

COMMUNICATIONS

JAN 18 1982

Governor's Office
State of Oregon

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Governor Atiyeh

SPEECH BY GOV. VIC ATIYEH
STATE OF THE STATE MESSAGE
SPECIAL SESSION -- 61ST LEGISLATIVE ASSEMBLY
HOUSE OF REPRESENTATIVES CHAMBERS
MONDAY, JANUARY 18, 1982

PREPARED TEXT

PRESIDENT HEARD...SPEAKER MYERS...MEMBERS OF THE OREGON
SENATE AND HOUSE...MY FELLOW OREGONIANS:

I BEGIN THIS MESSAGE BY STATING THE OBVIOUS -- AND THE
REASON I HAVE CALLED YOU INTO SPECIAL SESSION:

ALL IS NOT WELL IN OREGON.

THE EVER-WORSENING CONDITION OF OUR ECONOMY HAS
DOMINATED OUR LIVES FOR MUCH MORE THAN A YEAR. ALL OF US ARE NOW
FAMILIAR WITH THE PERSISTENT AND DISPIRITING SPECTRES OF A
PROLONGED AND PUNISHING RECESSION.

UNEMPLOYMENT IN OREGON IS AT AN ALL-TIME HIGH TODAY.
NEXT MONTH IT IS PREDICTED TO BE WORSE. ONE HUNDRED AND FIFTY
THOUSAND OF OUR FRIENDS, NEIGHBORS AND KIN -- ALL OREGONIANS --
ARE WITHOUT WORK. TIMBER IS OREGON'S ECONOMIC LIFEBLOOD. TODAY,
WHOLE COMMUNITIES TREMBLE AT THE POSSIBILITY THAT THEIR MILL WILL
CLOSE TOMORROW.

THE IRREFUTABLE REALITY IS THAT AS WE SIT HERE, THOUSANDS OF OREGON FAMILIES HAVE CUT BACK ON FOOD...ON FUEL TO HEAT THEIR HOMES...ON CLOTHING AND THE ABSOLUTE NECESSITIES OF LIFE.

HOWEVER, IF YOU THINK I AM DESCRIBING ONLY THE PLIGHT OF THE UNEMPLOYED, YOU ARE DEAD WRONG.

WE MUST REMEMBER THAT THERE ARE THOUSANDS UPON THOUSANDS OF OTHER OREGONIANS -- PRESENTLY WORKING OREGONIANS -- WHOSE BACKS ARE NOW AGAINST THE WALL AND WHO MAY BE JUST ONE PAYCHECK AWAY FROM RUIN AND PERSONAL TRAGEDY. THEY ARE JUST TRYING TO HANG ON. WE MUST NOT BE IN A POSITION OF PUSHING THEM OVER THE EDGE.

THIS MUST BE AN OVER-RIDING PERSPECTIVE AS THIS SPECIAL SESSION OF THE LEGISLATURE DECIDES WHETHER TO CUT GOVERNMENT SPENDING OR, TO RAISE TAXES.

WITH A 240 MILLION DOLLAR SHORTFALL, OUR OPTIONS CAN BE STATED SIMPLY: WE CAN CUT BUDGETS BY 240 MILLION DOLLARS...OR, WE CAN RAISE TAXES BY 240 MILLION DOLLARS...OR, WE CAN ADOPT SOME COMBINATION OF BOTH.

I HAVE CHOSEN A PLAN THAT RELIES MORE ON REDUCED SPENDING THAN ON NEW REVENUES. THE RE-BALANCED BUDGET I HAVE SUBMITTED TO THIS SPECIAL SESSION IS A BUDGET THAT IS CONSISTENT, COHERENT AND CREDIBLE.

THE TASK HAS NOT BEEN EASY OR PLEASANT FOR ME. IT HAS BEEN NEITHER EASY NOR PLEASANT FOR MANAGERS OF STATE AGENCIES WHO HAVE BROUGHT THEIR PROGRAMS AND BUDGETS TO THE CHOPPING BLOCK FOR THE THIRD TIME IN 18 MONTHS.

THERE ARE SOME WHO SAY THAT EVERY AGENCY SHOULD TAKE ITS 'FAIR SHARE' OF BUDGET CUTS. I DO NOT AGREE. THE ISSUE IS NOT WHAT IS 'FAIR' AMONG AGENCIES, BUT WHAT IS A 'FAIR' RESPONSE TO THE NEEDS OF ALL THE PEOPLE.

I EMPATHIZE WITH THOSE MANAGERS AND STATE EMPLOYEES WHO ARE FRUSTRATED AND DISCOURAGED WITH THE IRONY OF FEWER RESOURCES AND UNDIMINISHED DEMANDS. AT THE SAME TIME, I AM DEEPLY MOVED BY THEIR DETERMINATION TO PERSEVERE IN WHAT AMOUNTS TO A NO-WIN SITUATION.

EACH OF US HAS VISIONS FOR OUR FUTURE. I HAVE MY OWN PERSONAL GOALS WHICH, AS GOVERNOR, I WANT TO WEAVE INTO THE FABRIC OF OREGON.

WE MUST, HOWEVER, ADJUST OUR VISIONS OF THE FUTURE TO THE REALITIES AND THE IMMEDIACIES OF THE PRESENT. TO DO OTHERWISE WOULD JEOPARDIZE THE VERY INTEGRITY OF THE STATE OF OREGON. THAT INTEGRITY IS FAR MORE IMPORTANT -- AND FAR MORE FRAGILE THAN SOME APPEAR TO BE ABLE TO RECOGNIZE.

OUR RESPONSIBILITY IS THE WHOLE BUDGET. AND, THE DECISIONS WE MAKE MUST NOT BE WHOLLY OR UNDULY INFLUENCED BY THOSE WHO WOULD HAVE US CUT THE OTHER BUDGET -- BUT NOT THEIRS.

I AM NOT A NOVICE IN BUDGETMAKING. IN 23 YEARS IN GOVERNMENT I HAVE GAINED AS MUCH EXPERIENCE AS ANYONE HERE TODAY -- AND FAR MORE THAN MOST. AS GOVERNOR, I CARRY MORE PERSONAL RESPONSIBILITY -- AND DIRECT ACCOUNTABILITY -- FOR THE FISCAL INTEGRITY OF THE STATE OF OREGON THAN ANY OTHER INDIVIDUAL IN OR OUT OF THESE CHAMBERS.

SOME HAVE QUESTIONED WHY THE RECOMMENDATIONS I MAKE TO YOU TODAY ARE DIFFERENT FROM THE RECOMMENDATIONS I MADE IN 1981.

OF COURSE I HAVE DIFFERENT RECOMMENDATIONS TODAY!

TIMES HAVE CHANGED.

THE SITUATION HAS WORSENERED.

OREGON'S UNEMPLOYMENT RATE A YEAR AGO WAS 8.3 PERCENT. TODAY IT IS 11.4 PERCENT AND RISING.

IN 1981 WE EXPECTED 240 MILLION DOLLARS MORE IN REVENUE THAN WE EXPECT TODAY. TODAY MORE EMPLOYED OREGONIANS ARE HARD PRESSED TO SURVIVE.

THE FEVER HAS RISEN AND PAST REMEDIES HAVE NOT ABATED IT. NOW WE MUST PRESCRIBE DIFFERENT AND MORE DISTASTEFUL REMEDIES.

MOST OREGONIANS HAVE HAD TO ADJUST THEIR SPENDING AS THE RECESSION AND INFLATION CUT DEEPER AND DEEPER INTO THEIR LIVES.

STATE GOVERNMENT HAS CUT BACK. WE STARTED THAT PROCESS IN 1979 AND CONTINUED IT IN 1980 AND LAST YEAR. NOW, WE MUST CUT BACK AGAIN.

I HAVE NOT RECOMMENDED NOR WILL I SUPPORT A RAID ON THE PROPERTY TAX RELIEF FUND. SUCH A MOVE WOULD BE A SAD COMMENTARY ON THE WORTH OF A PLEDGE TO GET THE HAND OF GOVERNMENT OUT OF THE POCKETS OF THE PEOPLE.

AND MAKE NO MISTAKE. CUTTING PROPERTY TAX RELIEF TO AVOID BUDGET CUTS IS RAISING TAXES. TO CLAIM OTHERWISE IS TO MISLEAD. AND TO BELIEVE OTHERWISE IS FOOLISH. THE ILL-TIMED NOTION THAT HIGHER TAXES NOW IS AN ACCEPTABLE REMEDY IS NO DIFFERENT THAN SAYING A SACK OF CEMENT IS AN ACCEPTABLE LIFE PRESERVER TO A DROWNING PERSON.

I AM RECOMMENDING LEGISLATION THAT WILL MAINTAIN THE CONTRIBUTION OF THE STATE TOWARD PROPERTY TAX RELIEF. MY RECOMMENDATION PROVIDES RELIEF BASED ON INCOME AND PROPERTY VALUES AND APPROPRIATELY PROTECTS THE CITIZENS WITH THE GREATEST NEED.

THE BUDGET I PROPOSE IS WEIGHED AGAINST CRITERIA TO WHICH I ASSIGNED PRIORITY:

FIRST, EVERY DECISION MUST STRIKE A FAIR BALANCE BETWEEN THE DIMINISHED ABILITY OF THE TAXPAYER TO SUPPORT STATE GOVERNMENT, AND THE IRREVOCABLE OBLIGATION OF STATE GOVERNMENT TO MAINTAIN ESSENTIAL SERVICES.

SECOND, MY RECOMMENDATIONS FOR REDUCED SPENDING EVOLVE FROM JUDGMENTS THAT PUBLIC HEALTH AND SAFETY, REVENUE-PRODUCING ACTIVITIES, AND ECONOMIC DEVELOPMENT MUST HAVE 'FAVORED PROGRAM' STATUS IN THE ALLOCATION OF GENERAL FUND DOLLARS.

WE MUST NOT CONTINUE TO BE OBSESSED WITH THE CUT-BACKS I HAVE PROPOSED. THE REDUCTIONS AMOUNT TO A 10 PERCENT ROLL-BACK. THIS MEANS THAT 90 PERCENT REMAINS TO SERVE AND PROTECT OUR CITIZENS.

OREGON'S ECONOMIC CRISIS IS NOT THE RESULT OF SOME OVERNIGHT EVENT. IT HAS BEEN BUILDING FOR YEARS.

MUCH OF OUR PRESENT PROBLEM IS DUE TO THE STATE OF THE NATIONAL ECONOMY. FEDERAL FISCAL POLICIES ARE BEYOND OUR CONTROL. INTEREST RATES, WHICH IMPACT US MOST OF ALL, ARE BEYOND OUR REACH.

BUT WE MUST NOT SIT BACK AND WAIT FOR THINGS TO CHANGE. WE HAVE TO TAKE COMMAND OVER THOSE THINGS WE CAN DO TO HELP US THROUGH A PAINFUL PERIOD OF OUR HISTORY.

A PRINCIPAL BARRIER TO ECONOMIC DIVERSIFICATION IS THE MISERABLE IMAGE OREGON HAS WITH THE NATIONAL BUSINESS COMMUNITY.

TIME AND TIME AGAIN WE HEAR THAT OREGON DOES NOT WANT NEW INDUSTRY. TIME AND AGAIN WE HEAR DECLARATIONS THAT IT IS TOO TOUGH TO GET STARTED IN BUSINESS IN OREGON. WE HEAR COMPLAINTS THAT OREGON ACTIVELY DISCOURAGES PEOPLE FROM COMING HERE.

WE ALL KNOW NONE OF THOSE ASSERTIONS ARE TRUE. THEY HAVE NEVER BEEN TRUE.

PREVIOUS GOVERNORS HAVE WORKED AS HARD AS I HAVE TO PUT DOWN THESE LIES. BUT THE IMAGE PERSISTS.

WE MUST ACT NOW TO OVERCOME THIS PERCEPTION. AND WE MUST ACT TO OVERCOME OTHER REAL CONSTRAINTS TO ECONOMIC DEVELOPMENT.

THE BUSINESS COMMUNITY IS WATCHING US CLOSELY TODAY. I AM PERSONALLY AWARE OF ONE MAJOR INDUSTRY THAT IS CONSIDERING RELOCATION TO OREGON. ITS MIND WILL NOT BE MADE UP UNTIL IT SEES WHAT YOU AND I DO.

I HAVE SAID REPEATEDLY THAT OREGON IS OPEN FOR BUSINESS. I HAVE WORKED TO HELP OREGON GROW IN A BALANCED WAY.

DURING THIS SESSION YOU MUST SAY THAT YOU, AS WELL, ARE RECEPTIVE TO GROWTH. YOUR AFFIRMATIVE ACTION WILL STRONGLY SUPPORT MY OWN POSITION, AND HELP TO CHANGE OUR UNDESERVED IMAGE.

THE ECONOMIC PROBLEM IS NATIONAL IN SCOPE. HOWEVER, OTHER STATES WITHOUT OUR IMAGE PROBLEM ARE SUFFERING LESS THAN WE ARE. I SUBMIT TO YOU THAT OUR TOUGH-ON-BUSINESS IMAGE IS AS MUCH AN IMPEDIMENT TO ECONOMIC DEVELOPMENT AS TODAY'S HIGH INTEREST RATES.

OUR GOAL IS ECONOMIC RECOVERY. I AM RECOMMENDING FOUR STRATEGIES TO ACHIEVE THAT GOAL:

--CHANGE OUR IMAGE IN THE BUSINESS COMMUNITY.

--DO WHAT WE CAN TO MAKE THE BEST OF OUR SITUATION, AND TO PREVENT IT FROM BECOMING WORSE.

--ADOPT SHORT-TERM MEASURES TO COUNTERACT THE RECESSION.

--POSITION OUR STATE SO WE ARE ABLE TO CATCH THE TRAIN WHEN THE NATIONAL ECONOMIC ENGINE STARTS DOWN THE TRACK.

MY PROGRAM IS NOT DEDICATED SOLELY TO THE PRINCIPLE THAT WE MUST ATTRACT INDUSTRY FROM ELSEWHERE. WE MUST AT THE SAME TIME HELP OUR EXISTING INDUSTRIES TO SURVIVE AND EXPAND.

WHILE UNEMPLOYMENT STATEWIDE IS OVER 11 PERCENT, IN THE FOREST PRODUCTS INDUSTRY IT IS 27 PERCENT!

I HAVE TALKED TO THE PRESIDENT ABOUT THIS, AND I WILL RETURN AGAIN TO WASHINGTON, D.C. IF I MUST.

BUT WE ALSO MUST DO SOMETHING FOR OURSELVES. I AM TAKING ACTION, AND I AM RECOMMENDING ACTIONS ~~I BELIEVE~~ YOU SHOULD TAKE. THESE ARE THE SPECIFICS:

O IN REGULAR SESSION LAST YEAR YOU ADOPTED LEGISLATION REQUIRING STATE AGENCIES TO GIVE ASSISTANCE TO LOCAL GOVERNMENTS UNDERGOING AN ECONOMIC EMERGENCY.

THAT LEGISLATION REQUIRES FINDINGS BY A LOCAL GOVERNMENT THAT IT IS IN SERIOUS STRAITS. / THERE IS NO POINT IN GOING THROUGH A TIME-CONSUMING HEARINGS PROCESS TO FIND OUT WHAT WE ALREADY KNOW -- THAT WE ARE ON THE EDGE OF DISASTER.

WE ALL KNOW SOME AREAS IN OREGON ARE SUFFERING MORE DISTRESS THAN OTHERS, BUT THE OVERALL PICTURE IS SO UNFAVORABLE THAT EVERY COUNTY AND CITY IN THIS STATE HAS BECOME INVOLVED.

THEREFORE, I NOW ASK THAT YOU DECLARE A STATEWIDE ECONOMIC EMERGENCY TO MAKE ASSISTANCE AVAILABLE THROUGHOUT THE STATE WITHOUT EACH COUNTY GOING THROUGH A REDUNDANT EXERCISE.

WITHOUT DOING HARM TO THE FABRIC OF COMPREHENSIVE PLANNING COORDINATION, THIS DECLARATION WILL ALSO FACILITATE ACTIONS OF LOCAL GOVERNMENT UNDER THE LAND CONSERVATION AND DEVELOPMENT ACT IN SITING JOB-PRODUCING INDUSTRIES THAT ARE COMPATIBLE WITH OREGON'S WAY OF LIFE.

O I AM SUBMITTING LEGISLATION TO MAKE THE DEPARTMENT OF ECONOMIC DEVELOPMENT DIRECTLY RESPONSIBLE TO THE GOVERNOR. THE DEPARTMENT NEEDS THE SUPPORT AND SUPERVISION THAT THIS ALLIANCE WILL PROVIDE. THIS LEGISLATION WILL GIVE THE DEPARTMENT THE STATUS IT REQUIRES TO BEGIN FULFILLING ITS MISSION -- COORDINATION AND STIMULATION OF JOB-DEVELOPMENT ACTIVITY IN OREGON.

THIS CHANGE WILL HELP MAKE IT POSSIBLE TO EMULATE THE SUCCESS OF OREGON'S AGRICULTURAL MARKETING PROGRAM.

0 I WILL SUBMIT LEGISLATION TRANSFERRING THE ONE-STEP PERMIT PROGRAM FROM THE INTERGOVERNMENTAL RELATIONS DIVISION TO THE DEPARTMENT OF ECONOMIC DEVELOPMENT. BUSINESS SHOULD BE ABLE TO LOOK TO ONE DEPARTMENT FOR HELP IN MEETING ITS WIDE VARIETY OF NEEDS.

0 TO FURTHER STRENGTHEN OUR ABILITY TO HELP BUSINESS MEET OUR REQUIREMENTS, I WILL CREATE BY EXECUTIVE ORDER AN ECONOMIC DEVELOPMENT ACTION COUNCIL, WITH MY EXECUTIVE ASSISTANT AS CHAIRMAN.

TO BEGIN WITH MEMBERS WILL INCLUDE THE DIRECTORS OF ECONOMIC DEVELOPMENT, LAND CONSERVATION AND DEVELOPMENT, AGRICULTURE, WATER RESOURCES, ENVIRONMENTAL QUALITY, AND FISH AND WILDLIFE, AND SUCH LOCAL GOVERNMENT REPRESENTATIVES AS MAY BE HELPFUL FROM TIME TO TIME.

THE KEY MISSION OF THIS COUNCIL WILL BE TO ENSURE THAT BOTH NEW AND EXISTING INDUSTRIES HAVE A HIGH-LEVEL OPPORTUNITY TO OBTAIN AUTHORITATIVE RESOLUTION OF THEIR PROBLEMS WITH STATE GOVERNMENT.

AS PART OF THIS PROGRAM, I HAVE DIRECTED EVERY STATE AGENCY TO APPOINT AN "ECONOMIC LIAISON" TO GIVE THE COUNCIL ASSURANCE OF A PROMPT RESPONSE TO ECONOMIC DEVELOPMENT MATTERS.

THIS GOVERNMENT IS GOING TO BE PART OF THE SOLUTION RATHER THAN PART OF THE PROBLEM.

O I RECOMMEND AN APPROPRIATION OF 2.3 MILLION DOLLARS FOR ECONOMIC DEVELOPMENT-RELATED PROGRAMS IN THIS BIENNIUM.

WE ALL KNOW THAT THE STATE GOVERNMENT HAS SEVERE FINANCIAL PROBLEMS. BUT BY MAKING THIS EXPENDITURE IN THE FACE OF OUR BUDGET DIFFICULTIES, WE WILL BE SENDING A SIGNAL TO INDUSTRY THAT WE ARE INDEED SERIOUS ABOUT CREATING JOBS FOR OREGONIANS.

O FIRST, I PROPOSE \$397,000 FOR INCREASED STAFFING IN THE DEPARTMENT OF ECONOMIC DEVELOPMENT.

THE PRIME FUNCTION OF THESE NEW EMPLOYEES WILL BE TO ACT AS "BUSINESS ADVOCATES" -- PEOPLE WHO WILL LITERALLY TAKE INDUSTRIES BY THE HAND TO LEAD THEM THROUGH THE REGULATORY MAZE.

O I AM ASKING \$60,000 FOR THE DEPARTMENT TO CREATE AN INVENTORY OF LANDS AVAILABLE FOR INDUSTRIAL DEVELOPMENT, AND A COMPUTERIZED SYSTEM TO SUPPORT THIS EFFORT.

O I REQUEST APPROPRIATION OF \$250,000 TO THE E BOARD FOR THE DEPARTMENT TO DEVELOP A PROGRAM TO "MARKET" OREGON THROUGHOUT THE NATION AND IN OTHER PARTS OF THE WORLD. THIS PROGRAM WILL BE DEVELOPED WITH THE VOLUNTARY ASSISTANCE OF PROFESSIONALS FROM THE PRIVATE SECTOR.

IN FACT, THIS PROCESS IS ALREADY UNDER WAY.

O I RECOMMEND APPROPRIATION OF \$180,000 FOR NEW POSITIONS IN THE DEPARTMENT OF LAND CONSERVATION AND DEVELOPMENT FOR A LOCAL GOVERNMENT ASSISTANCE PROGRAM.

THESE EMPLOYEES WILL, UPON REQUEST, HELP LOCAL GOVERNMENTS PREPARE FINDINGS FOR CONFORMANCE WITH STATEWIDE PLANNING GOALS. THEY WILL OFFER TO HELP THEM MAKE AMENDMENTS TO THEIR PLANS.

OVER AND OVER, PROTESTS COME TO US ABOUT THE INORDINATE AMOUNT OF TIME REQUIRED TO PROVIDE A SITE FOR INDUSTRY. TO CHANGE AN ACKNOWLEDGED LAND USE PLAN CAN REQUIRE ALMOST SIX MONTHS -- EXCLUSIVE OF COURT APPEALS. INDUSTRY SIMPLY LOSES PATIENCE WITH US.

I WILL ALLOW NO VIOLENCE TO THE LAND USE PLANNING SYSTEM. I WANT IT PRESERVED. BUT I WANT TO MAKE IT WORK LIKE IT HAS NEVER WORKED BEFORE.

THE RESULT WILL BE THAT THE DECISION-MAKING PROCESS WILL MORE PROMPTLY COME TO AN END. LOCAL GOVERNMENTS NEEDING HELP WILL BE MORE ABLE TO PRESENT THEIR LAND USE PLAN READY FOR ACKNOWLEDGEMENT.

O I REQUEST AN ADDITIONAL \$37,000 FOR THE OFFICE OF ECONOMIC ANALYSIS IN THE EXECUTIVE DEPARTMENT. THIS IS REQUIRED TO PROVIDE SOLID ECONOMIC PLANNING AND FORECASTING SUPPORT FOR ALL OF US ENGAGED IN BRINGING ABOUT BUSINESS GROWTH.

O I REQUEST APPROPRIATION OF \$500,000 TO THE EMERGENCY BOARD TO FINANCE WITHIN THE STATE SYSTEM OF HIGHER EDUCATION A COMPREHENSIVE ENGINEERING AND HIGH-TECHNOLOGY EDUCATION AND TRAINING PROGRAM.

A PLAN FOR ACCOMPLISHING THIS HAS BEEN OUTLINED BY REPRESENTATIVE KATZ. HER PROPOSAL IS SIMILAR TO ONE I INTENDED TO MAKE, AND I URGE THAT YOU ADOPT THE CONCEPT SHE HAS DEVELOPED.

O I RECOMMEND AN APPROPRIATION OF \$400,000 TO THE EMERGENCY BOARD FOR CARRYING OUT AN INTENSIFIED TOURIST PROMOTION PROGRAM THAT IS TO BE DEVELOPED JOINTLY BY THE INDUSTRY AND THE STATE.

TOURISM WAS ONE OF THE FEW ^{EXCITING} BRIGHT SPOTS IN OUR ECONOMY IN 1981. GIVEN THAT THE ECONOMY OF MANY OTHER STATES LIKELY WILL IMPROVE AT A RATE FASTER THAN OUR OWN, WE SHOULD BUILD ON AND INTENSIFY THIS BRIGHT OPPORTUNITY.

O THE OREGON COUNTY DEVELOPMENT REVOLVING FUND WAS CREATED BY YOU IN 1981, BUT LEFT WITHOUT FINANCING. THE HOUSE REPUBLICAN BELIEVES WE SHOULD PROVIDE "SEED MONEY" TO GIVE COUNTIES A NEW OPPORTUNITY TO HELP THEMSELVES TO ECONOMIC GROWTH. I SUPPORT THIS RECOMMENDATION AND ASK FOR \$500,000 FOR THIS PROGRAM.

O I ALSO SUPPORT PROPOSALS UNDER CONSIDERATION BY YOU TO STRENGTHEN THE VETERANS' HOME LOAN PROGRAM, AND TO EXTEND UNEMPLOYMENT COMPENSATION BENEFITS FOR AN ADDITIONAL 13 WEEKS.

O ANOTHER SIGNIFICANT PART OF MY PLAN IS DESIGNED TO PUT PEOPLE IN THE FOREST PRODUCTS INDUSTRY BACK TO WORK NOW.

I AM SUBMITTING LEGISLATION TO GIVE THE STATE FORESTER AUTHORITY TO MODIFY THE TERMS AND CONDITIONS OF CONTRACTS FOR STATE-OWNED TIMBER SCHEDULED FOR HARVEST THIS YEAR.

UNDER THIS LAW, THE FORESTER WILL BE ABLE TO PROVIDE CONTRACTORS WITH EITHER AN EXTENSION OF THEIR CONTRACTS, OR RENEGOTIATION OF THE PRICE OF THE TIMBER THAT IS ACTUALLY CUT THIS YEAR.

I ALSO AM DIRECTING THE STATE FORESTER TO STUDY OTHER INCENTIVES THAT WOULD NOT ONLY RETURN LOGGERS TO THE WOODS BUT ACCELERATE THE RETURN OF WORKERS TO JOBS IN THE LUMBER MILLS. THE LEGISLATION I ADVOCATE WOULD GIVE HIM AUTHORITY TO TAKE ACTIONS HE DEEMS NECESSARY IN THIS AREA.

I WILL CONTINUE TO PURSUE SIMILAR ACTION ON THE PART OF THE FEDERAL GOVERNMENT.

ON ANOTHER LEVEL, I AM ASKING THAT FEDERAL, STATE AND LOCAL GOVERNMENTS IDENTIFY PUBLIC WORKS PROJECTS THAT MIGHT BE IMPLEMENTED, OR ON WHICH CONSTRUCTION MIGHT BE SPEEDED UP, DURING THE REST OF THIS BIENNIUM.

I AM NOT TALKING ABOUT NEW PROGRAMS OR "MAKE-WORK" PROJECTS. I AM TALKING ABOUT PROJECTS APPROVED AND BUDGETED WHICH MIGHT BE CARRIED OUT SOONER THAN ANTICIPATED, SO MORE PEOPLE CAN RETURN TO WORK.

THERE HAS BEEN SPECULATION ABOUT WHETHER OUR TAX STRUCTURE STANDS IN THE WAY OF ECONOMIC EXPANSION. WE SHOULD GET A SOLID BASE OF INFORMATION ON WHICH TO BASE A JUDGMENT. I HAVE ADVISED THE PRESIDENT OF THE SENATE AND THE SPEAKER OF THE HOUSE THAT I WILL JOINTLY CREATE A PANEL, IN CONSULTATION WITH THEM, TO MAKE AN ASSESSMENT OF WHETHER THE TAX STRUCTURE OF OREGON IS A SERIOUS CONSTRAINT TO ECONOMIC DEVELOPMENT.

I TRUST MY URGINGS TODAY WILL FALL UPON RECEPTIVE EARS. WE NEED TO DO MANY RESPONSIBLE AND DRAMATIC THINGS TO HELP PERSUADE INDUSTRY BOTH IN-STATE AND OUT-OF-STATE THAT OUR PURPOSE IS SERIOUS...THAT OUR NEW IMAGE IS BASED UPON MORE THAN EMPTY TALK.

THESE RECOMMENDATIONS COME TO YOU AFTER LONG AND CAREFUL
THOUGHT TEMPERED BY EXPERIENCE.

MY BUDGET RECOGNIZES NOT ONLY THAT WE HAVE TENS OF
THOUSANDS OF OREGONIANS OUT OF WORK. IT GIVES RECOGNITION TO
THOSE OREGONIANS WHO ARE AT WORK BUT STILL STRUGGLING TO MAKE
ENDS MEET.

DO NOT ASSUME THAT THESE CITIZENS HAVE MORE MONEY TO
FINANCE GOVERNMENT AS USUAL. TO TAX THEM DIRECTLY, OR INDIRECTLY
THROUGH HIGHER TAXES ON BUSINESS, COMPOUNDS THEIR FINANCIAL
PROBLEMS.

THEY WANT US TO RESPONSIBLY MAKE DO. AND THEY WANT TO SEE SOME LEADERSHIP THAT PUMPS LIFE INTO A STAGNANT ECONOMY.

IN ALL YOUR DEBATE, GIVE CONSIDERATION -- AS I HAVE -- TO THESE OVERRIDING FACTS:

-- MAJOR TAX INCREASES ARE NOT NECESSARY; IN FACT, THEY ARE UNCONSCIONABLE.

-- AND, FINALLY, WE DESPERATELY NEED TO SAVE AND TO CREATE JOBS.

MY RECOMMENDATIONS STEM FROM THESE FACTS. I URGE YOU TO FOLLOW THEM TO THEIR CONCLUSION.

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