

## **Senate Interim Committee on Business and Transportation**

**Monday, September 16, 2013**

**State Capitol, Salem, Oregon**

**Members Present: Members Excused: Sen. Lee Beyer, Chair; Sen. Bruce Starr, Sen. Chris Edwards, Sen. Fred Girod, Sen. Rod Monroe, Sen. Chuck Thomsen**

### **Cost of Compliance with the Federal Real ID Act**

Amy Joyce of the Driver and Motor Vehicle Services Division (DMV) of the Oregon Department of Transportation (ODOT) provided written [testimony](#) regarding the state's current status regarding compliance with the federal Real ID Act of 2005. The Act requires each state to implement 39 specific elements to ensure the security and reliability of its driver license and identification cards. Penalty for noncompliance is that those cards may not be recognized by federal agencies for identification purposes; the most common impact this would have on individuals would be inability to board an airline. Senate Bill 536 (2009) prohibits state agencies from expending funds to implement the Real ID Act until federal funds are allocated for that purpose. Currently there are 20 states considered compliant; the remaining states, including Oregon, have been granted extensions. Oregon currently lacks 11 of the 39 requirements to be considered 'materially compliant'. Without the possibility of blanket exceptions in the future, the estimated cost of compliance to Oregon would be \$4.8 million in the 2015-17 biennium, with an additional \$5.8 million and \$5.7 million in the subsequent biennia. The primary compliance requirements relate to document scanning and storage and re-verifying Social Security Numbers upon each transaction.

Questions and comments by committee members included: whether a statutory amendment would be required for compliance; how long expenditures would need to continue to achieve compliance; whether there are other states with multiple driver license/identification card options; implications for noncompliance for states with multiple license options; the estimated cost increase of driver licenses to cover the cost of compliance; and possible funding sources to cover the cost.

### **Workers' Compensation Self-Insured Group Legislative Concept**

Patrick Allen, Director of the Department of Consumer and Business Services (DCBS), provided an [overview](#) of a legislative concept the agency is requesting be introduced as a committee measure for the 2014 session. After a brief overview of the Workers' Compensation system, he provided an explanation for self-insurers, specifically groups of self-insurers. Self-insured groups involve employers forming a trust to create a separate guarantee fund to pay benefits in certain circumstances. He noted that one such group entered bankruptcy a few years ago during the recession; when a group member goes out of business, the liability is spread between remaining members, and if a critical mass is reached, the entire group can collapse. The system, as it exists, is designed to deliver benefits, but in some cases can actually force bankruptcy and liquidation to pay claims.

The proposed legislative concept provides a carrot-and-stick approach. First, groups are encouraged to stop using the type of arrangement and transition to the Workers Benefit Fund. However, the concept also enhances security and backstops to prevent group collapse. Mr. Allen indicated that the legislative concept has been fully vetted with stakeholders and awaits review by the Management/Labor Advisory Committee (MLAC).

### Workforce Program Redesign

Agnes Balassa, Governor Kitzhaber's Workforce Policy Advisor, submitted [testimony](#) and a slide [presentation](#) regarding ongoing efforts to reorganize the agency structure for worker training to meet the needs of both workers to get back to work and businesses to fill needed positions. Even if the state is successful in meeting its overall education goals it might still not meet employment goals unless the system is optimized to match workers with available jobs. People currently lacking employment may have few skills or may be highly skilled; may require complete retraining; or just a little bit of updating their skills and knowledge.

The redesign shifts some responsibilities to the Oregon Employment Department (OED), to provide a stronger platform. The current system utilizes resources within OED and also within the Oregon Department of Community College and Workforce Development (OCCWD) in a bifurcated system. The redesign is meant to capitalize on transitioning unemployed workers off of Unemployment Insurance (UI) and reduce the cost of coordinating efforts across agencies.

Lisa Nisenfeld, Director of OED, spoke to the effort to drive decision-making away from the state agencies and more toward local levels, in acknowledgement that different regions of the state have different employment needs. Local workforce centers will be one-stop-shops for apprenticeship and other types of worker training, and will work more closely with employers to identify their needs.

Andrew McGough, representing Worksystems, Inc., presented [testimony](#) describing how the current approach was developed in 2007. He provided statistics regarding numbers of workers served by the system, emphasizing that breaking down the agency silos will improve outcomes for veterans, ex-offenders, people of color, older workers and others.

Committee questions and comments for this panel included: how much is allocated specifically for Title 1; acknowledgement that there is high demand for some trades, such as welding; specific strategies to help people who are just a few credits away from completing degrees; whether the agency process has involved traveling to all regions; and how the process is working outside of the metro area and the Willamette Valley.

### Transportation Projects Update

Paul Mather, Oregon Department of Transportation (ODOT) Highway Division Administrator, offered a slide [presentation](#) regarding the status of several high-profile transportation projects across the state. Committee members asked about bottlenecks in Sisters, Lincoln City and at Interstate 205 at Stafford Road.

### Status of Oregon's Wine Industry

Tom Danowski, President of the Oregon Wine Board and Director for the Oregon Winegrowers Association, provided a slide [presentation](#) to update the committee on Oregon's wine industry 10 years after creation of the Oregon Wine Board (House Bill 3442, 2003). He thanked the Legislative Assembly for the creation of the wine country vehicle license plate. The Board focuses on efforts in marketing and research, which has led to both greater recognition and higher quality. He also mentioned that Oregon's several craft industries (wine, beer, distilled spirits, cheeses) have all seen significant growth and national attention in recent years.

Mr. Danowski then provided an overview of the state of the Oregon wine industry, identifying that:

- There were 201 wineries in 2003; today there are 545;
- There were 673 vineyards in 2003; today there are 905;
- Total case sales of Oregon wine in 2003 was 1.2 million; in 2012 it was 2.4 million;
- While 74 percent of all U.S. wines sell at less than \$11/bottle, only 10 percent of Oregon wines sell at less than \$11/bottle; and
- There is significant room for improvement with regard to regional market share and U.S. wine market penetration by Oregon wines.

Mr. Danowski also cited a 2013 Oregon Wine Reputation Study conducted by Linfield College, which emphasized that Oregon wines compared favorably with California wines but are not as easy to find in stores; coverage of Oregon wines in Wine Spectator magazine, which showed that a higher percentage of Oregon wines are rated at 90+ points than California, France or New Zealand wines; and Snooth's designation of Oregon as the 2013 wine region of the year. He also discussed the impact of wine tourism on the Oregon economy, with more than one million winery visits and \$158 million contribution to tourism. He finished by commenting on the importance of research in education.

Committee questions and comments included: prospects for international sales of Oregon wine; and the intersection of running tourism and wine tourism.

### Bureau of Labor and Industries Employer Training Programs Overview

Jennifer Germundson, Technical Staff for the Oregon Bureau of Labor and Industries (BOLI), submitted a slide [presentation](#) that provided an overview of training programs offered to employers to help them comply with requirements. The program has six employees total, two of whom are trainers. In addition, BOLI offers a phone line, advice columns, the BOLI website, seminars and training, and publications and posters. The agency fielded 18,000 inquiries in 2012, makes 13 seminars available (including customized trainings), and publishes eight different employer handbooks.

Committee questions and comments included whether employer compliance with complicated rules and regulations should involve the added cost of the need to purchase publications.