

HOUSE COMMITTEE ON
BUSINESS, LABOR, AND CONSUMER AFFAIRS

May 23, 2005 Hearing Room B

8:30 A.M. Tapes 138 - 140

Corrected 10/03/05

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:

SB 81 – Work Session

SB 328A – Public Hearing and Work Session

SB 327A – Public Hearing and Work Session

SB 117 – Public Hearing and Work Session

SB 122 – Public Hearing and Work Session

SB 130A – Public Hearing and Work Session

SB 123 – Public Hearing and Work Session

SB 385A – 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
TAPE 138, A		
003	Chair Brown	Calls the meeting to order at 8:40 a.m. Opens the work session on SB 81.
<u>SB 81 – WORK SESSION</u>		
008	Janet Adkins	Committee Administrator. Explains SB 81 and submits the -3 amendments (EXHIBIT A).
025	Shawn Miller	PacifiCorp and Pacific Power. Submits written testimony in support of SB 81 with the -3 amendments (EXHIBIT B). States that the Klamath Basin irrigation contracts will expire on October 16, 2006. Indicates that the -3 amendments will mitigate the financial impact of the contracts expiration for irrigators. Asserts that SB 81 will phase in higher rates over a seven year period. Notes that SB 81 will allow PacifiCorp to redistribute the cost to other customers.
057	Matthew Perkins	Klamath Off-Project Water Project. Submits written testimony in support of SB 81 with the -3 amendments (EXHIBIT C). Believes that SB 81 will help avert an economic disaster for Klamath Basin farmers. Discusses the history of the Klamath Basin irrigation contracts. States that if the contracts end the rate increase would be over 1200%.
089	Rep. Kitts	Asks if the Commissioner of the Public Utility Commission (PUC) is in support of SB 81.
093	Shawn Miller	Indicates that they worked closely with the PUC and says that Rick Willis is here.
108	John DeVoe	Executive Director, Water Watch. Submits written testimony in opposition to SB 81 (EXHIBIT D). Says that SB 81 would create an exemption from Oregon's prohibition of discriminatory utility rates.

Notes that the -3 amendments would cost ratepayers outside the Klamath Basin \$20 million. Says that the ratepayers gain little in return for the \$20 million investment and instead have to subsidize the Klamath Basin irrigators. Believes subsidized rates causes farmers to use water to the detriment of the environment.

- 168 Chair Brown Asks if the objection is to the farmers pumping water.
- 171 DeVoe States that is not his position. Wants to see better management of water in the Klamath Basin and believes that the introduction of current market rates would lead to better water management. Says that the Klamath Basin irrigation contracts encourage farming of marginal land.
- 178 Chair Brown Asks what Oregonians should get for their \$20 million investment.
- 180 DeVoe Asserts that Oregonians should get better resource management in the Klamath Basin and Klamath River dams.
- 186 Rep. Kitts Asks what better management of the dams means.
- 188 DeVoe States that no volitional fish passage exists at the dams and the passages should be there for fish. Says that water quality issues need to be addressed and some of the dams may have outlived their usefulness.
- 195 Rep. Kitts Asks what kind of discussion needs to take place regarding the long term implications of undoing the Klamath Basin irrigation contracts.
- 200 DeVoe Indicates that more public involvement needs to occur.
- 203 Rep. Kitts Asks if the discussion needs to be more public than the Oregon State Legislature.
- 204 DeVoe States that rate payers are not aware what is happening with SB 81. Notes that the ratepayers who will pay \$20 million need to be made aware of their contribution.
- 211 Rep. Gilman Asks if Mr. DeVoe is in favor of the original SB 81.
- 214 DeVoe

Says that they are not rate experts and believes that everyone should pay the same amount regardless of when they use electricity.

- 224 Jay Ward Oregon Natural Resource Council. Submits and reads written testimony in opposition to SB 81 (**EXHIBIT E**). States that the -3 amendments were originally SB 1058. Gives history of PacifiCorp. Shares concerns about how the inequitable pricing of electricity impacts the fish and wildlife in the Klamath Basin.
- 301 Chair Brown Asks if the farmers and irrigators would be allowed to pump more water than what they are pumping now.
- 305 Ward States that SB 81 will enable the farmers to continue current practices.
- 308 Chair Brown Asks if more water will be pumped from the aquifer and if it is controlled by the state of Oregon.
- 320 Ward States that the water that is pumped from the wells is under discussion and accurate metering does not exist in the Klamath Basin.
- 322 Chair Brown Asks if more water will be allowed to be pumped under the -3 amendments.
- 327 Ward States that a net decline in the amount of water is necessary to restore the Klamath Basin's hydrology and salmon.
- 334 Rep. Gilman Asks if using sprinklers, which uses electricity, is better than using flood irrigation.
- 338 Ward Believes that flood irrigation is not a principal that should be used. Says that there is not enough water to flood irrigate.
- 351 Rep. Gilman Counters that the original intent of the Klamath Basin irrigation contracts was to promote sprinklers over flood irrigation.
- 356 Ward Says that it was the original hypothesis. Notes that currently 7,000 horizontal feet of water are being pumped up a steep ridge in order to keep certain lake beds dry.
- 361 Rep. Kitts Asks about the marginal lands and if crops would not grow there.

373 Ward States that Oregon has one of the only fish and wildlife refuges where commercial agriculture has equal standing with fish and wildlife. Says that SB 81 will result in less farm land in the Klamath Basin and is not a great place to be growing water intensive crops.

395 DeVoe Says that the lands are primarily class four and five arable lands.

411 Rep. Shields Asks about the livelihoods of the people who are farming the land.

TAPE 139, A

001 Ward Says that many of the landowners are out-of-state landowners.

017 Sen. Doug Whitsett Senate District 28. Speaks in support of SB 81. States that the people who will go out of business first are those who are lifting groundwater. Says that the water that is pumped from groundwater is mainly used for cattle pastures above Klamath Lake. Notes that these cattle pastures are some of the most productive in the world. Talks about studies that have been done showing that irrigation helps the rivers flow in the fall.

060 Greg Addington Executive Director, Klamath Water Users Association. States that Klamath Basin Farmers are not ready to say that they are giving up on their power rate. Says that most of the landowners in the Klamath Basin are not from out-of-state. Notes that the discriminatory electricity rate has a reason for being in place. Talks about how the rate was set by Oregon, Northern California, and the federal government. Mentions that the Yeager study is flawed. Believes that farmers should be phased off the irrigation contracts if the contracts are going to end.

105 Chair Brown Asks what it cost a typical irrigator per day to pump water.

108 Addington Says he does not know. States that the Klamath Project is 83% efficient.

120 Rep. Schaufler Asks if, before the irrigation system existed, less water was going into the streams.

126 Sen. Whitsett States that from time to time the Klamath River was dry.

145 Jeff Bissonette

Citizens Utility Board of Oregon. Takes a neutral position on the -3 amendments. Believes that the contract rates should be ended and says that they have known for fifty years that the contract would end. Believes that the “discriminatory” rate making is very narrow in application under SB 81. Notes that setting a seven year limit makes them comfortable with the legislation. Talks about section 3(6) of the -3 amendments and says that the decision will be made through the PUC process.

- 182 Rep. Shields Asks what would happen if the amendments did not pass.
- 187 Bissonette States that if the contract ended then a substantial rate increase would occur. Says that they are advocating for the contract to come to an end and that the farmers in the Klamath Basin be aligned with the rates of other irrigators.
- 212 Rep. Holvey Asks about the discriminatory part of the -3 amendments and asks if the different rates are based on using the electricity during off-peak hours.
- 223 Bissonette Offers to get the information for Rep. Holvey.
- 234 Greg Willis Public Utility Commission. States that they have no problem with the -3 amendments.
- 238 Rep. Holvey Asks if the rates are based on when the Klamath Basin farmers use the power or if it is a flat rate.
- 242 Willis Asks for clarification.
- 246 Rep. Holvey Clarifies question.
- 251 Willis Believes that the rate does not change based on when a farmer uses electricity for their irrigation system.
- 259 Rep. Kitts MOTION: Moves to ADOPT SB 81-3 amendments dated 05/18/05.**
- 262 VOTE: 7-0-0**
- Chair Brown Hearing no objection, declares the motion CARRIED.**

- 264 Rep. Kitts **MOTION: Moves SB 81 to the floor with a DO PASS AS AMENDED recommendation.**
- 267 Rep. Shields States that he had planned on voting for SB 81, but in light of the -3 amendments, will be voting no.
- 273 **VOTE: 5-2-0**
- AYE: 5 - Esquivel, Gilman, Kitts, Schaufler, Brown**
- NAY: 2 - Holvey, Shields**
- Chair Brown The motion CARRIES.**
- REP. GARRARD will lead discussion on the floor.**
- 282 Chair Brown Closes the work session on SB 81 and opens the public hearing on SB 328A.

SB 328A – PUBLIC HEARING

- 288 Janet Adkins Committee Administrator. Explains SB 328A.
- 305 Sen. Frank Morse Senate District 8. Speaks in support of SB 328A. Says that SB 328A will allow housing manufacturers to enter into new markets in other states. Talks about how modular homes made for other states, with different building codes, would not be sold for use in Oregon.
- 348 Rep. Chuck Burley House District 54. Submits written testimony on the behalf of Brian Grall in support of SB 328A (**EXHIBIT F**). Says that Monoco-Coach closed its facility in Bend and believes that the closure could have been prevented if SB 328A would have been in statute. Notes that \$4 million will be added to Oregon’s payroll if SB 328A passes. Believes unions and government inspectors will oppose SB 328A.

TAPE 138, B

- 006 Rep. Holvey States his concerns with SB 328A and says that he supports building modular homes with licensed plumbers and electricians. States that he supports building modular homes to other states’ statutes.

- 029 Rep. Kitts Says that he shares the concern of Rep. Holvey and believes that the amount of jobs created outweighs those concerns.
- 050 Don Miner Oregon Manufactured Housing Association. Submits written testimony in support of SB 328A (**EXHIBIT G**). Notes that SB 328A is nearly identical to HB 2008. States that the modular home industry would like to build homes in Oregon to be delivered to California. Notes the hard times that the manufactured housing industry has had in Oregon.
- 109 Forrest Barnes Division President, Palm Harbor Homes. Speaks in support of SB 328A. States that the Oregon Division sends California's orders to their Arizona manufacturers. Believes that Oregon exports over 60 percent of the products. Says that HB 328A will provide living wage jobs.
- 143 Tim Nicol International Brotherhood of Electrical Workers Local 280. Talks about manufactured products built for out-of-state use in the 80s that were done without licensed electricians and plumbers. Notes that it was a complete disaster. States that residential is not defined and the difference between modular and manufactured homes is not defined in SB 328A.
- 191 Chair Brown Calls a recess at 9:48 a.m. Reconvenes at 9:50 a.m. Closes the public hearing on SB 328A. Opens the public hearing on SB 327A.

SB 327A – PUBLIC HEARING

- 192 Janet Adkins Committee Administrator. Explains SB 327A.
- 212 Sen. Frank Morse Senate District 8. Speaks in support of SB 327A. States that it is a consumer protection bill.
- 232 Jan Amling Consumer Credit Counseling Services of Linn-Benton, Inc. Submits written testimony in support of SB 327A (**EXHIBIT H**). Talks about the federal bankruptcy law that is going into effect in the Fall of 2005. States that the credit counseling process needs to be kept within the non-profit sector and they need to be able to charge a fee for their services.
- 283 Amling Talks about how the family acknowledges that fees that exist and the creditor must be paid before the non-profit retains a fee under SB 327A.

- 312 Rep. Shields Asks if there is anything that requires credit counseling companies to be registered as 501C3s.
- 316 Amling Talks about the requirements that have to be met to be a credit counseling company and it does not include being registered as 501C3 company.
- 335 Chair Brown Closes the public hearing on SB 327A. Opens the work session on SB 327A.

SB 327A – WORK SESSION

340 Rep. Kitts **MOTION: Moves SB 327A to the floor with a DO PASS recommendation.**

343 **VOTE: 7-0-0**

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

Chair Brown The motion CARRIES.

350 Rep. Kitts **MOTION: Moves SB 327A be placed on the CONSENT CALENDAR.**

352 **VOTE: 7-0-0**

Chair Brown Hearing no objection, declares the motion CARRIED.

354 Chair Brown Closes work session on SB 327A. Opens the work session on SB 328A

SB 328A – WORK SESSION

355 Rep. Kitts **MOTION: Moves SB 328A to the floor with a DO PASS recommendation.**

358 Rep. Kitts Says that if quality becomes a problem in the modular housing industry then the Legislature or the industry should correct the problem.

365

VOTE: 6-1-0

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

NAY: 1 - Holvey

Chair Brown

The motion CARRIES.

REP. KITTS will lead discussion on the floor.

384

Chair Brown

Closes the work session on SB 328A. Opens the public hearing on SB 117.

SB 117 – PUBLIC HEARING

391

Janet Adkins

Committee Administrator. Explains SB 117. Submits the fiscal statement and the -1 amendments (**EXHIBIT I and J**). Submits the written testimony of Lynn and Judith DeSpain (**EXHIBIT N**).

410

Rocky King

Administrator, Oregon Medical Insurance Pool (OMIP). Submits written testimony in support of SB 117 and the written testimony of Robert M. Bowden and Robert Newell (**EXHIBIT K, L and M**).

TAPE 139, B

001

King

Gives an overview of OMIP. States that SB 117 creates an eligibility category for people who have lost their jobs due to the Federal Trade Act or are receiving benefits from the Pension Benefit Guarantee Association. Says that high risk pool would be the state's qualified health plan and would allow those groups to receive tax credits for health insurance. Notes that the \$30 million fiscal impact assumes that everyone will utilize the program. Believes that only about 3% to 5% actually will use the program. Mentions that General Fund money will not be used.

046

Rep. Kitts

Asks where the money to fund third tier coverage will come from.

052

King

States that the people who enroll pay part of the premiums and says that for every dollar collected OMIP expends \$1.60 in claims.

067

Rep. Kitts

Asks how many insurers there are in the state that are on the OMIP board.

070 King Says that five insurance groups are represented, two consumer representatives, a provider, and the insurance commissioners.

080 Rep. Kitts Asks for more time to consider SB 117.

094 Chair Brown Closes the public hearing on SB 117. Opens the public hearing on SB 122.

SB 122 – PUBLIC HEARING

100 Janet Adkins Committee Administrator. Explains SB 122.

106 Rocky King Administrator, Oregon Medical Insurance Pool (OMIP). Submits written testimony in support of SB 122 (**EXHIBIT O**). Explains the assessment reduction program. Wants to end the current assessment program and come back at a later date to reconsider it. Says that any assessment program has to be approved by the Insurance Commissioner.

137 Chair Brown Asks if SB 122 mandates anyone to do anything.

139 King Responds that SB 122 allows OMIP to design a different assessment reduction program.

142 Chair Brown Closes the public hearing on SB 122. Opens the work session on SB 122.

SB 122 – WORK SESSION

144 Rep. Kitts **MOTION: Moves SB 122 to the floor with a DO PASS recommendation.**

146 **VOTE: 7-0-0**

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

Chair Brown **The motion CARRIES.**

149 Rep. Kitts **MOTION: Moves SB 122 be placed on the CONSENT CALENDAR.**

151 **VOTE: 7-0-0**

Chair Brown **Hearing no objection, declares the motion CARRIED.**

153 Chair Brown Closes the work session on SB 122. Opens the public hearing on SB 130A.

SB 130A – PUBLIC HEARING

157 Rocky King Administrator, Oregon Medical Insurance Pool (OMIP). Submits written testimony in support of SB 130A (**EXHIBIT P**). Indicates that SB 130A will create a lists of conditions that will automatically qualify a person for OMIP. Notes that high rejection rates by insurance carriers have created a need for the change.

185 Rep. Gilman Asks if insurance premiums that are too high qualify an individual for OMIP.

190 King States that Oregon Statutes do not allow insurance providers to enact health rates for insurance premiums. Indicates that, therefore, an insurance premium being too high is not a way for individuals to qualify for OMIP.

200 Janet Adkins Committee Administrator. Submits the –A3 amendments (**EXHIBIT Q**).

205 King States that the –A3 amendments have one substantive change. Says that there are some Medicaid policies that have fewer benefits than various OMIP packages. Indicates that the –A3 amendments allow OMIP to say that a person must take Medicaid if the benefits meet or exceed the OMIP plan.

227 Chair Brown Closes the public hearing on SB 130A. Opens the work session on SB 130A.

SB 130A – WORK SESSION

230 Rep. Esquivel **MOTION: Moves to ADOPT SB 130A-3 amendments dated 05/20/05.**

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

Chair Brown The motion CARRIES.

276 Chair Brown Closes the work session on SB 117. Opens the public hearing on SB 123.

SB 123 – PUBLIC HEARING

280 Rocky King Administrator, Oregon Medical Insurance Pool (OMIP). Submits written testimony in support of SB 123 (**EXHIBIT R**). States that SB 123 allows OMIP to keep up with the lifetime maximum benefits in the current market. Talks about the twelve month waiting period for individuals to re-enroll with OMIP and says that the board would like the flexibility to make exceptions to the twelve month waiting period. Says SB 123 would also allow OMIP to bring in centers of excellence to their plans.

352 Rep. Holvey Introduces Justin Holvey.

376 King Says that there is a small fiscal impact.

390 Janet Adkins Committee Administrator. Submits the -1 amendments and the fiscal statement (**EXHIBIT S and T**).

393 Chair Brown Closes the public hearing on SB 123. Opens the work session on SB 123.

SB 123 – WORK SESSION

397 Rep. Kitts **MOTION: Moves to ADOPT SB 123-1 amendments dated 05/20/05.**

399 **VOTE: 7-0-0**

Chair Brown Hearing no objection, declares the motion CARRIED.

400 Rep. Kitts **MOTION: Moves SB 123 with a DO PASS AS AMENDED recommendation and the SUBSEQUENT REFERRAL to the**

committee on Ways and Means BE RESCINDED and BE REFERRED to the committee on Budget.

402

VOTE: 7-0-0

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

Chair Brown

The motion CARRIES.

TAPE 140, A

001 Chair Brown Closes the work session on SB 123. Opens the public hearing on SB 385A.

SB 385A – PUBLIC HEARING

006 Janet Adkins Committee Administrator. Explains SB 385A. Submits the fiscal statement and the –A3 amendments (**EXHIBIT U and V**).

025 Jill Whitlock Real Estate Appraiser, Newport and Member, Oregon Appraiser Certification Board. Introduces Bob Keith.

032 Bob Keith Administrator, Oregon Appraiser Certification Board. Submits written testimony in support of SB 385A (**EXHIBIT W**). States that the key point is that appraisers understand the importance of appraiser supervision and regulation.

043 Rep. Kitts Asks how the civil penalties in SB 385A were calculated.

049 Keith States that the civil penalties are existing law.

055 Rep. Holvey Asks if the assistant appraiser will become a scapegoat and if that individual is operating without the appraiser's knowledge.

057 Keith Notes that a supervising appraiser does have a responsibility, but that an appraiser cannot supervise an assistant all of the time. Mentions that, currently, the Oregon Appraiser Certification Board cannot deny a person's registration application.

078 Rep. Holvey Asks if SB 385A relieves that appraiser of making sure the assistant is doing tasks appropriately.

082 Keith States that SB 385A does not relieve the appraiser of their supervisory duties

074 Chair Brown Closes the public hearing on SB 385A. Opens the work session on SB 385A.

SB 385A – WORK SESSION

085 Rep. Kitts **MOTION: Moves to ADOPT SB 385A-3 amendments dated 05/20/05.**

088 **VOTE: 7-0-0**

Chair Brown **Hearing no objection, declares the motion CARRIED.**

090 Rep. Kitts **MOTION: Moves SB 385A to the floor with a DO PASS AS AMENDED recommendation.**

093 **VOTE: 7-0-0**

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

Chair Brown **The motion CARRIES.**

098 Rep. Schaufler **MOTION: Moves SB 385A be placed on the CONSENT CALENDAR.**

100 **VOTE: 7-0-0**

Chair Brown **Hearing no objection, declares the motion CARRIED.**

102 Chair Brown Closes the work session on SB 385A. Adjourns the meeting at 10:39 a.m.

EXHIBIT SUMMARY

- A. SB 81, -3 amendments, staff, 2 pp
- B. SB 81, written testimony, Shawn Miller, 2 pp
- C. SB 81, written testimony, Matthew Perkins, 3 pp
- D. SB 81, written testimony, John DeVoe, 3pp
- E. SB 81, written testimony, Jay Ward, 7 pp
- F. SB 328, written testimony, Rep. Chuck Burley, 2 pp
- G. SB 328, written testimony, Don Miner, 8 pp
- H. SB 327, written testimony, Jan Amling, 3 pp
 - I. SB 117, fiscal statement, staff, 1 p
 - J. SB 117, -1 amendment, staff, 1 p
- K. SB 117, written testimony, Rocky King, 2 pp
- L. SB 117, written testimony of Bob Bowden, Rocky King, 1 p
- M. SB 117, written testimony of Robert Newell, Rocky King, 1 p
- N. SB 117, written testimony of Lynn and Judith DeSpain, staff, 1 p
- O. SB 122, written testimony, Rocky King, 2 pp
- P. SB 130, written testimony, Rocky King, 2 pp
- Q. SB 130, -A3 amendments, staff, 4 pp
- R. SB 123, written testimony, Rocky King, 3 pp
- S. SB 123, -1 amendments, staff, 5 pp
- T. SB 123, fiscal statement, staff, 1 p
- U. SB 385, fiscal statement, staff, 1 p
- V. SB 385, -A3 amendments, staff, 3 pp
- W. SB 385, written testimony, Bob Keith, 2 pp