income weatherization, and the remaining money (\$45 million) will go to energy conservation and efficiency and renewable energy development. This \$45 million . . . will be administered by . . . the Energy Trust. The legislature should also consider the possibility that this funding stream could be used by the Energy Trust to leverage more dollars through guarantees (or other financing options) on projects that maximize the early potential of these funds.”

Consolidate county and state service facilities, such as road-maintenance facilities in Hood River County.

- John Arens, Hood River County Commissioner

CAPITAL IMPROVEMENTS/GOVERNMENT CONTRACTING

Public Works Infrastructure

Provide adequate infrastructure—transportation, water, power, sewers, etc.—to help goods and information get to customers; accelerate relevant projects already in the pipeline.

- Phil Romero, Lundquist School of Business, University of Oregon

According to Mr. Romero, “One of the main ways government contributes to productivity is through ‘infrastructure’—transportation of goods and information, water, power, sewers, etc. Manufactured goods sitting in a traffic jam lower the manufacturer’s productivity. Government public works spending that helps goods and information get to customers will pay off by increasing Oregon business competitiveness. And accelerating relevant projects already in the pipeline is one of the few means of short-term stimulus available.”

Accelerate public works projects.

- Tom Costabile, Sony Disc Manufacturing

The Oregon Transportation Investment Act (HB 2142, 2001) establishes a \$400 million bonding program for new highway construction projects over three biennia. According to Bruce Warner, Director of the Oregon Department of Transportation (ODOT), ODOT intends to advance the bonding schedule from the \$100 million scheduled for the current biennium (through June 30, 2003) to as much as \$200 million.

Take advantage of low interest rates.

- Sandy Trainor, Associated General Contractors

Expand Oregon Department of Transportation (ODOT) ability to issue bonds, building on their \$400 million current authorization.

- Randall Edwards, State Treasurer

Take advantage of current low interest rates to bond an additional \$50 to \$60 million for transportation project funding (now available given the same repayment revenue stream).

- Bruce Warner, Oregon Department of Transportation

Recent low interest rates are lower than anticipated during session deliberations setting the bonding amount at \$400 million. With the same anticipated revenue stream (from an increase in vehicle title registration fees) an additional \$50 million or more could be obtained. Factors to be considered in obtaining the extra \$50 million include the required authorization in Oregon law, project readiness, and interest rates in effect when the bonds are actually issued.

Find a way to fund \$1.1 billion in high-priority transportation projects submitted for consideration per HB 2142.

- Bruce Warner, Oregon Department of Transportation

Take “project-readiness” into account when approving and prioritizing capital improvement projects.

- Rep. Betsy Johnson, Oregon Legislator

According to Rep. Johnson, “Readiness determination must include information about which projects can obtain the necessary permits, be built in the indicated timeframe without challenges from lawsuits, environmental constraints, adverse public opinion, or insufficient operating funds.”

Make immediate use of common school fund dollars through bonding for construction projects.

- Sen. Rick Metsger, Oregon Legislator

Use alternative contracting to speed things up.

- Jessica Harris, Associated Oregon Industries

Expedite construction spending by super-siting specific local projects such as the Redmond by-pass.

- Paul Phillips, Smart Growth Coalition

“Super-siting” refers to the State Legislature’s ability to determine the site of a public works project by state law, by-passing many restrictions and conditions otherwise mandated by state law.

Utilize the State’s \$3 billion excess bonding capacity.

- Randall Edwards, State Treasurer

The State of Oregon’s outstanding bonds have exceeded \$6 billion in the past (largely the result of veterans’ home loan financing) and is currently in the \$3 billion range, according to State Treasurer Edwards.

Look for new programs, such as school construction, that might be appropriate for State of Oregon bond financing.

- Randall Edwards, State Treasurer

[Increase] capital expenditure in the education sector [which] has a positive effect on the economy and generates more activity in the local economy than other types of spending.

- Jon Wykoff, Oregon Student Association

Public Contracting

Broaden training of agencies in how to utilize small, minority, and women-owned businesses.

- Jeff Tryens, Oregon Progress Board

Pay vendors more rapidly.

- Jeff Tryens, Oregon Progress Board

Make state government more small-business friendly by breaking down more contracts to accommodate smaller bidders.

- Jeff Tryens, Oregon Progress Board

Assure that state purchasing regulations provide full opportunities for local businesses to compete for state contract purchasing.

- Eric Blackledge, Governor's Small Business Council

Enforce ORS 279.021, which instructs public entities to use Oregon-based contractors when all other criteria are equal.

- Jeff Tryens, Oregon Progress Board

Examine business requirements, such as bonding, which may not be needed.

- Jeff Tryens, Oregon Progress Board

ENERGY COSTS

Require PUC to consider impact of "rate shock" while setting utility rates.

- Ken Canon, Industrial Customers of Northwest Utilities

Mitigate the recent large electricity rate increases.

- Scott Conant, SP Newsprint

Oregon Public Utility Commission (PUC) rate increase for Portland General Electric (PGE) amounted to 31.6 percent for residences and 48.9 percent for industrial users, effective October 1, 2001. According to the PUC, the increase was "the result of the incredible rise in purchased power and fuel costs incurred by PGE," and that nothing can be done about those costs "until PGE's energy purchase contracts begin to expire towards the end of [2002]."

Improve the utility regulatory process.

- Mike Salsgiver, Intel Corporation

According to Mr. Salsgiver, needed improvements include a balancing of equities among utilities and their customers, more clearly defining the interests of customers, and more direct accountability to a popularly-elected official.

Guarantee energy policy: focus on reducing bottom-line costs of key targeted industries.

- Tom Costabile, Sony Disc Manufacturing

Float cash to help with energy costs over short term.

- Sen. Ryan Deckert, Oregon Legislator

Have the PUC require PGE to reduce discretionary spending to reduce the effects of costs being passed along to its customers.

- Mike Salsgiver, Intel Corporation

According to Mr. Salsgiver, PGE's 10.5 percent return on investment might have been appropriate several months ago, but PGE's cost of capital is considerably lower now that the Federal Reserve has made 11 consecutive cuts in interest rates. PGE's customers should be able to share in those benefits, especially in light of the overwhelmingly severe impacts on Oregon's economy.

Use the state's regulatory powers to help improve the business climate.

- Eric Blackledge, Governor's Small Business Council

According to Mr. Blackledge, "recent PUC approval of 40-50% electricity rate increases for Portland General Electric (PGE) customers, which will have a major negative impact on many businesses, appears to include a large amount of speculative premium paid by Enron when they purchased PGE. The Legislature should prohibit this kind of speculative expenditure—which has no benefit to a utility's rate payers—from inclusion in the regulated rate setting process."

Use some of 3% public purpose energy fee dollars to explore geothermal energy production in Klamath County.

- Richard Butrick, Associated Oregon Industries

According to Mr. Butrick, the 3% public purpose fee on energy consumption will generate \$60-70 million per year.

Encourage Congress to allow the Bonneville Power Administration (BPA) to improve electrical collection and distribution, to support wind generation.

- Mike McArthur, Sherman County Judge

Invest in wind power.

- Rachel Shimshak, Renewable Northwest Project

According to Ms. Shimshack, there are three wind projects currently under construction in the state, in Gilliam, Sherman, and Umatilla Counties. Additional information provided by the Renewable Northwest Project indicates that wind power is one of the benefits of the renewable energy portion of the public-purpose investments called for in the Oregon restructuring law, which reserves 3 percent of total utility revenues. Developing renewable energy will help stabilize the region's electricity supply when hydro-power and fossil fuels are in short supply.

GOVERNMENT SPENDING PATTERNS

Provide funding source for matching requirement of federal economic development/job retainage grants.

- Lee Curtis, Mid-Columbia Economic Development District

Continue funding support to public schools, which provide substantial financial underpinning to main street businesses throughout Oregon.

- Chuck Bennett, Confederation of Oregon School Administrators

Consider demographic differences while identifying the need for economic stimulus.

- Ed Patterson, Oregon Association of Hospitals and Health Systems

According to Mr. Patterson, “rural areas have higher unemployment, higher poverty rates, and lower average wages than urban areas. One-half of the hospitals in Oregon are small rural hospitals and providing access to health care in the eastern, southern, and coastal parts of the state has become steadily more difficult. One of the budget cuts under consideration would reduce rural hospital reimbursement for treatment of Medicaid patients by \$15.8 million. (\$6.4 million general fund and \$9.4 million federal funds) An attempt to reinforce the rural health delivery system by providing a \$15 million federal funds stimulus approved last session but has yet to be released.

Maintain the economic stimulus of community hospitals.

- Ed Patterson, Oregon Association of Hospitals and Health Systems

According to Mr. Patterson, “hospitals are often the largest employers in a community, especially in rural communities and have an employment multiplier of 1.62. This means for every 10 jobs created in hospitals, there will be 6.2 jobs created elsewhere. Most other service sectors show lower multipliers, he says.

Continue support for infrastructure programs—such as sewage and water—so important for smaller communities.

- Suzanne VanOrman, Mid-Columbia Children's Council

STAY THE COURSE

Don't jeopardize Oregon's long-run trend toward growth in jobs and incomes in an attempt to cope with the short-run cycle.

- Ed Whitelaw, President, ECONorthwest and Professor, University of Oregon

According to Mr. Whitelaw, “a state government has few counter-cyclical tools, and those few are quite modest. Oregon can do little beyond what it's already doing to counter the recession.” He goes on to characterize his recommendations as “Don't pick up hitchhikers” and “Do no harm”.

Continue to focus policies that help small business succeed on two things: time and money.

- J.L. Wilson, National Federation of Independent Business

According to Mr. Wilson, “businesses right now are experiencing the confluence of some unusual and harmful events. First there is economic uncertainty which is fueled primarily by international concerns. Second, the costs of business have increased, in some cases dramatically. Electric costs, water costs, and insurance costs are on the rise, to name a few. Not all of this is due to government. Generally, the policies that help small business prosper in the good times are going to help sustain small business through economic hardship as well. In other words, the game should remain the same. The policies that help small business succeed will be focused on two things: time and money.”

Stay the course on infrastructure investment.

- Sandy Trainor, Associated General Contractors

“The 2001 Legislature made significant investments into public improvements—preserve these important opportunities for stimulation not only of the construction industry, but the entire private sector.”

Emphasize long-term, sustained, consistent economic development effort, through good times and bad.

- Scott Hage, Oregon Economic Development Association

Avoid compounding the economic problems created by the recession through legislative action.

- Ed Patterson, Oregon Association of Hospitals and Health Systems

According to Mr. Patterson, “health care is \$12 billion industry in Oregon and health care workers pay higher than average state taxes. Oregon hospitals are a \$4 billion industry and a very labor-intensive business that pay above state average wages. Employees make a substantial contribution to the general fund through state income taxes.

OVER-ALL, GENERAL

Develop an economic package for Special Session.

- Paul Phillips, Smart Growth Coalition

In cutting the state budget, try to protect programs that put dollars back into state coffers; target programs that add costs and fail to contribute to the bottom line. Infrastructure—pipes in the ground, high speed Internet [for example]—pay off in the long run.

- Dave Harlan, Port of Hood River

Create a “rainy day” fund.

- Brett Wilcox, Oregon Economic and Community Development Commission

Create a state budget stability fund to avoid the state’s negative impact during recessions.

- Eric Blackledge, Governor’s Small Business Council

Mr. Blackledge states that the current budget problem should remind us that recessions will still occur, and that our state budgeting and tax rebate policy often increase the negative impact on the state.

Create a budget stability fund by re-allocating money from state agency budgets reduced during the coming Special Session.

- Eric Blackledge, Governor’s Small Business Council

Mr. Blackledge suggests that the fund be managed by the Legislative Emergency Board, and adjusted at the end of the Biennium to avoid a possible kicker refund in two years, a refund that might actually occur if the total budget is simply reduced, and the economy bounces back.

Explore how the Public Employees Retirement System can responsibly invest in Oregon businesses, perhaps creating a fund for starting businesses in Oregon.

- Richard Butrick, Associated Oregon Industries

Request that the Oregon Investment Council invest in Oregon projects.

- Bob Shiprack, Oregon State Building and Construction Trades Council

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