

**HOUSE COMMITTEE ON**  
**BUSINESS, LABOR AND CONSUMER AFFAIRS**

April 30, 2003 Hearing Room E  
8:30 A.M. Tapes 107 – 109

**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

**MEASURES HEARD:** HB 2967 – Work Session  
HB 3322 – Work Session  
SB 331A – Public Hearing  
SB 199 – Public Hearing and Work Session  
SB 248 – Public Hearing and Work Session  
SB 734A – Public Hearing and Work Session  
SB 235A – Public Hearing  
SB 253A – Public Hearing

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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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<b>TAPE/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 107, A</b>		
004	Chair Close	Calls meeting to order at 8:38 a.m. Opens work session on HB 2967.
<b><u>HB 2967 – WORK SESSION</u></b>		
010	Rep. Rosenbaum	<b>MOTION: Moves to SUSPEND the rules for the purpose of RECONSIDERING the vote on HB 2967.</b>
013		<b>VOTE: 6-0-1</b>
	Chair Close	<b>EXCUSED: 1 – Kitts</b> <b>Hearing no objection, declares the motion CARRIED.</b>
015	Rep. Rosenbaum	<b>MOTION: Moves to RECONSIDER the vote by which HB 2967 was sent to the floor with a DO PASS AS AMENDED recommendation.</b>
017		<b>VOTE: 6-0-1</b>
	Chair Close	<b>EXCUSED: 1 – Kitts</b> <b>Hearing no objection, declares the motion CARRIED.</b>
020	Rep. Rosenbaum	<b>MOTION: Moves to RECONSIDER the vote by which HB 2967-1 amendments dated 4/11/03 were ADOPTED (EXHIBIT A).</b>
023		<b>VOTE: 6-0-1</b> <b>EXCUSED: 1 – Kitts</b>

034 **Chair Close** **Hearing no objection, declares the motion CARRIED.**  
 J.L. Wilson National Federation of Independent Business. Explains the -2  
 amendments (**EXHIBIT B**).  
 072 Rep. Rosenbaum Asks about the fiscal impact.  
 076 Wilson Explains fiscal impact.  
 085 Rep. Merkley Asks if the revised fiscal statement is forthcoming.  
 088 Wilson Explains work done in obtaining fiscal impact.  
 095 **Rep. Gallegos** **MOTION: Moves to ADOPT HB 2967-2 amendments dated**  
**4/28/03.**  
 098 **VOTE: 6-0-1**  
**EXCUSED: 1 – Kitts**  
**Chair Close** **Hearing no objection, declares the motion CARRIED.**

100 **Rep. Gallegos** **MOTION: Moves HB 2967 to the floor with a DO PASS AS**  
**AMENDED recommendation.**  
 103 **VOTE: 6-0-1**  
**AYE: In a roll call vote, all members present vote Aye.**  
**EXCUSED: 1 – Kitts**  
**Chair Close** **The motion CARRIES.**  
**REP. GALLEGOS will lead discussion on the floor.**

110 Chair Close Closes work session on HB 2967. Opens work session on HB  
 3322.

**HB 3322 – WORK SESSION**

115 Megan Palau Committee Administrator. Summarizes HB 3322.  
 119 Bob Shiprack Executive Secretary, Oregon Building Trades Council. Testifies  
 in support of HB 3322.  
 180 Ed Glad Pacific Northwest Regional Council of Carpenters. Testifies in  
 support of HB 3322.  
 195 Jeff Carlson Ironworkers Local 29. Testifies in support of HB 3322.  
 210 Rep. Rosenbaum Asks about the amendments.  
 212 Shiprack Explains them.  
 221 Rep. Rosenbaum Asks if employers would be charged for the program.  
 222 Shiprack Explains funding.  
 230 **Rep. Rosenbaum** **MOTION: Moves HB 3322 to the floor with a DO PASS**  
**recommendation.**  
 233 **VOTE: 7-0**  
**AYE: In a roll call vote, all members present vote Aye.**  
**Chair Close** **The motion CARRIES.**  
**REP. MARCH will lead discussion on the floor.**

240 Chair Close Closes work session on HB 3322. Opens public hearing on SB  
 331A.

**SB 331A – PUBLIC HEARING**

250 Pamela Leavitt Senior Vice-President of Governmental Affairs/Public Relations,  
 Credit Union Association of Oregon (CUAO). Submits and  
 summarizes prepared testimony in support of SB 331A  
**(EXHIBIT C).**  
 260 Harold Scoggins CUAO. Summarizes prepared testimony in support of SB 331A  
**(C).**

**TAPE 108, A**

020 Chair Close Asks about changes to provisions in statute.  
 025 Scoggins Explains provisions.  
 032 Rep. Rosenbaum Asks about application of restrictions on deposits.  
 036 Scoggins Offers clarification of restrictions on deposits.

045	Ralph Goodwin	President/CEO, Grant-Baker Federal Credit Union. Summarizes prepared testimony in support of SB 331A (C).
074	Rep. Kitts	Asks if objections of opponents is regarding corporate income tax.
079	Goodwin	Offers clarification of tax provisions.
088	Rep. Merkley	Asks if depositors would be members of credit union.
090	Scoggins	Explains provisions regarding credit union membership.
101	Rep. Merkley	Asks for clarification of membership and deposits to credit union.
108	Scoggins	Offers further clarification of membership and deposits.
127	Rep. Kitts	Asks about difference between credit unions and banks.
139	Scoggins	Explains difference between credit unions and banks.
175	Casey Wheeler	President/CEO, St. Helens Community Federal Credit Union. Summarizes prepared testimony in support of SB 331A (C).
217	Rep. Schaufler	Asks for comparison of community service hours and loss of revenue.
231	Leavitt	Offers explanation of community service.
242	Wheeler	Explains it is over \$50,000.
245	Leavitt	Continues summary of prepared testimony.
282	Tim Martinez	Oregon Bankers Association. Testifies in opposition to SB 331A.
417	Dan Hempe	Chairman, Oregon Bankers Association. Testifies in opposition to SB 331A.

#### **TAPE 107, B**

046	Rep. Schaufler	Expresses concerns about issue of “level playing field” and keeping money in local community.
066	Martinez	Addresses concerns of Rep. Schaufler.
080	Rep. Schaufler	Comments on revenue issues.
085	Martinez	Notes those comments were heard on the senate side. Speaks on local control issues. Lists cities in Oregon that have banks. States he does not see the counties and schools involved in the issue.
127	Hempe	Explains competition between banks and credit unions.
176	Rep. Kitts	Asks if all credit unions are not for profit and all banks are for profit.
187	Martinez	Explains differences between banks and credit unions.
193	Rep. Kitts	Asks if bill would allow credit unions to “infiltrate” operations of banks without paying taxes.
213	Martinez	Answers yes. Offers further clarification of differences.
225	Rep. Garrard	Expresses support for SB 331A. Explains experience as county commissioner dealing with banks and credit unions.
262	Chair Close	Asks if there has been shift in money between banks and credit unions in states where similar legislation has been passed.
265	Martinez	Answers that he does not know. Addresses comments made by Rep. Garrard.

#### **Written testimony submitted by Robin Freeman, Oregon People’s Utility District Association, in support of SB 331A (EXHIBIT D).**

300	Chair Close	Closes public hearing on SB 331A. Opens public hearing on SB 199.
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#### **SB 199 – PUBLIC HEARING**

312	Megan Palau	Committee Administrator.
315	Floyd Lanter	Administrator, Division of Finance and Corporate Securities, Department of Consumer and Business Services. Submits and summarizes prepared testimony in support of SB 199 (EXHIBIT E).
379	Chair Close	Closes public hearing and opens work session on SB 199.

**SB 199 – WORK SESSION**

381 Rep. Rosenbaum

**MOTION: Moves SB 199 to the floor with a DO PASS recommendation.**

383

**VOTE: 5-0-2**

**AYE: In a roll call vote, all members present vote Aye.**

**EXCUSED: 2 - Gallegos, Kitts**

Chair Close

**The motion CARRIES.**

**REP. ROSENBAUM will lead discussion on the floor.**

390 Chair Close

Closes work session on SB 199. Opens public hearing on SB 200.

**SB 200 – PUBLIC HEARING**

397 Megan Palau

Committee Administrator. Summarizes SB 200.

415 Floyd Lanter

Administrator, Division of Finance and Corporate Securities, Department of Consumer and Business Services. Submits and summarizes prepared testimony in support of SB 200 (**EXHIBIT F**).

450 Chair Close

Closes public hearing on SB 200. Opens public hearing on SB 248.

**TAPE 108, B**

**SB 248 – PUBLIC HEARING**

030 Megan Palau

Committee Administrator. Summarizes SB 248.

035 Floyd Lanter

Administrator, Division of Finance and Corporate Securities, Department of Consumer and Business Services. Submits and summarizes prepared testimony in support of SB 248 (**EXHIBIT G**).

060 Chair Close

Asks about fiscal impact.

062 Lanter

Explains fiscal impact.

073 Chair Close

Closes public hearing and opens work session on SB 248.

**SB 248 – WORK SESSION**

075 Rep. Merkley

**MOTION: Moves SB 248 to the floor with a DO PASS recommendation.**

078

**VOTE: 6-0-1**

**AYE: In a roll call vote, all members present vote Aye.**

**EXCUSED: 1 – Kitts**

Chair Close

**The motion CARRIES.**

081 Rep. Merkley

**MOTION: Moves SB 248 be placed on the CONSENT CALENDAR.**

083

**VOTE: 6-0-1**

**AYE: In a roll call vote, all members present vote Aye.**

**EXCUSED: 1 – Kitts**

Chair Close

**The motion CARRIES.**

Chair Close

Closes work session on SB 248. Opens public hearing on SB 734A.

**SB 734A – PUBLIC HEARING**

090 Megan Palau

Committee Administrator. Summarizes SB 734A.

100 John Powell

American International Group, Standard Insurance Company. Submits and summarizes the prepared testimony of by John Mangan, American Council of Life Insurers (**EXHIBIT H**). Testifies in favor of SB 734A. Explains the allowances of the bill.

136 Rep. Schaufler

Asks about retroactivity.

142 Lewis Littlehales

Insurance Division. Answers.

153	Chair Close	Asks how many other states have similar legislation.
160	Rep. Merkley	Asks about changes in provisions.
170	Littlehales	Explains changes.
190	Rep. Merkley	Asks for further clarification of charges.
195	Littlehales	Offers further clarification.
208	Chair Close	Asks about changing name from insurance providers to
210	Powell	Explains it is addressed in other legislation.
224	Chair Close	Closes public hearing and opens work session on SB 734A.
<b><u>SB 734A – WORK SESSION</u></b>		
227	<b>Rep. Rosenbaum</b>	<b>MOTION: Moves SB 734A to the floor with a DO PASS recommendation.</b>
230		<b>VOTE: 6-0-1</b>
		<b>AYE: In a roll call vote, all members present vote Aye.</b>
		<b>EXCUSED: 1 – Kitts</b>
	<b>Chair Close</b>	<b>The motion CARRIES.</b>
		<b>REP. GARRARD will lead discussion on the floor.</b>
235	Chair Close	Closes work session on SB 734A.
240	<b>Rep. Garrard</b>	<b>MOTION: Requests unanimous consent that the rules be SUSPENDED to allow REP. GALLEGOS to BE RECORDED as voting AYE on the motion to move SB 199 to the floor with a DO PASS recommendation.</b>
243		<b>VOTE: 6-0-1</b>
		<b>EXCUSED: 1 – Kitts</b>
	<b>Chair Close</b>	<b>Hearing no objection, declares the motion CARRIED.</b>
246	Chair Close	Opens public hearing on SB 235A.
<b><u>SB 235A – PUBLIC HEARING</u></b>		
255	Joel Ario	Insurance Administrator, Department of Consumer and Business Services. Submits and summarizes prepared testimony in support of SB 235A ( <b>EXHIBIT I</b> ).
315	Chair Close	Notes there are conflict amendments.
318	Ario	Adds the amendments are forthcoming.
320	Rep. Merkley	Asks if there are issues related to the notices that consumers would be concerned about.
335	Ario	Explains disclosure issues regarding consumers.
355	Chair Close	Closes public hearing on SB 235A. Opens public hearing on SB 253A.
<b><u>SB 253A – PUBLIC HEARING</u></b>		
360	Megan Palau	Committee Administrator. Summarizes SB 253A.
365	Joel Ario	Administrator, Insurance Administrator, Department of Consumer and Business Services. Submits and summarizes prepared testimony in support of SB 253A ( <b>EXHIBIT J</b> ).
437	Rep. Merkley	Asks for clarification of “rebating.”
<b>TAPE 109, A</b>		
004	Ario	Explains “rebating.”
020	Chair Close	Closes public hearing on SB 253A.
023	<b>Rep. Merkley</b>	<b>MOTION: Requests unanimous consent that the rules be SUSPENDED to allow REP. KITTS to BE RECORDED as voting AYE on the motion to move SB 199 to the floor with a DO PASS recommendation.</b>
024		<b>VOTE: 7-0</b>
	<b>Chair Close</b>	<b>Hearing no objection, declares the motion CARRIED.</b>

025	Rep. Merkley	<b>MOTION: Requests unanimous consent that the rules be SUSPENDED to allow REP. KITTS to BE RECORDED as voting AYE on the motion to move SB 248 to the floor with a DO PASS recommendation.</b>
026		<b>VOTE: 7-0</b>
027	Rep. Merkley	<b>MOTION: Requests unanimous consent that the rules be SUSPENDED to allow REP. KITTS to BE RECORDED as voting AYE on the motion to move SB 734A to the floor with a DO PASS recommendation.</b>
028	Chair Close	<b>VOTE: 7-0</b> <b>Hearing no objection, declares the motion CARRIED.</b>

#### **EXHIBIT SUMMARY**

**A – HB 2967, -1 amendment, staff, 2 pp**  
**B – HB 2967, -2 amendment, staff, 1 p**  
**C – SB 331A, written testimony, Pamela Leavitt, 21 pp**  
**D – SB 331A, written testimony, Robin Freeman, 5 pp**  
**E – SB 199, written testimony, Floyd Lanter, 2 pp**  
**F – SB 200, written testimony, Floyd Lanter, 2 pp**  
**G – SB 248, written testimony, Floyd Lanter, 2 pp**  
**H – SB 734A, written testimony, John Powell, 2 pp**  
**I – SB 235A, written testimony, Joel Ario, 3 pp**  
**J – SB 253A, written testimony, Joel Ario, 3 pp**