

HOUSE COMMITTEE ON
VETERANS' AFFAIRS

March 15, 2005 Hearing Room C

8:30 A.M. Tapes 38 - 39

MEMBERS PRESENT: **Rep. Donna Nelson, Chair**

Rep. Phil Barnhart, Vice-Chair

Rep. Brian Boquist

Rep. Scott Bruun

Rep. Dave Hunt

Rep. Betty Komp

MEMBERS EXCUSED: **Rep. Debi Farr, Vice-Chair**

STAFF PRESENT: **Jim Stembridge, Committee Administrator**

Erin Seiler, Committee Assistant

MEASURES/ISSUES HEARD:

HB 2192 - Work Session

HB 2665 – Public Hearing

SB 223 – 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 38, A

004 Chair Nelson Opens the meeting at 8:33 a.m. Opens a work session on HB 2192.

HB 2192 - WORK SESSION

029 Jim Stembridge Explains HB 2192, which exempts public employees on military leave in Active Guard Reserve Program from employer-sponsored health coverage. Submits and summarizes -1 amendments (**EXHIBIT A**). Submits and summarizes – 2 amendments (**EXHIBIT B**).

043 Rep. Komp Comments that allowing a total of 24 months will ensure that all possible safety nets are in place for soldiers returning from combat.

055 Stembridge Clarifies that -1 amendments were adopted in conceptual form during the committee meeting on February 8, 2005.

069 Rep. Bruun MOTION: Moves HB 2192 to the floor with a DO PASS AS AMENDED recommendation.

VOTE: 5-1-1

EXCUSED: 1 – Farr

ABSENT: 1 - Barnhart

Chair Nelson Hearing no objection, declares the motion CARRIED.

REP. KOMP will lead discussion on the floor.

099 Chair Nelson Closes the work session on HB 2192. Opens a public hearing on HB 2665.

HB 2665 – PUBLIC HEARING

105 Jim Stembridge Committee Administrator. Explains HB 2665, which expands eligibility for appointment as Adjutant General. Submits and summarizes the -1 amendments (**EXHIBIT C**).

114 Rep. Boquist Speaks in support of the bill. Identifying the purpose is to provide the Governor the option, should he not find a serving Oregon National

Guard Officer, to consider soldiers from other branches of the military for appointment as Adjutant General.

- 156 Colonel Mike Caldwell Deputy Director, Oregon Military Department (OMD). Introduces Retired Colonel Jim Noteboom, former Judge Advocated General (JAG) for the Oregon National Guard.
- 176 Jim Noteboom Attorney, Karnopp Petersen, LLP. Testifies in opposition to HB 2665. Explains that the intent is good, but cautions that the Oregon National Guard would view it as a vote of no confidence given the proud tradition, unit cohesion, and strong leadership within the organization.
- 197 Noteboom Addresses the “good reasons” for the statutory requirement that a soldier serve at least six years in the Oregon National Guard before a being considered for appointment as Adjutant General.
- 267 Noteboom Speaks to the importance of the requiring that Guard soldier hold at least the rank of Lieutenant Colonel before consideration for appointment. Cites examples from other states in which an active duty officer was brought in as Adjutant General and resulted in problems.
- 294 Chair Nelson Asks what criteria other states have adopted for National Guard appointments.
- 298 Noteboom Identifies the various criteria that states use to determine appointments for the National Guard.
- 307 Caldwell Testifies in opposition to HB 2665. Affirms the position that there is a resentment amongst National Guard officers, if the National Guard leadership has not served in the institution that they are asked to lead. Explains the inherent differences between the National Guard and active duty officers, particularly the community involvement component.
- 357 Caldwell Addresses the barriers that exist between the National Guard and active duty officers, specifically the prejudices and stigmas attached to each branch.
- 388 Noteboom Speaks to how the Army has done an “abysmal job” in building one cohesive Army force.

046	Rep. Boquist	States that the focus of the bill is on the future, not the past, of the Oregon National Guard.
063	Rep. Boquist	Asks for verification of the number of Lieutenant Colonels or Colonels who have served in combat.
068	Caldwell	Believes that there have been 12 to 15.
070	Rep. Boquist	Speaking to the “no-confidence” issue, asks how it speaks to a vote of no confidence if the 15 to 20 Colonels in the Oregon National Guard are not considered more qualified to be the Adjutant General in Oregon over someone brought back for a third time in 17 years.
079	Noteboom	Speaks to relationship with Adjutant General Rees, noting why this is as critical a period for the Oregon National Guard to have strong leadership.
100	Rep. Boquist	Acknowledges the challenges with equipping and training Oregon National Guard soldiers and asks who is responsible at the Federal level for supporting the National Guard.
110	Caldwell	States that the responsibility for training and equipping National Guard soldiers ultimately rests in the U.S. Congress.
146	Caldwell	Speaks to the fact that Governor Kulongoski took 18 months to appoint an Adjutant General as a sign of the quality of officers and leadership in the Oregon National Guard.
174	Rep. Boquist	Defines Adjutant General as the serving senior military officer for the Oregon National Guard. Gives the details of Adjutant General Rees’s military career.
194	Rep. Boquist	States that the focus of this bill is on the future of the Oregon National Guard and the potential for advancement of young Colonels in the Oregon National Guard.
224	Rep. Boquist	Asks how many active duty officers that have returned from active duty and become Oregon National Guard soldiers.
233	Caldwell	Discusses the important role that Oregon National Guard soldiers have in their community.

- 273 Caldwell Concludes testimony by reenforcing opposition to the bill and his support for the appointment of Adjutant General Rees.
- 401 Caldwell Addresses regulations regarding the ability of the Oregon National Guard to draw and store ammunition in Oregon.

TAPE 38, B

- 064 Chair Nelson Closes the public hearing on HB 2665. Opens a public hearing on SB 223.

SB 223 – PUBLIC HEARING

- 080 Jim Stembridge Committee Administrator. Explains SB 223, which increases the maximum veterans' home loan amount to one hundred percent of net appraised value on homes that are real property.
- 087 Paula Brown Deputy Director, Oregon Department of Veterans' Affairs (ODVA). Submits and summarizes written testimony in support of SB 223 **(EXHIBIT D)**.
- 092 Chair Nelson Asks what the economic impact of the Veterans' Home Loan Program has been in Oregon.
- 098 Bruce Shriver Chief Financial Officer, ODVA. Explains the economic impact of the Veterans' Home Loan Program for Oregon.
- 104 Brown Details the positive economic impact that expanding the Veterans' Home Loan Program will have in Oregon **(EXHIBIT D, Page 1)**.
- 115 Brown Explains how the bill will change the current Veterans' Home Loan Program **(EXHIBIT D, Page 2)**.
- 130 Chair Nelson Asks what the restrictions are on who can apply for a loan.
- 135 Brown Explains the restrictions that prevent some Oregon National Guard soldiers from applying for a home loan.
- 153 Brown Identifies the language that requires mortgage default insurance on any loans in excess of 80 percent loan-to-value ratios.

201	Chair Nelson	Asks about the rate of default within the Veterans' Home Loan Program.
211	Shriver	Confirms that there have previous problems with defaulting on loans and that ODVA has had to absorb the entire loss.
243	Brown	Concludes testimony by stating that in addition to requiring mortgage insurance, ODVA has adopted more stringent underwriting guidelines.
271	Rep. Bruun	States concern with regards to the leveraging of 100 percent of a borrowers assets. Asks if there is a significant higher default average amongst those with higher leverage percentages.
289	Dona Lanterman	Loan Division Officer, ODVA. States that when the total picture of defaults is looked at, it has not been the case that those with higher loan-to-value rates default more frequently.
311	Rep. Bruun	Comments on the negative effect of having 97 percent or 100 percent leverage on loans.
327	Brown	Explains that ODVA makes every effort to prevent defaults and assist those buyers who are danger of becoming delinquent.
359	Chair Nelson	Asks if there are bridge funds available to assist veterans who face foreclosure or fall on hard financial times.
362	Shriver	Responds that there are no bridge funds, but ODVA does whatever it can to prevent buyers from defaulting on loans.
398	Brown	Verifies that there is not a 30 day requirement in a combat zone for soldier to receive an expeditionary medal and qualify for a home loan.

TAPE 39, B

005	Chair Nelson	Asks whether an Oregon National Guard soldier injured during training will they qualify for a loan.
007	Brown	States that no they do not qualify for Veterans' Home Loan if they did not serve in a theater of operation where an expeditionary medal authorized.

030	Rep. Hunt	Asks what the additional loan products are that become available to buyers.
035	Brown	Clarifies that the ability to make the 100 percent loan is the additional loan product.
039	Rep. Hunt	Asks what soldiers who have not previously attained a home loan have being doing for housing.
042	Brown	States that it is probably a mixture of those who rent or attain private loans, but the ones that ODVA is hoping to help are those who have not purchased a home yet.
058	Lanterman	Verifies that there is not a minimum income requirement to qualify for a loan. The problem is not that people do not qualify for loans; the problem is in the ability to get the money to put down.
106	Brown	Clarifies that if a service member is discharged based on a service-connected disability before actually entering combat zone they would qualify for a home loan.
116	Mac MacDonald	Representative, Veterans' Organizations. Testifies in support of SB 223.
134	Walter Crews	Legislative Representative, Noncommissioned Officers Association. Testifies in support of SB 223.
158	Chair Nelson	Closes the public hearing on SB 223. Opens a work session on SB 223.

SB 223 – WORK SESSION

163 Rep. Barnhart MOTION: Moves SB 223 to the floor with a DO PASS recommendation.

VOTE: 6-0-1

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

EXCUSED: 1 - Farr

Chair Nelson

The motion CARRIES.

REP. BRUUN will lead discussion on the floor.

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Chair Nelson

Closes the work session on SB 223. Adjourns the meeting at 10:07 a.m.

EXHIBIT SUMMARY

- A. **HB 2192, -1 amendments, staff, 3 pp**
- B. **HB 2192, -2 amendments, staff, 3 pp**
- C. **HB 2665, -1 amendments, staff, 1 p**
- D. **SB 223, written testimony, Paula Brown, 2 pp**