

HOUSE COMMITTEE ON
BUSINESS, LABOR AND CONSUMER AFFAIRS

February 26, 2003 Hearing Room E
8:30 A.M. Tapes 38 - 41

MEMBERS PRESENT: Rep. Betsy Close, Chair
 Rep. Derrick Kitts, Vice-Chair
 Rep. Diane Rosenbaum, Vice-Chair
 Rep. Mary Gallegos
 Rep. Bill Garrard
 Rep. Jeff Merkley
 Rep. Mike Schaufler

STAFF PRESENT: Megan Palau, Committee Administrator
 Mike Reiley, Committee Assistant

MEASURE/ISSUES HEARD: HB 2649 – Public Hearing
 HB 2130 – Public Hearing
 HB 2480 – Public Hearing
 HB 2649 – 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 38, A		
003	Chair Close	Calls meeting to order at 8:32 a.m. Opens public hearing on HB 2649.
HB 2649 – PUBLIC HEARING		
012	Megan Palau	Committee Administrator. Summarizes HB 2649.
015	Rep. Alan Brown	House District 10. Submits and summarizes prepared testimony in support of HB 2649 (EXHIBIT A).
070	Chair Close	Asks for clarification of independent contractor requirements.
071	Rep. Brown	Clarifies independent contractor requirements.
080	Chair Close	Closes public hearing on HB 2130. Opens public hearing on HB 2130.
HB 2130 – PUBLIC HEARING		
080	Megan Palau	Committee Administrator. Summarizes HB 2130 and -2 amendment (EXHIBIT B).
083	Rep. Vic Backlund	House District 25. Testifies in support of HB 2130.
129	Rep. Schaufler	Asks about savings resulting from HB 2130.
131	Rep. Backlund	Explains parity between current and retired government employees.
139	Gary Pelo	Legislative Assistant for Rep. Backlund. Offers situation that led to introduction of HB 2130.
147	Chair Close	Asks about work done in 2001 legislative session on issue.
149	Rep. Backlund	Explains work done in 2001.
161	Rep. Rosenbaum	Asks about effects of HB 2130 on current statute.
166	Rep. Backlund	Explains effects of HB 2130.
184	Leonard Hagen	Regence Blue Cross. Submits and summarizes prepared

192	Maxi McKibben	testimony in support of HB 2130 (EXHIBIT C). Department of Insurance, Department of Consumer and Business Services. States that she was on work group for HB 2130.
206	Chair Close	Asks if -2 amendment is work group recommendation.
215	McKibben	Explains work done by work group on HB 2130 and -2 amendment.
224	Chair Close	Asks for clarification of language of amendment.
228	McKibben	Offers clarification of amendment language.
252	Chair Close	Closes public hearing on HB 2130. Opens public hearing on HB 2480.

HB 2480 – PUBLIC HEARING

252	Megan Palau	Committee Administrator. Summarizes HB 2480.
258	Rep. Donna Nelson	House District 24. Submits and summarizes prepared testimony in support of HB 2480 (EXHIBIT D).
390	Chair Close	Asks for estimate of fiscal impact.
393	Rep. Nelson	Explains fiscal impact.

TAPE 39, A

017	Rep. Garrard	Asks about age limits impacted by HB 2480.
020	Rep. Nelson	Explains age limits.
027	Rep. Gallegos	Asks about potential disadvantages to law-abiding community.
035	Rep. Nelson	Explains benefits to society.
044	Rep. Kitts	Asks about inequality regarding providing tax credit for one segment of society.
052	Rep. Nelson	Explains impacts on society.
068	Rep. Kitts	Expresses reservations about HB 2480.
079	Rep. Schaufler	Asks for data on other states' similar programs.
110	Rep. Rosenbaum	Asks about preventing employers from laying workers off to hire former inmates to take advantage of tax credits.
119	Rep. Nelson	Explains provisions of HB 2480.
131	Rep. Merkley	Expresses support for concept and reservations on HB 2480.
159	Rep. Nelson	Explains benefits of HB 2480.
190	Rep. Gallegos	Asks about tax liability in HB 2480.
206	Rep. Nelson	Explains tax liability.
212	Rep. Gallegos	Asks for further clarification of tax liability.
215	Rep. Nelson	Further clarifies tax liability.
219	Rep. Garrard	Offers example of formerly incarcerated citizen having advantage over law abiding citizen due to tax credit.
230	Rep. Nelson	Addresses example related to HB 2480.
255	Ginger Martin	Administrator for Community Corrections, Oregon Department of Corrections. Submits and summarizes prepared testimony regarding HB 2480 (EXHIBIT E).
300	Richard Sly	Director, Yamhill County Community Corrections. Testifies in support of HB 2480.
366	Rep. Gallegos	Asks if there has been increase in incarceration.
374	Martin	Explains trends in incarceration.
379	Rep. Gallegos	Asks for relationship between incarceration and unemployment.
390	Martin	Explains relationship.
395	Chair Close	Expresses support she has encountered for hiring ex-offenders.
407	Jan Dean	Assistant Director, Employment Services Division, Oregon Employment Department. States that she and Mr. Jassmann will provide information regarding HB 2480.
420	Ed Jassmann	Program Coordinator, Work Opportunity Tax Credit, Oregon Employment Department. Submits and summarizes prepared testimony (EXHIBIT F).

TAPE 38, B

001	Chair Close	Asks for clarification of tax credit legislation.
003	Jassmann	Answers that it was implemented in 1996 through Small Business Job Protection Act.
007	Rep. Kitts	Asks about data regarding low-income qualifications.
010	Jassmann	Explains how low-income qualification is determined.
014	Rep. Kitts	Asks if HB 2480 has low-income qualification.
016	Rep. Nelson	Indicates that it does not.
017	Chair Close	Asks about relationship of HB 2480 and federal regulations.
019	Jassmann	Explains differences between the two.
025	Chair Close	Asks for data regarding programs in other states.
027	Jassmann	Explains data.
032	Rep. Schaufler	Comments on drug offender treatment. Asks if law-abiding citizens would be at disadvantage.
042	Jassmann	Explains data regarding impact of tax credit on society.
056	Rep. Rosenbaum	Asks for clarification of data.
064	Jassmann	Clarifies data.
071	Rep. Rosenbaum	Asks for further clarification of data.
072	Jassmann	Further clarifies data.
083	Rep. Nelson	Provides requested data to committee.
108	Chair Close	Closes public hearing on HB 2480. Opens public hearing on HB 2649.

HB 2649 – PUBLIC HEARING

110	Megan Palau	Committee Administrator. Summarizes HB 2649.
116	Jim Welsh	Oregon State Grange. Submits and summarizes prepared testimony in support of HB 2649 (EXHIBIT G).
135	Cyndee Riggs	Laughing Rabbit Inc. (LRI). Testifies in support of HB 2649. Explains development and employment situation of LRI.
207	Chair Close	Asks if LRI owner Mr. Allen is considering moving company to China.
216	Riggs	Answers yes.
220	Alona Hartwig	LRI. Testifies in support of HB 2649.
326	Rep. Merkley	Asks about significance of work location issue with LRI and employees.
340	Riggs	Explains laws regarding manufacturing and insurance coverage.
357	Rep. Merkley	Asks about insurance obstacles.
359	Riggs	Explains insurance obstacles.
378	Debbie Borland	LRI. Explains her work situation with LRI.
414	Rep. Schaufler	Asks about independent contractor status. Expresses concern about providing exceptions for specific instances.

TAPE 39, B

018	Rep. Garrard	Asks about employees' average monthly gross salary.
021	Hartwig	Explains her salary.
037	Borland	Explains her salary.
055	Jeanne Trudeau	Submits letters and prepared testimony (EXHIBIT H).
114	Don Schellenberg	Associate Director of Governmental Affairs, Oregon Farm Bureau. Submits and summarizes prepared testimony in support of HB 2649 (EXHIBIT I).
176	Rep. Merkley	Asks for clarification of issue addressed by HB 2649.
178	Schellenberg	Clarifies issue.
186	Rep. Merkley	Asks for clarification of employer/employee relations.
192	Schellenberg	Clarifies relationship between employers and employees.
233	Bob Shiprack	Oregon State Building and Construction Trades Council, Employment Advisory Council. Testifies in opposition to HB

		2649.
330	Rep. Garrard	Asks about losing LRI jobs in Oregon.
334	Shiprack	Explains independent contractor provisions and their effect on business.
361	Rep. Kitts	Asks about LRI employees registering as independent contractors.
401	Shiprack	Explains independent contractor provisions.
TAPE 40, A		
002	Lisa Trussell	Associated Oregon Industries. Testifies in opposition to HB 2649.
023	Chair Close	Asks how to prevent jobs from going to China.
028	Trussell	Explains importance of bringing jobs to and keeping jobs in Oregon.
051	Patrick Green	Oregon AFL-CIO. Concurs with testimony provided by Mr. Shiprack and Ms. Trussell.
065	Chair Close	Asks for comment on LRI situation.
070	Green	Addresses criteria for independent contractors.
075	Rep. Schaufler	Comments that it would be economical for LRI employees to become licensed independent contractors.
102	Renee Bryant	Unemployment Insurance Tax Manager, Oregon Employment Department. Submits and summarizes prepared testimony in opposition to HB 2649 (EXHIBIT J).
170	Chair Close	Asks about flexibility in allowing independent contractors.
175	Bryant	Explains relationship.
188	Rep. Gallegos	Asks about LRI situation.
201	Bryant	Explains independent contractor criteria.
214	Rep. Gallegos	Asks about ruling for independent contractors.
218	Bryant	Explains ruling for independent contractors.
223	Rep. Rosenbaum	Asks for clarification of language regarding dedicated place of employment.
230	Bryant	Offers clarification and expresses concerns about language in HB 2649.
241	Rep. Rosenbaum	Asks about status of employees regarding unemployment insurance.
248	Bryant	Explains unemployment criteria.
265	Jim Welsh	Oregon State Grange. Testifies in support of HB 2649.
349	Nargess Shadbeh	Attorney, Oregon Law Center. Testifies in opposition to HB 2649.
408	Rep. Schaufler	Asks about obtaining Rep. Brown's information.
411	Welsh	Explains accessing information and clarifies LRI case.
TAPE 41, A		
012	Rep. Merkley	Asks about obstacles to allowing workers to work in their homes.
022	Welsh	Explains relationship between employers and independent contractors.
043	Chair Close	Closes public hearing on HB 2649. Adjourns meeting at 10:56 a.m.

Written testimony submitted by Wayne Laut, Superintendent, Blachly School District, on HB 2649 (EXHIBIT K).

EXHIBIT SUMMARY

A – HB 2649, written information, Rep. Alan Brown, 1 p

B – HB 2130, -2 amendment, staff, 1 p
C – HB 2130, written testimony, Leonard Hagen, 1 p
D – HB 2480, written testimony, Rep. Donna Nelson, 4 pp
E – HB 2480, written testimony, Ginger Martin, 2 pp
F – HB 2480, written testimony, Ed Jassmann, 2 pp
G – HB 2649, written testimony, Jim Welsh, 2 pp
H – HB 2649, written testimony and information, Jeanne Trudeau, 6 pp
I – HB 2649, written testimony, Don Schellenberg, 3 pp
J – HB 2649, written testimony, Renee Bryant, 2 pp
K – HB 2649, written testimony, Wayne Laut, 100 pp.