

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

May 16, 2003 Hearing Room E  
8:30 A.M. Tapes 120 – 121

**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:** SB 260A – Work Session  
HB 3322 – Work Session  
SB 604A – Public Hearing and Work Session  
SB 237 – Public Hearing and Work Session  
SB 207A – Public Hearing and Work Session  
SB 40A – Work Session  
HB 2356A – Work Session  
SB 896 – Work Session

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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 120, A</b>		
003	Chair Close	Calls meeting to order at 8:50 a.m. Opens work session on SB 260A.
<b><u>SB 260A – WORK SESSION</u></b>		
010	Megan Palau	Committee Administrator. Summarizes SB 260A and -5 amendment ( <b>EXHIBIT A</b> ).
065	Rep. Kitts	<b>MOTION: Moves to ADOPT SB 260A-A5 amendments dated 5/15/03.</b> <b>VOTE: 6-1</b> <b>AYE: 6 - Gallegos, Garrard, Kitts, Merkley, Schaufler, Close</b> <b>NAY: 1 - Rosenbaum</b>
070	Chair Close Rep. Kitts	<b>The motion CARRIES.</b> <b>MOTION: Moves SB 260A to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Rules &amp; Public Affairs.</b> <b>VOTE: 4-3</b> <b>AYE: 4 - Gallegos, Garrard, Kitts, Close</b> <b>NAY: 3 - Merkley, Rosenbaum, Schaufler</b>

	<b>Chair Close</b>	<b>The motion CARRIES.</b>
080	Chair Close	Closes work session on SB 260A. Opens work session on HB 3322.
<b><u>HB 3322 – WORK SESSION</u></b>		
081	Megan Palau	Committee Administrator. Summarizes HB 3322.
<b>090</b>	<b>Rep. Kitts</b>	<b>MOTION: Moves to SUSPEND the rules for the purpose of reconsidering the vote on HB 3322.</b>
095	Rep. Merkley	Asks for clarification of action to be taken on bill.
097	Chair Close	Clarifies intent for bill.
	<b>Chair Close</b>	<b>VOTE: 7-0</b>
	<b>Rep. Kitts</b>	<b>Hearing no objection, declares the motion CARRIED.</b>
<b>100</b>		<b>MOTION: Moves to RECONSIDER the vote by which HB 3322 was sent to the floor with a DO PASS recommendation.</b>
		<b>VOTE: 7-0</b>
	<b>Chair Close</b>	<b>Hearing no objection, declares the motion CARRIED.</b>
<b>105</b>	<b>Rep. Kitts</b>	<b>MOTION: Moves HB 3322 to the floor with a DO PASS recommendation and BE REFERRED to the committee on Ways and Means by prior reference.</b>
107	Rep. Rosenbaum	Asks about fiscal impact of bill.
110	Palau	Clarifies fiscal impact.
117	Rep. Merkley	States desire to rescind referral to Ways and Means and move bill to the floor if there is no fiscal impact.
		<b>VOTE: 4-3</b>
		<b>AYE: 4 - Gallegos, Garrard, Kitts, Close</b>
		<b>NAY: 3 - Merkley, Rosenbaum, Schaufler</b>
	<b>Chair Close</b>	<b>The motion CARRIES.</b>
135	Rep. Rosenbaum	Expresses concern regarding the action taken on HB 3322.
138	Rep. Kitts	Expresses concern that fiscal impact information was not available when taking action.
141	Chair Close	Closes work session on HB 3322. Opens public hearing on SB 604A.
<b><u>SB 604A – PUBLIC HEARING</u></b>		
149	Darrell Fuller	Oregon Auto Dealers Association. Submits and summarizes prepared testimony in support of SB 604A ( <b>EXHIBIT B</b> ).
168	Chair Close	Closes public hearing on SB 604A. Opens work session on SB 604A.
<b><u>SB 604A – WORK SESSION</u></b>		
<b>170</b>	<b>Rep. Kitts</b>	<b>MOTION: Moves SB 604A to the floor with a DO PASS recommendation.</b>
		<b>VOTE: 7-0</b>
		<b>AYE: In a roll call vote, all members present vote Aye.</b>
	<b>Chair Close</b>	<b>The motion CARRIES.</b>
		<b>REP. GALLEGOS will lead discussion on the floor.</b>
178	Chair Close	Closes work session on SB 604A. Opens public hearing on SB 237.
<b><u>SB 237 – PUBLIC HEARING</u></b>		
185	Chair Close	Summarizes SB 237.
188	Rob Edwards	Tax Section, Oregon Employment Department. Submits and summarizes prepared testimony and information in support of SB 237 ( <b>EXHIBIT C</b> ).
<b>Written testimony submitted by Herman Leder, Salem, Oregon, in support of SB 237 (EXHIBIT D).</b>		

193	Chair Close	Closes public hearing on SB 237. Opens work session on SB 237.
<b><u>SB 237 – WORK SESSION</u></b>		
<b>200</b>	<b>Rep. Kitts</b>	<b>MOTION: Moves SB 237 to the floor with a DO PASS recommendation.</b>
		<b>VOTE: 6-0</b>
		<b>AYE: In a roll call vote, all members present vote Aye.</b>
		<b>EXCUSED: 1 - Rosenbaum</b>
	<b>Chair Close</b>	<b>The motion CARRIES.</b>
		<b>REP. SCHAUFLER will lead discussion on the floor.</b>
212	Chair Close	Closes work session on SB 237. Opens public hearing on SB 207A.
<b><u>SB 207A – PUBLIC HEARING</u></b>		
217	Chair Close	Summarizes SB 207A.
220	Brian DeMarco	Manager, Policy Coordinator, Oregon Real Estate Agency. Submits and summarizes prepared testimony in support of SB 207A ( <b>EXHIBIT E</b> ).
327	Chair Close	Asks for clarification of provisions and statutes.
333	DeMarco	Offers clarification of provisions and statutes.
347	Rep. Rosenbaum	Asks about impact of increased bonds.
350	DeMarco	Explains costs of bonds.
375	Chair Close	Asks for clarification.
380	DeMarco	Clarifies language.
392	Chair Close	Closes public hearing on SB 207A. Opens work session on SB 207A.
<b><u>SB 207A – WORK SESSION</u></b>		
<b>395</b>	<b>Rep. Rosenbaum</b>	<b>MOTION: Moves to ADOPT SB 207A-A5 amendments dated 5/15/03 (EXHIBIT F).</b>
		<b>VOTE: 7-0</b>
	<b>Chair Close</b>	<b>Hearing no objection, declares the motion CARRIED.</b>
<b>400</b>	<b>Rep. Rosenbaum</b>	<b>MOTION: Moves SB 207A to the floor with a DO PASS AS AMENDED recommendation.</b>
		<b>VOTE: 6-0</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. MERKLEY will lead discussion on the floor.</b>
<b>TAPE 121, A</b>		
007	Chair Close	Closes work session on SB 207A. Opens public hearing on SB 40A.
<b><u>SB 40A – PUBLIC HEARING</u></b>		
014	Megan Palau	Committee Administrator. Summarizes SB 40A and –A2 amendment ( <b>EXHIBIT G</b> ).
033	Karey Schoenfeld	Tax Section, Oregon State Bar. Submits and summarizes prepared testimony in support of SB 40A ( <b>EXHIBIT H</b> ).
065	Jeff Abbott	Tax Section, Oregon State Bar; Certified Public Accountant (CPA). Submits and summarizes prepared testimony in support of SB 40A ( <b>EXHIBIT I</b> ).
107	Mark Sellers	Tax Section, Oregon State Bar. Submits and summarizes prepared testimony in support of SB 40A ( <b>EXHIBIT J</b> ).
150	John Draneas	Tax Section, Oregon State Bar, CPA. Submits and summarizes prepared testimony in support of SB 40A ( <b>EXHIBIT K</b> ).
231	Rep. Rosenbaum	Asks about reaching agreement on bill before moving forward.

248	Draneas	Explains support in Senate.
266	Rep. Schaufler	Explains interpretation of SB 40A.
287	Draneas	Explains provisions of SB 40A.
344	Rep. Schaufler	Expresses concern about provisions of SB 40A.
372	Draneas	Explains provisions.
405	Rep. Schaufler	Expresses additional concern over impact of SB 40A.
425	Draneas	Explains independent contractor provisions.
<b>TAPE 120, B</b>		
008	Rep. Merkley	Asks for clarification of provisions regarding independent contractors and impacts of federal and state standards..
020	Draneas	Clarifies provisions.
060	Chair Close	Explains intention for bill.
070	Craig Smith	Construction Contractors Board (CCB). Submits proposed amendment to SB 40A ( <b>EXHIBIT L</b> ) and explains concerns with bill.
085	Chair Close	Asks if Mr. Smith supports concept of bill with proposed amendments.
087	Smith	Explains that CCB is neutral in regard to bill and explains concerns.
100	Tom Byerly	Assistant Director of Unemployment Insurance, Oregon Employment Department (OED). Testifies in opposition to SB 40A.
109	Chair Close	Asks about involvement in work group that created SB 40A.
110	Byerly	Answers that OED staff was present.
114	Rep. Rosenbaum	Asks about contact with Governor's Office.
117	Byerly	Explains contact with Governor's Office and cites letter received from Governor.
126	Chair Close	Asks about work done by Senate and Governor's Office.
130	Byerly	Clarifies work done on bill by Senate and Governor.
134	Rep. Merkley	Asks for clarification of position of OED on impacts of SB 40A.
137	Byerly	Offers clarification of position and contested cases regarding independent contractors.
140	Rep. Merkley	Asks for additional clarification of issue of contested cases.
150	Rob Edwards	Tax Section, OED. Offers additional clarification of contested cases.
163	Tim Nesbitt	President, Oregon AFL-CIO. Testifies in opposition to SB 40A.
242	Chair Close	Asks about independent contractor/employee status.
250	Ed Glad	Pacific Northwest Regional Council of Carpenters. Explains independent contractor/employee status. Testifies in opposition to SB 40A.
326	Chair Close	Closes public hearing on SB 40A. Opens work session on HB 2356A.

**HB 2356A – WORK SESSION**

345	Rep. Kitts	<b>MOTION: Moves HB 2356A to the floor with a DO PASS recommendation and BE REFERRED to the committee on Rules &amp; Public Affairs.</b>
350	Rep. Rosenbaum	Expresses concern about need for bill.
358	Chair Close	Responds to concerns.
364	Rep. Merkley	Expresses concern about need for bill.
395	Chair Close	Explains reason for action.
400	Rep. Gallegos	Explains importance of issue.
<b>TAPE 121, B</b>		
008	Rep. Garrard	Expresses views on bill.

**VOTE: 4-3**

		<b>AYE: 4 - Gallegos, Garrard, Kitts, Close</b>
		<b>NAY: 3 - Merkley, Rosenbaum, Schaufler</b>
		<b>The motion CARRIES.</b>
015	Chair Close	Closes work session on HB 2356A. Opens public hearing on SB 896.
<b><u>SB 896 – WORK SESSION</u></b>		
020	Megan Palau	Committee Administrator. Summarizes SB 896.
025	John Powell	Oregon Insurance Guaranty Association. Explains SB 896 and testifies that bill should be withdrawn.
070	John DiLorenzo	Attorney. Submits and summarizes prepared testimony and information in regard to SB 896 ( <b>EXHIBIT M</b> ).
155	Rep. Schaufler	Asks about -2 amendment.
158	Chair Close	Explains intention for bill and -2 amendment.
163	Rep. Merkley	Asks for clarification for impact of SB 896.
166	DiLorenzo	Clarifies impact of SB 896.
175	Chair Close	Closes work session on SB 896. Adjourns meeting at 10:27 a.m.

**EXHIBIT SUMMARY**

- A – SB 260A, -5 amendment, staff, 28 pp**
- B – SB 604A, written testimony, Darrell Fuller, 1 p**
- C – SB 237, written testimony and information, Rob Edwards, 3 pp**
- D – SB 237, written testimony, Herman Leder, 2 pp**
- E – SB 207A, written testimony, Brian DeMarco, 4 pp**
- F – SB 207A, -A5 amendment, staff, 1 p**
- G – SB 40A, -A2 amendment, staff, 1 p**
- H – SB 40A, written testimony, Karey Schoenfeld, 2 pp**
- I – SB 40A, written testimony, Jeff Abbott, 33 pp**
- J – SB 40A, written testimony, Marc Sellers, 2 pp**
- K – SB 40A, written testimony, John Draneas, 2 pp**
- L – SB 40A, proposed amendment, Craig Smith, 1 p**
- M – SB 896, written testimony, John DiLorenzo, 19 pp**