

SENATE COMMITTEE ON COMMERCE

April 14, 2005
7:00 P.M.

Eugene, Oregon
Tapes 55 - 57

MEMBERS PRESENT: **Sen. Floyd Prozanski, Chair**
 Sen. Roger Beyer, Vice-Chair
 Sen. Ginny Burdick
 Sen. Charlie Ringo
 Sen. Doug Whitsett

STAFF PRESENT: **Anna Braun, Committee Administrator**
 Karen Scoffield, Committee Assistant

MEASURES/ISSUES HEARD & WITNESSES:

SB 626 – Public Hearing
SB 627 – Public Hearing
SB 628 – Public Hearing
SB 629 – Public Hearing
SB 630 – Public Hearing
SB 545 – Public Hearing
SB 968 – Public Hearing
SB 624 – Public Hearing

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 55, A		
005	Chair Prozanski	Calls the meeting to order at 7:13 p.m. Opens public hearing on SB 626, SB 627, SB 628, SB 629 and SB 630. States that the bills are being combined into two bills and we will discuss their concepts. Discusses the agenda.
<u>SB 626, SB 627, SB 628, SB 629, SB 630 - PUBLIC HEARING</u>		
055	Anna Braun	Committee Administrator. Discusses and submits a Draft Identity Theft Bill "Bill No. 1" (EXHIBIT A), a Draft Social Security Number Bill "Bill No. 2" (EXHIBIT B), and an overview of Bill No. 1 on Identity Theft (EXHIBIT C).
070	Cheryl Pellegrini	Attorney In Charge, Financial Fraud/Consumer Protection Section, Department of Justice (DOJ). Discusses and submits written testimony regarding Credit Report Protection and Identity Theft Legislation in support of Bill No. 1 and Bill No. 2 (EXHIBIT D).
120	Pellegrini	Continues testimony.
190	Pellegrini	Concludes testimony.
210	Cory Streisinger	Director, Department of Consumer and Business Services (DCBS). Testifies in support of the concepts in Bill No. 1 and Bill No. 2.
255	Sen. Burdick	Asks Pellegrini about cases spoken of in her testimony.
263	Pellegrini	Responds. Discusses procedures of identity theft criminals.
280	Sen. Burdick	Inquires how people steal identities online through databases.
288	Pellegrini	Responds.

315	Sen. Burdick	Clarifies that not all companies notify their customers when their information is stolen.
317	Pellegrini	Answers, yes.
330	Sen. Whitsett	Inquires why Pellegrini feels that younger people are more of a target for identity theft.
340	Pellegrini	Responds.
350	Chair Prozanski	Discusses identity theft cases.
365	Pellegrini	Responds.
385	Sen. Whitsett	Asks Streisinger about the position of the credit companies.
392	Streisinger	Responds.
399	Chair Prozanski	Asks if DCBS is anticipating any costs associated with Bill No. 1 or Bill No. 2.
410	Streisinger	Discusses costs involved in the bills and remarks that the primary enforcement would be through consumers.

TAPE 56, A

015	Chair Prozanski	Clarifies that there will not be much of a fiscal impact from Bill No. 1 and Bill No. 2.
017	Streisinger	Answers, yes.
025	Kamala Shuger	Oregon District Attorneys Association. Testifies regarding SB 629.
045	Chair Prozanski	Remarks that SB 626, SB 627, SB 628, SB 629 and SB 630 will not move forward because their concepts are being combined into Bill No. 1 and Bill No. 2.
055	Shuger	Remarks that she has not had time to review Bill No. 1 and Bill No. 2.
057	Chair Prozanski	Responds.
060	Shuger	Continues testimony.
080	Chair Prozanski	Asks Shuger to review Bill No. 1 and Bill No. 2 and provide suggestions, if necessary.
090	Brandi Minogue	Citizen, Eugene, Oregon. Testifies in support of Bill No. 1 and Bill No. 2.
110	Brandy Fortson	Citizen, Springfield, Oregon. Testifies in support of Bill No. 1 and Bill No. 2. Discusses personal experience as an identity theft victim.
135	Matthew Yook	Citizen, Eugene, Oregon. Testifies in support of Bill No. 1 and Bill No. 2.

The following is submitted for the record without public testimony:

	Steve Swenson	Operations Support Division, City of Eugene Police Department. Submits written testimony in support of Bill No. 1 and Bill No. 2 (EXHIBIT E) .
150	Chair Prozanski	Closes public hearing on SB 626, SB 627, SB 628, SB 629 and SB 630 and opens public hearing on SB 545.

SB 545 – PUBLIC HEARING

170	Anna Braun	Committee Administrator. Provides an overview of SB 545. Discusses and submits the -1 amendments to SB 545 (EXHIBIT F) and an outline of the -1 amendments to SB 545 (EXHIBIT G) .
185	Cory Streisinger	Director, Department of Consumer and Business Services (DCBS). Testifies in support of SB 545 with the -1 amendments.
245	Streisinger	Concludes testimony.
265	Angela Martin	Public Policy Advocate, Oregon Food Bank. Testifies in support of SB 545 and the -1 amendments.
320	Martin	Discusses the change of the loan term in the -1 amendments.
330	Chair Prozanski	Asks Streisinger to clarify the difference between a 21 day loan

		term and a 31 day loan term.
338	Streisinger	Responds.
348	Sen. Whitsett	Asks for clarification on the -1 amendments.
355	Streisinger	Responds.
357	Sen. Whitsett	Asks for clarification on the difference between a loan fee and interest.
360	Streisinger	Responds.
368	Sen. Whitsett	Asks if DCBS intends to enforce the definition of interest on loan fees from other types of lending institutions.
374	Streisinger	States that the language applies only to payday lending.
381	Sen. Whitsett	Inquires if this is the law in Oregon or if it is a federal law that will be adopted as a state law.
387	Streisinger	Responds that this would be a new provision that would apply to payday loans only.
393	Sen. Whitsett	Clarifies that we would be adopting federal law.
397	Streisinger	States that it is a new provision of state law, but is consistent with the way federal law treats these charges.
402	Chair Prozanski	States his understanding.
415	Streisinger	Responds. States that it is a terminology choice only to use the word "interest" rather than "fee."
430	Sen. Whitsett	Comments on the standards between the different lending institutions.
439	Streisinger	States appreciation of attending the hearing in Eugene.
TAPE 55, B		
015	Mariah Leavitt	Citizen, Eugene, Oregon. Testifies in support of SB 545.
030	Jessica Chanay	Citizen, Eugene, Oregon. Testifies in support of SB 545. Discusses personal experience with debt.
075	Laurie Trieger	Citizen, Lane County, Oregon. Testifies in support of SB 545.
115	Chair Prozanski	Calls the meeting to a recess.
117	Chair Prozanski	Reconvenes the meeting. Asks the typical length of pay periods for individuals who use payday loans.
128	Trieger	Responds.
133	Sen. Whitsett	Discusses statistics of payday loan users.
145	Trieger	Responds.
150	Chanay	Responds to Sen. Whitsett's comments.
162	Sen. Whitsett	Remarks that people are often in financial trouble due to overuse of credit and then it is no longer available.
164	Chanay	Responds.
177	Trieger	Comments that people she has talked to are usually faced with sudden and unexpected expenses.
185	Whitsett	Asks where these people would be without payday lenders.
192	Trieger	Comments that payday loans are a needed industry, but they need to be regulated.
205	Loretta Moesta	OUR Federal Credit Union. Testifies in support of SB 545. Discusses the experiences of customers who obtained payday loans.
275	Moesta	Continues testimony.
330	Sen. Whitsett	Responds to Moesta's testimony.
345	Moesta	Discusses the reasons why people go to payday lenders. Discusses the anonymity of payday loans.
380	Sen. Whitsett	States that he has received hundreds of letters in his office in support of payday loans.
385	Moesta	Responds.
405	Chair Prozanski	Asks Moesta to ask her customers if they would be willing to

share the letters she read with the committee.

TAPE 56, B

010 Rev. Daniel Bryant Ecumenical Ministries of Oregon. Testifies in support of SB 545. Relates anecdote regarding payday loans.
070 Bryant Responds to Sen. Whitsett's comments.
080 Sen. Ringo Thanks the witnesses.
The following is submitted for the record without public testimony:
Anna Braun Committee Administrator. Submits 42 postcards on behalf of 42 Oregon citizens in opposition to SB 545 (**EXHIBIT P**). (Note: The same postcard was sent by all citizens).
085 Chair Prozanski Closes public hearing on SB 545 and opens public hearing on SB 968.

SB 968 – PUBLIC HEARING

Anna Braun Committee Administrator. Submits the -2 amendments to SB 968 (**EXHIBIT H**) and an outline of the -2 amendments to SB 968 (**EXHIBIT I**).
095 Max Muller Legislative Aide, Rep. Jackie Dingfelder, House District 45. Discusses and submits a fact sheet in support of SB 968 and the -2 amendments (**EXHIBIT J**). Submits written testimony on behalf of Sybil Hebb, Oregon Law Center, in support of SB 968 with the -2 amendments (**EXHIBIT K**).
130 Chair Prozanski Asks for Muller's comments on the -2 amendments.
132 Muller Discusses the -2 amendments to SB 968.
190 Muller Concludes testimony.
213 Chair Prozanski Recognizes Matt Markee, who is present and represents H&R Block. Commends H&R Block's business practices regarding refund anticipation loans.
222 Chair Prozanski Closes public hearing on SB 968 and opens public hearing on SB 624.

SB 624 – PUBLIC HEARING

230 Anna Braun Committee Administrator. Provides an overview of SB 624.
237 Ken Goodridge Citizen, Springfield, Oregon. Testifies in support of SB 624.
296 Chair Prozanski Asks the period of automobile insurance that Goodridge referred to.
298 Goodridge Responds. Continues testimony.
325 Sen. Ringo Discusses the experience of one of his constituents regarding insurance credit scoring.
350 Kelsey Wood Gordon Wood Insurance Agency. Discusses and submits written testimony in opposition to SB 624 (**EXHIBIT L**) and an informational packet in opposition to SB 624 (**EXHIBIT M**). Continues discussing insurance credit scoring.

TAPE 57, A

030 Wood Concludes testimony.
057 Sen. Whitsett Comments that there is very little individualization with credit scoring. Expresses concern of insurance companies who give a low credit score for individuals with no credit.
070 Wood Responds that people without credit are outside of the rating factors.
077 Sen. Whitsett Asks for Wood's comments on the lack of individualization with credit scores.
080 Wood Asks for clarification.
086 Sen. Whitsett Restates question.
089 Wood Responds.
105 Sen. Whitsett Discusses concern with individuals having the same credit score,

		but it is not considered why their score is the way it is.
115	Wood	Responds.
119	Sen. Whitsett	Responds to a comment made previously by Wood.
123	Chair Prozanski	Clarifies that Wood underwrites property insurance and automobile insurance.
126	Wood	Answers, yes.
128	Chair Prozanski	Comments on the variables used in credit scoring. Asks if rates are reduced based on driving records.
140	Wood	Responds.
146	Chair Prozanski	Asks if Wood's insurance policies vary in length of term.
149	Wood	Responds.
155	Chair Prozanski	Asks what insurance companies use to evaluate customers if they are not allowed to use credit scoring upon renewal.
162	Wood	Responds. Discusses the items considered in evaluating customers.
173	Chair Prozanski	Thanks Wood for testifying.
181	Goodridge	Asks for information from Wood.
The following is submitted for the record without public testimony:		
	Ronn Passmore	Rhodes-Warden Insurance. Submits written testimony in opposition to SB 624 (EXHIBIT N).
	Consumer and Agents Action Committee	Submits written testimony in support of SB 624 (EXHIBIT O).
193	Chair Prozanski	Closes public hearing on SB 624. Adjourns the meeting at 9:22 p.m.

EXHIBIT SUMMARY

- A. **Identity Theft, draft bill, staff, 7 pp**
- B. **Identity Theft, draft bill, staff, 2 pp**
- C. **Identity Theft, overview, staff, 1 p**
- D. **Identity Theft, written testimony, Cheryl Pellegrini, 16 pp**
- E. **Identity Theft, written testimony, Steve Swenson, 1 p**
- F. **SB 545, -1 amendments, staff, 3 pp**
- G. **SB 545, outline, staff, 1 p**
- H. **SB 968, -2 amendments, staff, 19 pp**
- I. **SB 968, outline, staff, 1 p**
- J. **SB 968, fact sheet, Max Muller, 1 p**
- K. **SB 968, written testimony of Sybil Hebb, Max Muller, 2 pp**
- L. **SB 624, written testimony, Kelsey Wood, 2 pp**
- M. **SB 624, informational packet, Kelsey Wood, 10 pp**
- N. **SB 624, written testimony, Ronn Passmore, 1 p**
- O. **SB 624, written testimony, Consumer and Agents Action Committee, 1 p**

The following is out of order in the body of the document:

- P. **SB 545, postcards, Anna Braun, 1 p**