

HOUSE COMMITTEE ON
BUSINESS, LABOR, AND CONSUMER AFFAIRS

March 14, 2005 Hearing Room B

8:30 A.M. Tapes 54 - 55

Corrected 09/27/05

MEMBERS PRESENT: Rep. Alan Brown, Chair

Rep. Sal Esquivel, Vice-Chair

Rep. Mike Schaufler, Vice-Chair

Rep. Paul Holvey

Rep. George Gilman

Rep. Derrick Kitts

Rep. Chip Shields

STAFF PRESENT: Janet Adkins, Committee Administrator

Katie Howard, Committee Assistant

MEASURES/ISSUES HEARD:

HB 2091 – Work Session

HB 2033 – Public Hearing and Work Session

HB 2034 – Public Hearing and Work Session

HB 2632 – Public Hearing and Work Session

HB 2633 – Public Hearing and Work Session

HB 2637 – Public Hearing

HB 2461 – 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
TAPE 54, A		
002	Chair Brown	Calls the meeting to order at 8:35 a.m. Opens the work session on HB 2091
<u>HB 2091 – WORK SESSION</u>		
005	Janet Adkins	Committee Administrator. Explains HB 2091. References the -1 and -2 amendments (EXHIBIT A and B). States that HB 2091 has been reviewed by the Office of Regulatory Streamlining and the Management and Labor Advisory Committee.
017	John Shilts	Administrator, Workers' Compensation Division. Speaks in support of HB 2091 and the -2 amendments (EXHIBIT B). Says that the only additional change that the -2 amendments made over the -1 amendments is that the -1 amendments made a one word change.
041	Chair Brown	Asks Mr. Shilts to comment on the fiscal impact of HB 2091.
042	Shilts	States that the Workers' Compensation Division believes that the fiscal impact will save about \$200,000 to \$250,000 per biennium. States that there is no fiscal impact on the Workers' Compensation Board.
054	Adkins	Says that the Legislative Fiscal staff said there was no reason for HB 2091 to come before the Ways and Means Committee. States that HB 2091 has been anticipated by the Governor's budget.
062	Sen. Kitts	MOTION: Moves to ADOPT HB 2092-2 amendments dated 03/11/05.
065		VOTE: 7-0-0
	Chair Brown	Hearing no objection, declares the motion CARRIED.

- 066 Rep. Kitts **MOTION: Moves HB 2091 to the floor with a DO PASS AS AMENDED recommendation.**
- 069 **VOTE: 7-0-0**
- AYE: In a roll call vote, all members present vote Aye.**
- Chair Brown The motion CARRIES.**
- REP. SCHAUFLER will lead discussion on the floor.**
- 078 Chair Brown Closes the work session on HB 2091 and opens the public hearing on HB 2033.

HB 2033 – PUBLIC HEARING

- 083 Janet Adkins Committee Administrator. Explains HB 2033 and the -1 amendments **(EXHIBIT C)**.
- 114 Darren Bond Director of Finance, Oregon State Treasury. Submits and reads from written testimony in support of HB 2033 **(EXHIBIT D)**. States that they are comfortable with the -1 amendments.
- 147 Chair Brown Summarizes HB 2033.
- 157 Tim Martinez Oregon Bankers Association. Speaks in support of HB 2033.
- 163 Ken Sherman Oregon Bankers Association. Submits and reads from written testimony in support of HB 2033 with the -1 amendment **(EXHIBIT E)**. Explains how HB 2033 helps clear up some problems that arose after SB 331 (2003) was passed. States that no financial institutions have to pledge securities to cover deposits that are covered by deposit insurance.
- 200 Sherman States that HB 2033 as it stands now references the incorrect statutes and explains that the -1 amendments **(EXHIBIT C)** clears up this issue.
- 230 Martinez Indicates that the -1 amendments were worked out with the Oregon State Treasurer's Office **(EXHIBIT C)**.

238 Rep. Schaufler Speaks in support of HB 2033.

242 Pam Leavitt Credit Union Association of Oregon. Submits written testimony in support of HB 2033 (**EXHIBIT F**). Adds that the Credit Union Association of Oregon is supportive of the -1 amendments.

255 Chair Brown Closes the public hearing on HB 2033 and opens the work session on HB 2033.

HB 2033 – WORK SESSION

268 Rep. Kitts **MOTION: Moves to ADOPT HB 2033-1 amendments dated 03/11/05.**

260 **VOTE: 7-0-0**

Chair Brown Hearing no objection, declares the motion CARRIED.

261 Rep. Kitts **MOTION: Moves HB 2033 to the floor with a DO PASS AS AMENDED recommendation.**

263 **VOTE: 7-0-0**

AYE: In a roll call vote, all members present vote Aye.

Chair Brown The motion CARRIES.

275 Rep. Kitts **MOTION: Moves HB 2033 be placed on the CONSENT CALENDAR.**

278 **VOTE: 7-0-0**

Chair Brown Hearing no objection, declares the motion CARRIED.

280 Chair Brown Closes the work session on HB 2033. Opens the public hearing on HB 2034.

HB 2034 – PUBLIC HEARING

283 Janet Adkins Committee Administrator. Explains HB 2034. States that HB 2034 has already been through the House Revenue Committee.

300 Darren Bond Director of Finance, Oregon State Treasury. Submits and reads from written testimony in support of HB 2034 (**EXHIBIT G**).

325 Chair Brown Clarifies HB 2034.

342 Tim Martinez Oregon Bankers Association. Speaks in support of HB 2034. Talks about various banks that would like to take advantage of HB 2034.

360 Chair Brown Closes the public hearing on HB 2034 and opens the work session on HB 2034.

HB 2034 – WORK SESSION

380 Rep. Esquivel **MOTION: Moves HB 2034 to the floor with a DO PASS recommendation.**

386 Rep. Shields States that he will vote for HB 2034 in committee but reserves the right to vote against HB 2034 on the floor.

390 **VOTE: 7-0-0**

AYE: In a roll call vote, all members present vote Aye.

Chair Brown **The motion CARRIES.**

REP. ESQUIVEL will lead discussion on the floor.

403 Chair Brown Closes the work session on HB 2034 and opens the public hearing on HB 2632.

HB 2632 – PUBLIC HEARING

407 Janet Adkins Committee Administrator. Explains HB 2632.

TAPE 55, A

002 Tim Martinez

Oregon Bankers Association. Speaks in support of HB 2632. Talks about how the interest rate affects the trusts and that HB 2632 does not affect the banks or the trust companies.

- 020 Ken Sherman General Counsel, Oregon Bankers Association. Speaks in support of HB 2632. Talks about a sizable estate and how HB 2632 would affect the estate. Says that the interest rate in the statute is artificially high.
- 032 Chair Brown Asks if the five percent rate is what the trust earns or what is charged for the expenses.
- 035 Sherman States that HB 2632 is only dealing with probate estates. Says that the interest rate will be tied to the market interest rate and will be paid out of the residual estate.
- 053 Chair Brown Closes the public hearing on HB 2632 and opens the work session on HB 2632.

HB 2632 – WORK SESSION

055 Rep. Esquivel **MOTION: Moves HB 2632 to the floor with a DO PASS recommendation.**

058 **VOTE: 7-0-0**

AYE: In a roll call vote, all members present vote Aye.

Chair Brown The motion CARRIES.

064 Rep. Kitts **MOTION: Moves HB 2632 be placed on the CONSENT CALENDAR.**

066 **VOTE: 7-0-0**

Chair Brown Hearing no objection, declares the motion CARRIED.

068 Chair Brown Closes the work session on HB 2632 and opens the public hearing on HB 2633.

HB 2633 – PUBLIC HEARING

070 Janet Adkins Committee Administrator. Explains HB 2633.

085 Tim Martinez Oregon Bankers Association. Speaks in support of HB 2633. Believes that it was an inadvertent change to the statutes that was made when the statutes were being made gender neutral.

095 Ken Sherman General Counsel, Oregon Bankers Association. Submits written testimony in support of HB 2633 (**EXHIBIT I**).

102 Chair Brown Closes the public hearing on HB 2633 and opens the work session on HB 2633.

HB 2633 – WORK SESSION

105 Rep. Esquivel **MOTION: Moves HB 2633 to the floor with a DO PASS recommendation.**

108 **VOTE: 7-0-0**

AYE: In a roll call vote, all members present vote Aye.

Chair Brown The motion CARRIES.

113 Rep. Esquivel **MOTION: Moves HB 2633 be placed on the CONSENT CALENDAR.**

114 **VOTE: 7-0-0**

Chair Brown Hearing no objection, declares the motion CARRIED.

116 Chair Brown Closes the work session on HB 2633. Opens the public hearing on HB 2637.

HB 2637 – PUBLIC HEARING

119 Janet Adkins Committee Administrator. Explains HB 2637.

132 John McCulley Oregon Association of Mortgage Professionals. Submits written testimony in support of HB 2637 (**EXHIBIT J**). Says that HB 2637 restores the original intent of the law regarding the definition of

“person”. Indicates that section two of HB 2637 prevents someone who does not complete the required 20 hours of continuing education from being convicted of a felony.

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| 168 | McCulley | Explains how the third part of HB 2637 clarifies the way in which exams are given for the entry level testing process. Wants the tests to be administered at a “secure location”. Says that Department of Consumer and Business Services (DCBS) is concerned about who would administer the test. States that they will be seeking amendments to address the concerns of DCBS. Indicates that he knows of no opposition to HB 2637. |
| 211 | Rep. Kitts | Asks who can currently administer the test and if HB 2637 passes who could administer the test. |
| 217 | McCulley | Says that anyone can currently administer the test. States that usually it is administered by groups who are doing the training. Notes that under HB 2637 those groups could still provide the training if they have expertise in doing professional testing or a third party could develop a test for loan originators and administer the test. |
| 227 | Rep. Kitts | Asks who would determine the expertise needed to administer the test. |
| 230 | McCulley | Says that the DCBS would determine the expertise needed to administer the test. |
| 236 | Rep. Kitts | Asks if there is currently a fee and if there will be a fee under HB 2637. |
| 239 | McCulley | Says that there is a fee for taking the class and the price of the test is included in the fee. |
| 246 | Adkins | Asks if the test is given at entry or after each completion of the continuing education hour requirement. |
| 249 | McCulley | Responds that the test is given at the entry level. |
| 255 | Chair Brown | Asks if the bond is there to correct consumers and not commercial interests than a commercial interest could be a consumer. |
| 259 | McCulley | |

States that the consumer is the person who has the direct relationship with the broker.

- 268 Chair Brown Asks if HB 2637 would preclude the commercial entity from accessing the bond if there was a problem.
- 269 McCulley Says that the commercial entity would be able to access the bond if the commercial entity signed the loan application.
- 274 Rep. Holvey Asks if there is a need to have anything in the statute that authorizes the ability to have a fee for the test.
- 281 McCulley Says that DCBS has the authority to operate the program and charge fees.
- 287 Joe Camerena Oregon Association of Mortgage Professionals. Speaks in support of HB 2637. Says that the bond is directly for the purpose of protecting the consumer, and if a commercial interest signed the loan application, the commercial entity would be the consumer.
- 293 Rep. Schaufler Asks if HB 2637 is raising the fee.
- 295 McCulley Says that no fees are being raised with HB 2637.
- 297 Rep. Kitts Asks if DCBS can raise the fee if they feel that HB 2637 creates additional administrative costs.
- 301 McCulley Responds that DCBS can increase the cost. Adds that in absence of HB 2637 DCBS can still raise the fee.
- 309 Chair Brown Closes the public hearing on HB 2637 and opens the work session on HB 2461.

HB 2461 – WORK SESSION

- 325 Janet Adkins Committee Administrator. Explains HB 2461 and the -1 amendments **(EXHIBIT K)**.
- 357 Rep. Gilman **MOTION: Moves to ADOPT HB 2461-1 amendments dated 03/14/05.**

365

VOTE: 7-0-0

Chair Brown

Hearing no objection, declares the motion CARRIED.

381

Rep. Gilman

MOTION: Moves HB 2461 with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Ways and Means by prior reference.

385

VOTE: 6-1-0

AYE: 6 - Esquivel, Gilman, Holvey, Schaufler, Shields, Brown

NAY: 1 - Kitts

Chair Brown

The motion CARRIES.

400

Chair Brown

Closes the work session on HB 2461. Adjourns the meeting at 9:30 a.m.

EXHIBIT SUMMARY

- A. **HB 2091, -1 amendments, staff, 1 p**
- B. **HB 2091, -2 amendments, staff, 1 p**
- C. **HB 2033, -1 amendments, staff, 6 pp**
- D. **No exhibit**
- E. **HB 2033, written testimony, Ken Sherman, 3 pp**
- F. **HB 2033, written testimony, Pam Leavitt, 1 p**
- G. **HB 2034, written testimony, Darren Bond, 1 p**
- H. **HB 2632, written testimony, Ken Sherman, 1 p**
- I. **HB 2633, written testimony, Ken Sherman, 1 p**
- J. **HB 2637, written testimony, John McCulley, 1 p**
- K. **HB 2461, -1 amendments, staff, 1 p**