

# SENATE COMMITTEE ON BUSINESS AND ECONOMIC DEVELOPMENT

February 22, 2005  
1:00 P.M.

Hearing Room B  
Tapes 27 - 28

**MEMBERS PRESENT:**      **Sen. Rick Metsger, Chair**  
                                 **Sen. Bruce Starr, Vice-Chair**  
                                 **Sen. Jason Atkinson**  
                                 **Sen. Ryan Deckert**  
                                 **Sen. Laurie Monnes Anderson**

**STAFF PRESENT:**        **Theresa Van Winkle, Committee Administrator**  
                                 **James Goulding, Committee Assistant**

**MEASURES/ISSUES HEARD:**

**SB 17 – Work Session**  
**SB 462 – Work Session**  
**SB 328 – Public Hearing**

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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.

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| <b>TAPE/#</b>                       | <b>Speaker</b>     | <b>Comments</b>   |
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| <b>TAPE 27, A</b>                   |                    |   |
| 003                                 | Chair Metsger      | Calls the committee to order at 1:05 p.m. Opens a work session on SB 17.  |
| <b><u>SB 17 – WORK SESSION</u></b>  |                    |   |
| 005                                 | Theresa Van Winkle | Committee Administrator. Explains the provisions of the measure and the -1 amendments.  |
| 013                                 | Chair Metsger      | Notes his approval for moving the -1 amendments.  |
| 017                                 | Sen. Atkinson      | <b>MOTION: Moves to ADOPT SB 17-1 amendments dated 1/25/05.</b><br><b>VOTE: 3-0-2</b><br><b>EXCUSED: 2 - Deckert, B. Starr</b>  |
| 019                                 | Chair Metsger      | <b>Hearing no objection, declares the motion CARRIED.</b>   |
| 022                                 | Sen. Atkinson      | <b>MOTION: Moves SB 17A to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Ways and Means by prior reference.</b><br><b>VOTE: 4-0-1</b><br><b>EXCUSED: 1 - Deckert</b> |
| 024                                 | Chair Metsger      | <b>Hearing no objection, declares the motion CARRIED.</b>   |
| 025                                 | Chair Metsger      | Closes work session on SB 17. Opens a work session on SB 462.   |
| <b><u>SB 462 – WORK SESSION</u></b> |                    |   |
| 027                                 | Van Winkle         | Explains the measure before the committee.  |
| 030                                 | Chair Metsger      | Recalls the details of the public hearing.  |
| 035                                 | Sen. B. Starr      | <b>MOTION: Moves SB 462 to the floor with a DO PASS recommendation.</b><br><b>VOTE: 4-0-1</b><br><b>EXCUSED: 1 - Deckert</b>  |

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| 037                                   | Chair Metsger           | <b>Hearing no objection, declares the motion CARRIED.</b>  |
| 040                                   | Chair Metsger           | <b>SEN. ATKINSON will lead discussion on the floor.</b><br>Closes work session on SB 462. Opens public hearing on SB 328.  |
| <b><u>SB 328 – PUBLIC HEARING</u></b> |                         |  |
| 045                                   | Sen. Morse              | Senate District 8. Begins testimony in favor of SB 328. Explains the function of the bill to the committee.  |
| 063                                   | Chair Metsger           | Thanks Sen. Morse for his testimony. Outlines the order in which others will testify. Calls Don Miner to testify.  |
| 070                                   | Don Miner               | Executive Director, Oregon Manufactured Housing Association. Presents written testimony in favor of SB 328 ( <b>EXHIBIT B</b> ).   |
| 090                                   | Chair Metsger           | Asks if Mr. Miner can articulate the difference between manufactured homes and modular homes.  |
| 095                                   | Miner                   | Replies that the primary difference is that one is federally regulated and the other is state regulated. Continues to present his testimony on the bill.   |
| 145                                   | Miner                   | Continues to testify, presenting information on the manufactured home building and sales process in Oregon.  |
| 185                                   | Chair Metsger           | Asks Mr. Miner to hold off on his testimony to allow Sen. Ben Westlund to testify.   |
| 195                                   | Sen. Ben Westlund       | Senate District 27. Testifies in favor of SB 328. Concurs with the assessments of prior testimony. Emphasizes that this legislation is needed to assist Oregon's home manufacturing industry.  |
| 230                                   | Miner                   | Resumes his testimony in regards to Oregon's manufactured housing industry. Feels this legislation is needed to create jobs and expand the industry through exports to other states. Mentions the -1 amendments ( <b>EXHIBIT C</b> ) and -2 amendments ( <b>EXHIBIT D</b> ) to the bill. |
| 275                                   | Sen. Atkinson           | Wonders if their industry is suffering under excessive construction liability insurance requirements.  |
| 280                                   | Miner                   | Replies that most are self insured, but relates there are some retailers suffering under the costs.  |
| 290                                   | Greg Harmon             | Commonwealth Real Estate. Testifies in favor of SB 328. Outlines the expansion of the building industry. Discusses history of modular housing industry.  |
| 330                                   | Steve Leedom            | Champion Homes of Oregon. Testifies in favor of SB 328. Talks about the jobs lost in Woodburn. Feels that with this legislation, the industry would be able to flourish and expand.  |
| <b>TAPE 28, A</b>                     |                         |  |
| 005                                   | Chair Metsger           | Clarifies that additional modular homes would be manufactured in Oregon with the passage of this bill.   |
| 010                                   | Leedom                  | Reiterates that Oregon based building operations would expand.   |
| 020                                   | Sen. Monnes<br>Anderson | Wonders what the difference is between the type of electrical and plumbing work in prefabricated structures as opposed to licensed work done on other construction projects.   |
| 025                                   | Miner                   | Describes the differences in licensing requirements in California that allow for additional work to be done by the same people.  |
| 040                                   | Sen. Monnes<br>Anderson | Asks for clarification on the differences between manufacturing work and construction work.  |
| 047                                   | Miner                   | Points out that page one of the bill makes clear that a manufactured home that is not built to Oregon standards cannot be sold within the state.   |
| 060                                   | Sen. Monnes             | States that the point she wanted made is that there is a significant   |

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| 070               | Anderson<br>Miner       | difference in the quality of work being performed.<br>Provides additional details on the oversight of manufacturing standards.  |
| 075               | Chair Metsger           | Asks what safeguards there are for modular homes exported out of state and then purchased and imported back into the state.   |
| 080               | Miner                   | Clarifies how a home coming back into the state would have to meet standards. Details the inspections tags on the homes.  |
| 090               | Chair Metsger           | Wonders about the percentage of growth in the manufactured housing market that could be expected to occur.  |
| 100               | Leedom                  | Responds that he cannot provide exact figures. Notes that there are many companies ready to begin the manufacturing process.  |
| 110               | Sen. B. Starr           | Asks, for example, if he could buy a modular home.  |
| 115               | Miner                   | Replies that no one builds them to Oregon standards within the state.   |
| 125               | Burton Weast            | Building Trades. Testifies about his concerns over SB 328.<br>Feels that the bill takes jobs away from one group and gives to another. Offers that the issue should be revisited later to make sure it is operating as anticipated.   |
| 145               | Weast                   | Suggests a sunset clause amendment to the bill to see if jobs are created and how. Details that the sunset should take affect in about 4 years to ensure a review of the legislation.   |
| 165               | Jared Broadfoot         | International Brotherhood Electrical Workers. Testifies on SB 328, concurring with Mr. Weast's proposal for an amendment.   |
| 180               | Chair Metsger           | Presents his concerns that a sunset clause would scare away potential investment. Agrees that their point is valid in regards to reviewing the impact at a future date.   |
| 200               | Sen. B. Starr           | Agrees with Chair Metsger's comment that a legislative review at a future date would be helpful.  |
| 205               | Sen. Deckert            | Concurs with Sen. B. Starr's assessment.  |
| 207               | Sen. Monnes             | Adds her agreement.   |
| 220               | Anderson<br>Brian Grall | Fuqua Homes. Presents the committee with Fuqua Homes CD-ROMs ( <b>EXHIBIT E</b> ). Testifies in favor of SB 328. Comments on the necessity of the bill to assist the industry.  |
| 305               | Forrest Barnes          | Palm Harbor Homes. Testifies in favor of SB 328. Discusses the huge demand for modular homes in California. Points out their Arizona plant is handling all requests. Comments that Oregon could tap into that part of the industry. Presents a large handout photo of a custom home ( <b>EXHIBIT F</b> ). |
| 360               | Chair Metsger           | Wonders how long after the passage of SB 328 would it be before the industry began to show improvements.  |
| 370               | Barnes                  | Replies it could take a year or two to see tangible improvement in the industry.  |
| 380               | Grall                   | Concurs with Mr. Barnes. Talks about the time needed to break ground on a new project.  |
| 390               | Sen. Monnes             | Asks how much a home like the one pictured in the photo would cost in Oregon.   |
| 400               | Anderson<br>Barnes      | Replies he doesn't know what it would sell for in Oregon.<br>Comments it would sell for around \$160,000 in Arizona.  |
| 410               | Chair Metsger           | Points out the committee is greatly interested in growing jobs.<br>Discusses some of the industry concerns brought up.  |
| <b>TAPE 27, B</b> |                         |   |
| 005               | Chair Metsger           | Continues to discuss his concern over losing businesses and jobs to other states. Feels this bill is a positive step in the right   |

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Chair Metsger

direction. Asks for an amendment to create a monitoring mechanism to allow the legislature to track the measure's impact on the industry.

Closes the public hearing on SB 328. Adjourns the meeting at 2:03 p.m.

### **EXHIBIT SUMMARY**

- A. **SB 17, -1 amendments, staff, 2 pp**
- B. **SB 328, Written Testimony, Don Miner, 8 pp**
- C. **SB 328, -1 amendments, staff, 1p**
- D. **SB 328, -2 amendments, staff, 1 p**
- E. **SB 328, Fuqua Homes CD-ROM, Brian Grall**
- F. **SB 328, Custom home large photo, Forrest Barns, 1 p**