

**SENATE REVENUE COMMITTEE**  
**MAY 9, 2005 9:00 AM STATE CAPITOL BUILDING**

Members Present: Senator Ryan Deckert, Chair  
Senator Gary George  
Senator Rick Metsger  
Senator Floyd Prozanski  
Senator Charles Starr, Vice Chair

Witnesses Present: Darren Bond, Oregon State Treasury  
Laura Lockwood-McCall, Oregon State Treasury  
Kate Cooper Richardson, Oregon State Treasury  
Cynthia Byrnes, Dept. of Justice  
Pamela Leavitt, Credit Union Association of Oregon

Staff Present: Paul Warner, Legislative Revenue Officer  
Mazen Malik, Economist  
Barbara Guardino, Committee Assistant

**TAPE 115, SIDE A**

005 Chair Deckert Calls meeting to order at 9:10 a.m. The committee will hear treasury bills today.

**PUBLIC HEARING, HB 2031**

028 Mazen Malik Gives overview of bill (**EXHIBIT 1**). Clarifies provisions related to duties of state officers regarding certain modern financial instruments. The new Check-21 standards allow for electronic images of checks.

045 Darren Bond The current language reflects the electronic age versus the paper age. See written testimony (**EXHIBIT 2**).

**WORK SESSION, HB 2031**

061 Vice Chair C. Starr **MOTION: MOVES HB 2031 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION**

063 Chair Deckert **ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS. VOTE: 4-0-1**  
**VOTING AYE: GEORGE, PROZANSKI, C. STARR, DECKERT**  
**EXCUSED: METSGER**

**PUBLIC HEARING, HB 2032**

070 Malik Gives overview of bill (**EXHIBIT 3**), which has to do with requirements for bonding and showing cash flow projections for various agencies of the treasury. There are no revenue or fiscal impacts.

090 Laura Lockwood-McCall HB 2032 will provide State Treasury more flexibility. In the future, Senate bills 4 and 5 which talk about seismic bonds may also be simple allocation funds too.

098 Chair Deckert Summarizes, the main concern is whether Treasury loses oversight or

accountability.

- 101 McCall This brings law in line with standard practices.
- 109 Sen. George Prior concerns about constitutional violations have been satisfied. See lines 12-16.
- 120 McCall Agrees.

**WORK SESSION, HB 2032**

- 125 Vice Chair C. Starr **MOTION: MOVES HB 2032 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.**
- 127 Chair Deckert **ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS. VOTE: 5-0-0**  
**VOTING AYE: GEORGE, METSGER, PROZANSKI, C. STARR, DECKERT**

**PUBLIC HEARING, HB 2041**

- 137 Malik HB 2041 modifies definition of “issuers” authorized to issue private activity bonds (**EXHIBIT 4**). Expands the definition of the user of tax-exempt bonds.
- 168 Kate Richardson Presents written testimony in favor of HB 2041 (**EXHIBIT 5**) State Treasury wanted to ensure that any eligible entity could apply for a private activity bond. Notes, a reference to OECC is superfluous, and is being removed.
- 213 Cynthia Byrnes Offers to answer questions of the committee.
- 217 Chair Deckert Asks for a hypothetical situation.
- 222 Byrnes Gives example.
- 241 Chair Deckert Asks if this opens up an arena that is not intended with other similar organizations.
- 250 Richardson The statute is being opened more broadly to capture entities that are qualified to apply, but the private activity bond committee’s job is to determine how to allocate it for the greatest public benefit.
- 279 Malik Requests an example of agencies that operate under these statutes.
- 284 Richardson Some agencies receive private bonding cap directly, including housing, OECCD, Energy and the Oregon Facilities Authority.

**WORK SESSION, HB 2041**

- 295 Vice Chair C. Starr **MOTION: MOVES HB 2041 TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.**
- 299 Chair Deckert **ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS. VOTE: 5-0-0**  
**VOTING AYE: GEORGE, METSGER, PROZANSKI, C. STARR, DECKERT**

**PUBLIC HEARING, HB 2033**

- 316 Malik Gives overview of HB 2033-A (**EXHIBIT 6**). Clarifies provisions regarding public funds, pool managers, depository banks and custodian banks. Discussion has been how to fine-tune it so credit unions could take advantage of it. Under current law deposits of public funds into financial institutions need to collateral. Has not determined whether there will be a revenue impact. There is no fiscal impact.
- 356 Sen. George Comments, there's no risk (in credit unions), those are secure dollars.
- 360 Malik Responds, up to \$100,000 are already covered by insurance. Above that, they are not allowed to deal with it.
- 395 Bond Most of HB 2033 is organizational in nature. The primary issue of substance is collateralization agreements for institutions that hold less than \$100,000. This provision is a result of legislation that was passed last session. Small banks have had to address this issue as well.
- 421 Bond See written testimony (**EXHIBIT 7**). Discusses changes in Section 4, which clear up an inconsistency in ORS concerning time deposits. When those changes were made there was an oversight in language. This clarifies that any time deposits purchased by a local government are subject to protections.
- 454 Bond Discusses other changes in Section 4.

**TAPE 116, SIDE A**

- 025 Pamela Leavitt Refers to written testimony (**EXHIBIT 8**). Credit Union Association sees this as a fix to SB 331 passed last session which allowed credit unions to accept public funds. There is a temporary fix in place, but this legislation will make it permanent.
- 035 Chair Deckert Asks, what is the temporary fix?
- 040 Bond Responds, is not sure, but a specific agreement for credit unions was drafted. There are currently three or four credit unions holding public funds deposits. Others are considering it.

**WORK SESSION, HB 2033**

- 060 Sen. Metsger **MOTION: MOVES HB 2033-A TO THE SENATE FLOOR WITH A DO PASS RECOMMENDATION.**  
Also declares a potential conflict of interest.
- 063 Chair Deckert **ORDER: THERE BEING NO OBJECTION THE CHAIR SO ORDERS. VOTE: 5-0-0**  
**VOTING AYE: GEORGE, METSGER, PROZANSKI, C. STARR, DECKERT**
- 075 Chair Deckert Closes work session. Adjourns meeting at 9:45 a.m.

Tape Log Submitted by,

Barbara Guardino, Committee Assistant

Exhibit Summary:

1. HB 2031, Staff Measure Summary, Malik, 5/9/05, 1 pp.
2. HB 2031, testimony of Darren Bond, 5/9/05, 1 pp.
3. HB 2032, Staff Measure Summary, Malik, 5/9/05, 1 pp.
4. HB 2041, Staff Measure Summary, Malik, 5/9/05, 1 pp.
5. HB 2041, testimony of Kate Cooper Richardson, 5/9/05, 1 pp.
6. HB 2033, Staff measure Summary, Malik, 3/26/05, 1 pp.
7. HB 2033, testimony of Darren Bond, 5/9/05, 2 pp.
8. HB 2033, testimony of Pamela Leavitt, Credit Union Association, 1 pp.