

SENATE COMMITTEE ON GENERAL GOVERNMENT

March 03, 2005
3:10 P.M.

Hearing Room B
Tapes 26 - 28

MEMBERS PRESENT: Sen. Frank Shields, Chair
Sen. Bruce Starr
Sen. Joanne Verger
Sen. Vicki Walker

MEMBER EXCUSED: Sen. Gary George, Vice-Chair

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

MEASURES/ISSUES HEARD:
SB 752 – Public Hearing
SB 507 – Public Hearing
SB 984 – 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 26, A		
003	Chair Shields	Opens the meeting at 3:13 p.m. and discusses the agenda. Opens a public hearing on SB 752.
<u>SB 752 – PUBLIC HEARING</u>		
014	Judith Callens	Committee Administrator. Explains the provisions of SB 752.
030	Sen. Walker	Summarizes the intent of the bill.
060	Sen. Walker	Reviews the additional reporting requirements for the State Accident Insurance Fund (SAIF) contained within the bill.
090	Chair Shields	Welcomes guests in the audience.
107	Brenda Rocklin	Interim President and Chief Executive Office, SAIF Corporation. Testifies in opposition to SB 752.
122	Chair Shields	Asks Sen. Walker the differences between SB 752 and SB 310.
125	Sen. Walker	Reviews the differences.
146	Rocklin	Notes that her experience with submitting the budget with the Oregon Lottery did not seem to present any problems. Adds they would be able to comply with Legislative Fiscal Office (LFO) needs.
189	Chris Davie	Communications Director, SAIF Corporation. Presents written testimony (EXHIBIT A) and testifies in opposition to SB 752. Reviews SAIF objections to some of the provisions of the bill.
218	Sen. Walker	Asks for a description of the differences between an “operational report” and a “financial report.”
223	Davie	Summarizes the requirements already contained within the statutes and the differences between the two reports.
242	Sen. Verger	Asks for an explanation of SAIF’s budget procedures prior to their current procedures.
261	Davie	Notes they will provide that information and continues with a

274	Sen. Walker	review of their objections to the bill. Notes the differences between SAIF and other state agencies and summarizes the provisions related to the budget contained within SB 310 (2005).
295	Rocklin	Discusses the provisions in SB 310 (2005) with Sen. Walker.
323	Davie	Responds to Sen. Verger with an explanation of the current reporting requirements.
343	Chair Shields	States that there is a potential for bringing all of the provisions of these bills together.
380	Chair Shields	Closes the public hearing on SB 752 and opens a public hearing on SB 507.

SB 507 – PUBLIC HEARING

390	Devon Lyon	Oregonians for Sound Economic Policy. Presents written testimony (EXHIBIT B) and testifies in support of SB 507.
TAPE 27, A		
007	Lyon	Reviews past requests for SAIF documents in 2000 and the intent contained within SB 507.
054	Lyon	States that SB 507 would solve the public record concerns expressed over the past few years.
083	Sen. Walker	Notes that she agrees with the spirit of public record transparency.
090	Chair Shields	Asks Rocklin to respond to the preceding witness.
095	Rocklin	Presents written testimony (EXHIBIT C) and testifies in opposition to SB 507. Notes that the transparency desired with regard to public records is contained within the provisions of SB 310 (2005).
119	Pete Shepherd	Deputy Attorney General, Department of Justice. Reviews the Attorney General's role in public records law.
141	Shepherd	Continues with a discussion of public records law and the presumption of transparency.
184	Shepherd	Reviews how certain requests for public records have been resolved and the relevant case law.
194	Chair Shields	Asks if the appellate court considered previous guidelines on public records laws.
203	Shepherd	Reviews the actions of the appellate court.
230	Chair Shields	Asks what the effect would be if the legislation under consideration was not moved forward.
235	Shepherd	Answers that future requests would face a great deal of uncertainty.
269	Chair Shields	Asks if it would be correct that the recent appellate court decision would set a precedent.
282	Shepherd	Responds that the appellate decision defines one particular circumstance, but is probably not broadly applicable.
307	Sen. Walker	Asks why the appellate court decision doesn't become part of the case history.
317	Shepherd	Answers that the appellate court decision does not apply to the general categories concerning public records.
337	Sen. Verger	Asks if the court considered SAIF to be similar to other state agencies.
347	Shepherd	Responds that the court held SAIF to be different and reviews the findings.
361	Chair Shields	Asks how the differences between SAIF and other agencies came into being.
375	Shepherd	Reviews the statute.

387	Sen. Walker	Asks who sought the appeal to the appellate decision.
396	Shepherd	Responds that the Attorney General's office sought review.
399	Sen. Walker	Asks if other state agencies would be impacted by the court's opinion.
401	Shepherd	Answer that his review indicates that the decision is unique to SAIF.
420	Shepherd	Summarizes how a body of law is accumulated to deal with public records.
TAPE 26, B		
001	Sen. B. Starr	Asks about the trade secret exclusion.
012	Shepherd	Reviews case law related to trade secrets.
037	Sen. Walker	Notes that the decision by the appellate court allowed us to discover many of the problems associated with SAIF.
053	Chair Shields	Asks how the attorney general's office would have felt about the inability to discover problems within SAIF if they had prevailed in the case.
060	Shepherd	Responds by reviewing the role of the attorney general and how they normally advise agencies on questions of public records disclosure.
103	Chair Shields	Closes the public hearing on SB 507 and opens a public hearing on SB 984.
<u>SB 984 – PUBLIC HEARING</u>		
110	Callens	Explains the provisions of the bill.
126	Brian Boe	Vice President of Public Affairs, Liberty Northwest Insurance Corporation. Presents written testimony (EXHIBIT D) and testifies in support of SB 984.
178	Boe	Reviews the history of workers' compensation insurance in Oregon.
208	Boe	Summarizes the intent of SB 984.
249	Boe	Discusses the number of employers in the assigned risk plan.
299	Boe	Continues with comments on the advantages of SAIF's federal income tax exemption.
350	Boe	Relates the practice of accommodation accounts.
388	Sen. B. Starr	Asks if one of the risks of passing this legislation is that we would go back to a situation where SAIF is losing money.
400	Boe	Answers that he does not believe that would occur and reviews how other states manage workers' compensation insurance.
TAPE 27, B		
012	Chair Shields	Comments on why the assigned risk pool is so large and the public mission of SAIF.
023	John Shilts	Administrator, Workers' Compensation Division, Department of Consumer and Business Services. Presents written testimony (EXHIBIT E) and testifies on their concerns about SB 984.
077	Shilts	Continues discussion of technical issues within the bill.
082	Chair Shields	Asks who pays for the premium credits.
093	Shilts	Responds that the credits are subsidized by all policy holders within the state.
104	Chair Shields	Asks how other states handle the assigned risk pool and discusses the credits program with the witness.
127	Shilts	Answers that those in the assigned risk pool would pay lower premiums with credits and summarizes how other states handle subsidies.
153	Sen. B. Starr	Asks about SAIF's ability to remain solvent if SB 984 is passed.
177	Shilts	Answers that SAIF would be taking on more risk with less

182	Sen. Walker	opportunity to mitigate their exposure. Asks if the reason Oregon has such low rates is that we are efficient in the prevention of accidents.
199	Shilts	Answers that the major reason for low rates is the decline of injuries. Discusses the reason for the lower accident rates with Sen. Walker.
221	Sen. Walker	Stresses that SAIF is not the reason for the low rates in the state.
241	Shilts	Emphasizes the importance of information on the assigned risk pool.
255	Chair Shields	Notes the difference between businesses that have high loss records and new businesses.
268	Davie	Presents written testimony (EXHIBIT F) and testifies in opposition to SB 984.
311	Davie	Reviews legislation related to federal taxation of state workers' compensation insurance funds.
360	Chair Shields	Asks what percentage of new businesses wind up in the assigned risk pool.
374	Davie	Does not know how many businesses would be in that pool but adds the information will be made available.
392	Sen. Verger	Notes that those businesses not interested in accident prevention should not be subsidized by those who are.
TAPE 28, A		
002	Shilts	Agrees that policy discussions should be held on who subsidizes the assigned risk pool.
014	Davie	Summarizes an informal survey of accounts in the assigned risk pool.
034	Sen. B. Starr	Asks about the standard imposed by SB 984 that would not comport with sound insurance principles.
039	Davie	Responds that SAIF is required by current statute to perform in accordance with sound insurance principles.
050	Sen. B. Starr	Asks if this would affect SAIF's ability to remain solvent.
052	Davie	Answers that taking additional bad risks would force them to charge higher premiums to other accounts.
065	Sen. Verger	Comments that companies investing in safety are attempting to not be a burden on their insurance carrier.
075	Davie	Agrees that taking on higher risks would penalize those good businesses.
084	Shilts	Notes that low workers' compensation rates give Oregon a competitive advantage.
099	Chair Shields	Discusses the committee work plan, closes the public hearing on SB 984 and adjourns the meeting at 5:16 p.m.

EXHIBIT SUMMARY

- A. **SB 752, written testimony, Chris Davie, 2 pp**
- B. **SB 507, written testimony, Devon Lyon, 5 pp**
- C. **SB 507, written testimony, Brenda Rocklin, 4 pp**
- D. **SB 984, written testimony, Brian Boe, 10 pp**
- E. **SB 984, written testimony, John Shilts, 16 pp**
- F. **SB 984, written testimony, Chris Davie, 3 pp**