

# SENATE COMMITTEE ON GENERAL GOVERNMENT

February 04, 2005  
10:00 A.M.

MAISON ARMORY  
Tigard, Oregon  
Tapes 7 - 10

**MEMBERS PRESENT:** Sen. Frank Shields, Chair  
Sen. Gary George, Vice-Chair  
Sen. Bruce Starr  
Sen. Joanne Verger  
Sen. Vicki Walker

**STAFF PRESENT:** Judith Callens, Committee Administrator  
Gary Roulier, Committee Assistant

**VISITING MEMBER:** Rep. Larry Galizio

**MEASURES/ISSUES HEARD:**

SB 18 – Public Hearing and Work Session  
SB 19 – Public Hearing and Work Session  
SJM 1 – Public Hearing and Work Session  
SB 223 – Public Hearing  
Afghan-Iraqi Freedom War Memorial Fund – Informational Meeting

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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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TAPE/#	Speaker	Comments
<b>TAPE 7, A</b>		
003	Chair Shields	Opens the meeting at 10:07 a.m. and opens a public hearing on SB 18 and SB 19.
<b><u>SB 18 and SB 19 – PUBLIC HEARING</u></b>		
024	Sen. Courtney	State Senator, District 11 and Senate President. Presents written testimony ( <b>EXHIBIT A</b> ) and testifies in support of SB 18 and SB 19.
049	Sen. Courtney	Notes that the purposes of the bills is to provide some financial relief to deployed soldiers. Explains that SB 18 relates to survivor benefits for families.
080	Sen. Courtney	States that these bills will ensure that Oregon is not raising revenue on the “backs of the families who have made the ultimate sacrifice.” Adds that the measure is retroactive to the 2001 tax year.
093	Sen. Courtney	Explains the provisions of SB 19 which exempts military compensation from income taxation.
135	Chair Shields	Asks how many citizens would be affected by SB 18 and the anticipated revenue impact.
146	Sen. Courtney	Responds that ten National Guard soldiers have died in the line of duty, but does not know the amount of money.
158	Colonel Mike Caldwell	Deputy Director, Oregon National Guard. Reviews the number of National Guard members lost in the war.

174	Chair Shields	Asks for a fiscal impact.
179	Caldwell	Reviews the exemptions for military pay and provides an estimate the impact.
184	Judith Callens	Committee Administrator. Reviews the revenue and impact statements for both SB 18 and SB 19.
193	Sen. Courtney	Adds that that estimate is that it would be approximately \$450 per affected person.
197	Sen. Walker	Clarifies that this death benefit is only paid if the death occurs while on active duty.
202	Sen. Courtney	Notes that her clarification is correct.
205	Sen. Walker	Asks if Congress had formerly taxed the entire death benefit.
208	Sen. Courtney	Responds that is correct.
228	General Raymond Byrne	Acting Adjutant General, Oregon National Guard. Presents written testimony ( <b>EXHIBIT B</b> ) and testifies in support of SB 18.
268	Byrne	Presents written testimony ( <b>EXHIBIT C</b> ) and testifies in support of SB 19.
299	Sen. Verger	Asks if there are adequate Guardsmen to respond to a natural disaster within the state, and whether Oregon has a larger percentage deployed relative to other states.
321	Byrne	Answers that we have enough soldiers to respond to any disasters.
353	Sen. Verger	Asks how the present deployments will affect future recruitment.
358	Byrne	Responds that the reasons that soldiers are leaving the Guard revolve around deployments.
386	Chair Shields	Questions whether the reenlistment numbers have dropped because of the changing role of the Guard.
395	Byrne	Reviews the recruitment and reenlistment rates of the Guard and summarizes steps being taken to maintain retention rates.
<b>TAPE 8, A</b>		
007	Chair Shields	Asks about whether Oregon's percentage of deployed guardsmen is "in line" with other states.
009	Byrne	Responds that there are states that are in worse shape than Oregon.
027	Caldwell	Adds that approximately 70 percent of the Oregon Guard has been deployed at some point since September 11, 2001.
049	Sen. Starr	Asks if there is anything in the law that requires employers to hold jobs for deployed soldiers.
055	Byrne	Reviews statutes requiring employers to hold jobs for deployed soldiers.
061	Caldwell	Continues an explanation of veteran's reemployment rights.
067	Sen. Starr	Asks for the average length of deployment for Guard members since September 11, 2001.
070	Byrne	Reviews tour lengths.
076	Sen. George	Asks about the reduction in force during the 1990s and if that is the reason the Guard is deploying.
083	Byrne	Speaks to the reductions which were a result of the end of the cold war.
103	Sen. Walker	Asks about employer support.
112	Byrne	Explains the program for employer support and the outreach efforts of the Guard.
154	Chair Shields	Asks if the Guard can still respond to emergencies in some of the small communities where deployments have had a major impact.
171	Byrne	Outlines the use of rear detachments and adds that the Guard can

182	Caldwell	move anywhere in the state on short notice.
200	Sen. George	Summarizes Guard capabilities in the event of emergencies. Asks if there is any online resource to find out what companies are going “above and beyond” in support of their deployed soldiers.
210	Byrne	Responds that he is not aware of any “one stop” resource to access that information but will provide a list to the committee.
231	Chair Shields	Comments that it would be beneficial to publicly acknowledge those employers.
242	Byrne	Thanks the Governor and the legislature for support.
251	Caldwell	Reviews legislation regarding health benefit packages for deployed soldiers.
276	Sen. George	Asks if the health care packages need to be modified.
280	Caldwell	Answers that is an option.
292	Rep. Galizio	Wonders if there are any obstacles to benefits for secondary education for Guard members.
310	Caldwell	Summarizes bills in the legislature which were filed to address several of these issues.
340	Byrne	Explains other legislation on tuition benefits.
366	Rep. Galizio	Talks about the federal tuition support that was put into state community colleges.
400	Chair Shields	Closes the public hearing on SB 18 and SB 19, and opens a public hearing on SJM 1.
<b><u>SJM 1 – PUBLIC HEARING</u></b>		
414	Byrne	Presents written testimony ( <b>EXHIBIT D</b> ) and testifies in support of SJM 1.
<b>TAPE 7, B</b>		
007	Byrne	Reviews federal support of the Guard and the lack of “Full Time Manning.”
037	Chair Shields	Closes the public hearing on SJM 1 and opens a work session SB 18.
<b><u>SB 18 – WORK SESSION</u></b>		
040	Sen. George	<b>MOTION: Moves SB 18 to the floor with a DO PASS recommendation and BE REFERRED to the committee on Revenue by prior reference.</b>
		<b>VOTE: 5-0-0</b>
		<b>AYE: In a roll call vote, all members present vote Aye. The motion CARRIES.</b>
050	Chair Shields	Closes the work session on SB 18 and opens a work session on SB 19.
<b><u>SB 19 – WORK SESSION</u></b>		
053	Sen. George	<b>MOTION: Moves SB 19 to the floor with a DO PASS recommendation and BE REFERRED to the committee on Revenue by prior reference.</b>
		<b>VOTE: 5-0-0</b>
		<b>AYE: In a roll call vote, all members present vote Aye. The motion CARRIES.</b>
063	Chair Shields	Closes the work session on SB 19 and reopens a public hearing on SJM 1.
<b><u>SJM 1 – PUBLIC HEARING</u></b>		
074	Mike Sullivan	Lobbyist, Association of American Pulp and Paper Workers. Testifies in support of SJM 1. Asks that the joint memorials address funding for the federal Veteran’s Administration.

105	Chair Shields	Closes the public hearing on SJM 1 and opens a work session on SJM 1.
<b><u>SJM 1 – WORK SESSION</u></b>		
112	Chair Shields	Reads into testimony the language of SJM 1.
140	Sen. George	<b>MOTION: Moves SJM 1 be sent to the floor with a BE ADOPTED recommendation.</b>
153	Sen. Walker	Speaks to the “woeful” under funding of the Veteran’s Administration and recommends the legislative body adopt a memorial addressing this subject.
163	Sen. Verger	Worries about the memorials not receiving the appropriate attention at the federal level.
182	Sen. Starr	Notes that hand delivering memorials to the Oregon federal delegation is one way to ensure that the memorials get into member’s hands.
198		<b>VOTE: 5-0-0</b>
	Chair Shields	<b>AYE: In a roll call vote, all members present vote Aye. The motion CARRIES.</b>
200	Chair Shields	Closes the work session on SJM 1 and opens a public hearing on SB 223.
<b><u>SB 223 – PUBLIC HEARING</u></b>		
209	Callens	Explains the provisions of SB 223.
236	Paula Brown	Deputy Director, Oregon Department of Veteran’s Affairs (ODVA). Presents written testimony ( <b>EXHIBIT E</b> ) and testifies in support of SB 223.
269	Brown	Summarizes the intent of SB 223.
302	Brown	Reviews the requirement for mortgage default insurance on loans in excess of 80 percent “loan-to-value” ratios.
318	Sen. Walker	Asks if the proposed loans are “zero down.”
328	Brown	Responds that they are.
329	Sen. Walker	Asks if the closing costs are financed.
331	Dona Lanterman	Home Loan Origination Manager, ODVA. Responds that the closing costs are not included in their payment.
341	Sen. Walker	Asks at what point the department would no longer require the borrower to carry mortgage insurance.
351	Brown	Answers that it is mandatory to release borrowers from the requirement for mortgage default insurance at 78 percent.
366	Sen. Walker	Asks about the default rate.
370	Bruce Shriver	Chief Financial Officer, ODVA. Answers that the default rate for the ODVA program is 1.5 percent, which favorably compares to 1.8 for other loan programs.
410	Shriver	Reviews overall statistics for the program dealing with loan delinquency.
428	Chair Shields	Asks what lessons were learned from the high default rate experienced in the 1980s.
<b>TAPE 8, B</b>		
003	Shriver	States that the key difference is the requirement for mortgage insurance.
023	Chair Shields	Questions if the department can guarantee that we won’t have a “replay” of the defaults of the 1980s.
034	Shriver	Answers that they are “highly confident” that they have covered the risks.
039	Chair Shields	Asks for a review of the history of the home loan defaults in the 1980s.

041	Shriver	Summarizes the history of the ODVA home loan program, to include loan volume.
077	Chair Shields	Asks what changes had to be made.
090	Shriver	Reviews the “tightening up” of underwriting standards and other changes.
108	Chair Shields	Asks if the department was able to recoup the losses.
111	Shriver	Responds that the department bore some losses.
117	Chair Verger	Asks for an explanation of the percentages.
129	Shriver	Explains the percentages, to include the default rate relative to the total number of loans outstanding.
152	Sen. George	Asks if the interest rates were part of the problem in the 1980s and whether we have more flexibility today.
162	Shriver	Answers that is correct and summarizes bond rates from that period.
185	Sen. George	Points out that this home loan program is a benefit to our veterans, and the losses borne in the 1980s were minor “relative to the sacrifices of our veterans.”
194	Chair Shields	Asks if other states have similar programs.
200	Shriver	Reviews other state loan programs.
236	Sen. Verger	Asks how many veterans within the state are eligible for these loans.
240	Shriver	Summarizes the requirements and estimates that there are 60,000 veterans within Oregon that are eligible.
262	Brown	Details department procedures on collections.
290	Sen. Verger	Speaks to the importance of home ownership.
304	Sen. Walker	Comments on the some of the physical problems associated with service-connected disabilities.
333	Brown	Agrees and notes that these benefits are an “entitlement.”
354	Sen. Walker	Stresses the importance of informing veterans of their entitlements. Asks for an average monthly payment for mortgage default insurance.
371	Lantermann	Answers the amount would vary, but an average for a \$150,000 home insured to 100 percent value would be \$175 per month.
414	Chair Shields	Comments that this would be in addition to the mortgage payment.
<b>TAPE 9, A</b>		
010	Lantermann	Summarizes “piggyback” loans.
018	Walter Crews	Oregon State Legislative Director, Non Commissioned Officers Association. Testifies in support of SB 223.
061	Wayne Harvey	Beaverton, Oregon. Testifies in support of SB 223. Notes that he is not eligible for the loan program because he is not a veteran of a “qualifying area.”
107	Lyle Voth	Newberg, Oregon. Testifies in support of SB 223. States that there is a rumor that the home loan program had been dropped.
128	Chair Shields	Emphasizes that he is interested in finding a way to provide more publicity for this loan program.
147	Caldwell	Comments that the requirements are that a soldier serve 210 days of federal active duty service to qualify for this loan program. Discusses how to publicize the loan program with the chair.
190	Chair Shields	Reemphasizes the importance of publicity.
210	Sen. George	Talks about a bill dealing with raising death benefits, and discusses the possibility of packaging the bills.
234	Lantermann	Points out that her earlier estimate for the monthly mortgage insurance payments was incorrect, and notes the correct amount

252	Brown	would be \$135 per month. Stresses that the ODVA is “more than willing” to do the press releases.
263	Chair Shields	Tells the committee that future committee meetings will be held at 3:10 p.m.
277	Sen. Verger	Comments on the work being done by Rep. Nelson in the Oregon House.
289	Chair Shields	Closes the public hearing on SB 223, and opens an informational meeting on the Afghan-Iraqi Freedom War Memorial Fund.
<b><u>AFGHAN-IRAQI FREEDOM WAR MEMORIAL FUND – INFORMATIONAL MEETING</u></b>		
302	Clay Kesterson	President, Afghan-Iraqi Freedom War Memorial Fund. Relates the history of the project, which began when they lost their son (an Army helicopter pilot) in Iraq.
336	Kesterman	Summarizes the design of the memorial.
371	MJ Kesterson	Vice President, Afghan-Iraqi Freedom War Memorial Fund. Outlines upcoming fund raising events for the memorial.
401	MJ Kesterson	Explains that it is an important project for the families that have lost family members in Iraq.
<b>TAPE 10, A</b>		
003	Sen. Starr	Asks for the total amount for the project.
009	Clay Kesterson	Responds that they are estimating \$350 - \$500,000 but adds that much of that will be “in-kind” donations of labor and materials.
021	Sen. George	Asks that committee members keep each other informed on parades and other events taking place within their districts that are honoring veterans.
045	Voth	Pledges the support of his American Legion Post to the memorial project.
053	Chair Shields	Asks to be keep informed on the project, closes the informational meeting, and adjourns the meeting at 1:09 p.m.

## **EXHIBIT SUMMARY**

- A. **SB 18 and SB 19, written testimony, Peter Courtney, 2 pp**
- B. **SB 18, written testimony, Raymond Byrne, 1 pp**
- C. **SB 19, written testimony, Raymond Byrne, 1 pp**
- D. **SJM 1, written testimony, Raymond Byrne, 2 pp**
- E. **SB 223, written testimony, Paula Brown, 5 pp**