

HOUSE COMMITTEE ON AUDITS

May 19, 2005 Hearing Room D

8:30 A.M. Tapes 78 - 79

MEMBERS PRESENT: Rep. Jerry Krummel, Chair

Rep. Tom Butler, Vice-Chair

Rep. Diane Rosenbaum, Vice-Chair

Rep. Alan Brown

Rep. Jackie Dingfelder

STAFF PRESENT: Jim Keller, Committee Administrator

Kellie Whiting, Committee Assistant

MEASURES/ISSUES HEARD:

SB 157 – Public Hearing

SB 405A – Public Hearing and Work Session

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE/#	Speaker	Comments
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TAPE 78, A

002 Chair Krummel Calls the meeting to order at 8:40 a.m. Appoints himself as a sub-committee for the purpose of taking testimony. Opens the public hearing on SB 157.

SB 157 – PUBLIC HEARING

005 Cathy Pollino Secretary of State Audits Division. Submits and reads from prepared testimony in support of SB 157 (**EXHIBIT A**). States the bill more clearly defines who the statute applies to, establishes a dollar threshold, establishes a timeline for reporting and changes the requirements that investigations be completed within 30 days. Explains the Audits Division's role in preventative loss.

065 Chair Krummel Inquires if ORS 297.120 [2] only applies to audits.

074 Pollino Concur.

083 Chair Krummel Comments on rescinding the subsequent referral to Ways and Means and refer to bill to the House Committee on Budget. Comments on the fiscal impact. States the bill will be scheduled for a work session on Tuesday, May 24, 2005.

106 Rep. Rosenbaum Inquires about the absence of a threshold.

111 Pollino Responds about the reported amounts for agencies. Explains the need for a reasonable reporting threshold.

124 Rep. Rosenbaum Comments about the consistent reporting.

131 Pollino Describes the discovery of loss and reporting.

139 Chair Krummel Comments on the importance of notification to the Secretary of State's Office.

146 Rep. Rosenbaum Inquires about the reason for the subsequent referral.

151 Chair Krummel

States he will draft a letter to the Speaker's Office to address the subsequent referral. Closes the public hearing on SB 157 and opens the public hearing on SB 405A as a full committee.

SB 405 A – PUBLIC HEARING

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| 157 | Fred Vannatta | Oregon Board of Optometry. Testifies in support of SB 405A. States the bill allows the semi-independent agencies to borrow money to purchase property. Comments on the semi-independent agency concept. |
| 243 | Davis Plunkett | Executive Director, Oregon Board of Optometry. Submits and reads from prepared testimony (EXHIBIT B) in support of SB 405A. Explains the costs for the small boards. Comments on the potential savings for semi-independent agencies with the passage of SB 405A. |
| 296 | Carol Howlford | Board of Architects. Testifies in support of SB 405A. |
| 314 | Rep. Dingfelder | Inquires about the liability concerns. |
| 325 | Vannatta | Refers to page one, line nine of the SB 405A and clarifies that the lender is bound by the provision of statute. |
| 352 | Rep. Dingfelder | Expresses interest over the liability issues concerning defaults of the loan terms. Requests to see the opinions from the Attorney General's Office. |
| 369 | Plunkett | Responds about the opinions from the Attorney General's Office. |
| 387 | Rep. Butler | Clarifies about lender liability and certificates of participation. |
| 410 | Rep. Rosenbaum | Inquires about the semi-independent agencies not being able to purchase property. |
| 421 | Plunkett | Agrees and explains that is the reason for the bill. |

TAPE 79, A

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| 007 | Vanatta | Refers to page two, line seven of SB 405A to clarify the original language. |
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017	Rep. Rosenbaum	Inquire about the legislature's role in the budget process.
021	Plunkett	Responds the budget does not go before Ways and Means.
034	Chair Krummel	Inquires about the role of the Department of Administrative Services (DAS).
038	Vanatta	Describes the appointment process for the board. Explains the role of DAS.
047	Chair Krummel	Inquires about the leasing authority.
057	Vanatta	Refers to page two, line eight, nine and ten of SB 405A and explains the purchasing, leasing and disposing authority for property.
065	Plunkett	Responds about the collaboration of projects to save money.
073	Vanatta	Responds about the cost for using the facilities and the opportunities to share cost.
080	Chair Krummel	Inquires about the tax issues for leasing.
091	Plunkett	Responds about the proportion of taxable space.
101	Rep. Butler	Responds about the concept behind the utilization of space and the status of the boards.
134	Chair Krummel	Inquires about the utilization standards DAS uses for maintenance.
150	Plunkett	Responds there will be reserves set aside for maintenance.
162	Chair Krummel	Comments on government deferred maintenance.
173	Greg Jeffery	Department of Administrative Services. Submit and reads from prepared testimony in opposition of SB 405A (EXHIBIT C). Explains DAS's advisory role.
208	Rep. Butler	Inquires about a certain response from DAS as an advisor.

- 217 Jeffery Responds he has not discussed the issue with DAS and does not know how DAS would react.
- 220 Rep. Butler Inquires about the relationship between the Oregon Department of Transportation's (ODOT) building and the DAS advisory role.
- 229 Jeffery Responds about the different property arrangements between agencies and DAS.
- 243 Rep. Butler Inquires about the DAS advisory authority and asks why the ODOT building was not maintained.
- 256 Jeffery Responds about the maintenance concerns in regards to the ODOT building.
- 273 Rep. Butler Comments on the advisory power for facility maintenance and DAS's responsibility. Inquires about the contractual language.
- 304 Jeffery Responds about the indication of authority to participate in the transactions.
- 317 Chair Krummel Closes the public hearing on SB 405A and opens a work session on SB 405A. Comments on the letter sent to the Speaker in regards to rescinding the subsequent referral to Ways and Means.

SB 405A – WORK SESSION

- 338 Rep. Butler **MOTION: Moves SB 405A to the floor with a DO PASS recommendation and the SUBSEQUENT REFERRAL to the committee on Ways and Means BE RESCINDED.**
- 346 **VOTE: 5-0-0**
AYE: In a roll call vote, all members present vote Aye.
- Chair Krummel The motion CARRIES.**
REP. BUTLER will lead discussion on the floor.
- 348 Chair Krummel Closes the work session on SB 405A and adjourns the meeting at 9:31 a.m.

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EXHIBIT SUMMARY

- A. **SB 157, prepared testimony, Cathy Pollino, 1 p**
- B. **SB 405A, prepared testimony, David Plunkett, 1 p**
- C. **SB 405A, prepared testimony, Greg Jeffery, 1 p**