

Bill dissolving Cover Oregon heads to governor

By JONATHAN J. COOPER
Associated Press

SALEM — A bill dissolving Oregon’s troubled health insurance exchange and folding its functions into a state agency is on its way to Gov. Kate Brown after it was approved in a bipartisan state House vote Friday.

The bill will be the first to reach Brown since she took office last week. She hasn’t said whether she’ll sign it.

The measure would dissolve the independent corporation that was created to run Cover Oregon, which was supposed to create a website to enroll people in health insurance under President Barack Obama’s health care law. Cover Oregon spent \$300 million but never launched a working website, embarrassing the state’s political leadership.

“When Plan A fails and you don’t have a Plan B, you have to create Plan B. And that’s what this is,” said Rep. Bill Kenemer, an Oregon City Republican who voted against creating the insurance exchange four years ago but supported disbanding it Friday.

The measure was approved in a 42-14 vote. Opponents said they were concerned about the state’s ability to handle the transition.

When the Cover Oregon website failed, Oregon opted

to use a federal portal, www.HealthCare.gov, instead. Not much would change for consumers if Brown signs the measure abolishing Cover Oregon. Consumers would still be able to use the federal website to enroll in insurance, the Oregon Department of Consumer and Business Services would take over the administrative functions now handled by Cover Oregon.

Cover Oregon is overseen by an independent board appointed by the governor and is funded by a fee added to each insurance plan it sells. As part of a state agency, the Legislature would have more control over its spending, hiring and policies.

The state and software giant Oracle Inc., which was hired to build the technology, have engaged in an escalating legal battle pointed fingers at each other for Cover Oregon’s failure.

In a court filing, Oracle’s lawyers raised concerns with the bill abolishing Cover Oregon, saying the state is “engaged in an effort to change the law midstream.”

Lawyers for the state have told a federal judge that the bill would strengthen their argument against Oracle’s claim of copyright infringement because the state is generally immune from litigation under the U.S. Constitution, but an autonomous Cover Oregon is not.

Despite West Coast deal, container terminal hurting

PORTLAND (AP) — The contract agreement between longshore workers and 29 West Coast ports hasn’t resolved bad blood between workers and the container terminal operator at the Port of Portland.

The last vessel sent by the major shipper servicing the Port’s Terminal 6 left Wednesday after 20 days in port, about 10 times longer than container shippers hope to spend, *The Oregonian* reports.

The executive director of the port, Bill Wyatt, said the port and the terminal operator are looking for shippers to take up some of the slack left when Hanjin Shipping Co. of South Korea pulled out amid clashes between labor and management at the dock over efficiency.

The International Longshore and Warehouse Union says the terminal is poorly managed. The company says dock workers are “hard-timing,” deliberately slowing the pace of work.

A tentative contract along the West Coast was reached last week. Now, Wyatt said, he hopes to recruit the Pacific Maritime Association, a coalition of the 29 West Coast operators, to help resolve the Portland differences.

The container work done at Terminal 6 is 15 percent of the marine port’s revenue. The marine arm of the Port of Portland also moves grain, potash, soda ash and automobiles.

All of that combined is 20 percent of the port’s overall business — airports and industrial leasing make up the rest.

The port operated Terminal 6 on its own for nearly 40 years, making a profit in only two years and losing \$17 million in 2009. When it decided to lease the terminal, it was the last West Coast port au-

thority running its own.

The expense of new equipment rules out the port resuming container operations, Wyatt said.

In 2010, the port began a 25-year lease with ICTSI Oregon, whose parent company is International Container Terminal Services Inc., based in the Philippines. The company is on the hook to fulfill nearly \$60 million remaining on the lease if the Oregon headquarters can’t cut it.

The chief executive of ICTSI Oregon, Elvis Ganda, said the company isn’t leaving.

“We are doing what we can to keep T6 open, and the union is doing all it can to shut the terminal down,” he said. “If the ILWU thinks its tactics will drive us out, they are sorely mistaken. We’re not going anywhere.”

“With respect to what the Port will do with the terminal if ICTSI leaves, one can only speculate,” said union spokeswoman Jennifer Sargent. “One thing that’s sure is that Oregon’s workers, farmers, importers and exporters deserve better service than ICTSI has delivered.”

Portland’s container terminal has disadvantages. Most West Coast ports face the ocean, but ships have to travel 100 miles up the Columbia River to get to Portland.

Shippers have to hire highly paid experts to negotiate the river and its narrow shipping channel. The terminal is not large enough to accommodate several boats at a time, and isn’t deep enough to accommodate most modern ships.

Beyond that, West Coast ports are in peril of losing more business each year to the East Coast and the Gulf with the widening of the Panama Canal.

Hanjin did 80 percent of the port’s container business.

AG defers to feds in Kitzhaber/Hayes probe

By HILLARY BORRUD
Capital Bureau

SALEM — Oregon Attorney General Ellen Rosenblum announced Friday afternoon that she temporarily suspended an investigation of former Gov. John Kitzhaber and his fiancée Sylvia Hayes, until federal authorities complete their investigation of the couple.

Kitzhaber resigned Feb. 18 amid allegations that he allowed Hayes to use her public position to benefit her consulting business, but he has maintained that he did nothing wrong.

Rosenblum halted the state criminal investigation at the request of U.S. Attorney S. Amanda Mar-

shall and the FBI, according to Kristina Edmunson, a spokeswoman for Rosenblum. In exchange, the U.S. Attorney’s Office agreed to share information with the Oregon Department of Justice.

“I reiterate my prior statement that Oregonians deserve a thorough review of the allegations surrounding now former-Governor Kitzhaber and Ms. Hayes,” Rosenblum said in a statement issued Friday. “I fully support the efforts of the federal authorities. We share the ultimate goal of protecting the integrity of our state institutions through a comprehensive investigation.”

Rosenblum said after the federal investigation is com-

plete, DOJ lawyers will “review the facts, and investigate further if necessary” to make sure they address any violations of state law. In a press release, Rosenblum pointed out that Oregon law requires the attorney general to investigate allegations of “public corruption and malfeasance,” in coordination with federal and local law enforcement.

The same day Kitzhaber announced his resignation, the U.S. Attorney’s Office served the state with a broad subpoena for records related to Hayes’ contracts, and Kitzhaber and Hayes’ interactions with officials across 11 state agencies. *The Oregonian* reported earlier this week the IRS has also

joined the investigation.

The EO Media Group/Pamplin Media Group Capital Bureau reported in January that Hayes was paid a total of \$118,000 through a fellowship with a nonprofit that had an interest in state policy; other news organizations that had received copies of Hayes’ tax returns subsequently reported that Hayes did not appear to have listed that income on her tax filings.

Hayes and Kitzhaber also face a civil investigation by the Oregon Government Ethics Commission, but that inquiry was placed on hold earlier this year after Rosenblum announced the DOJ was investigating the couple.

U.S. tribes gather to discuss legal marijuana

TULALIP, Wash. (AP) — The Justice Department’s December announcement that it would allow the nation’s Indian tribes to legalize and regulate marijuana on their reservations brought notes of caution — if not silence or opposition — from many tribes.



AP Photo/Elaine Thompson

Audience members look on at a tribal marijuana conference for tribal governments considering whether to legalize marijuana for medicinal, agricultural, or recreational use Friday in Tulalip, Wash.

They were reluctant given the substance abuse problems that already plague many reservations.

But the attendance at a conference on the topic Friday gave an early indication of just how many might be weighing it.

Representatives of about 75 tribes from around the country converged on the Tulalip Indian Tribes’ resort and casino for a \$605-a-head seminar on the regulatory, legal and social issues related to pot legalization.

That’s a small fraction of the nation’s 566 recognized tribes. Many attendees were from smaller tribes looking for a potential economic edge.

“A great deal more are considering this than I thought would be considering it,” said Ken Meshigaud, chairman of the Hannahville Indian Community, a band of the Potawatomi Tribe on Michigan’s Upper Peninsula. “From an economic standpoint, it may be a good ven-

ture the tribes can get into.”

Tulalip Vice Chairman Les Parks called it “a dream of another point of self-sufficiency on our reservations.”

“That’s what marijuana can do for us,” he said.

Tribes have been wrestling with the idea since the U.S. Justice Department announced that it wouldn’t stand in their way if they want to approve pot for medical or recreational use.

The agency said tribes must follow the same law enforcement priorities laid out for states that legalize the drug, including keeping marijuana out of the hands of children and criminal elements.

The discussions are heating up: On Monday, about

200 tribal leaders attended a meeting of the National Congress of American Indians, which included a closed-to-the-press panel discussion with Justice Department officials on marijuana legalization, said Demetri Downing, a former prosecutor for the Tohono O’odham tribe in southern Arizona who now advises tribes on regulatory issues related to pot.

The topic also is on the agenda of a major tribal economic summit in Las Vegas next month.

“We have to take a look at it,” said Seth Pearman, an attorney for the Flandreau Santee Sioux Tribe in South Dakota. “The economic opportunity is just astronomical

— it would be almost negligible to miss out on this.”

He said tribal leaders already are drafting regulations for a marijuana industry, and they toured some Washington state dispensaries on their trip.

The conference was organized by Robert Odawi Porter, a former president of the Seneca Nation in New York, and Seattle marijuana business attorneys Hilary Brickman and Robert McVay.

Topics included the business potential for pot, concerns about substance abuse and the potential creation of a tribal cannabis association. Porter noted the difficult legal issues relating to tribal sovereignty, especially when Congress has given some states criminal jurisdiction over reservation lands.

Several tribes stressed they are proceeding cautiously and reluctant to outpace changes in state marijuana laws. For example, tribes might not want to legalize for recreational use if it’s illegal off-reservation, said Chris Stearns, a Navajo and the chairman of the Washington State Gambling Commission.

“They can sell to non-Indians, but the second they leave the reservation they get arrested,” Stearns said. “That’s not a great business model.”



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