

HOUSE COMMITTEE ON
BUSINESS, LABOR AND CONSUMER AFFAIRS

May 02, 2003 Hearing Room E
8:30 A.M. Tapes 110 – 111

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 235A – Work Session
SB 253A – Work Session
SB 200 – Work Session
SB 234 – Public Hearing and Work Session
SB 80A – Public Hearing and Work Session
SB 514A – Public Hearing and Work Session
SB 159A – Public Hearing and Work Session
SB 243A & SB 244 – Public Hearing
SB 243A – Work Session
SB 244 – Work Session
SB 154A – Public Hearing and Work Session
HB 3491 – 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 110, A		
003	Chair Close	Calls meeting to order at 8:36 a.m. Opens work session on SB 235A.
<u>SB 235A – WORK SESSION</u>		
010	Megan Palau	Committee Administrator. Summarizes SB 235A.
022	Lewis Littlehales	Oregon Insurance Division. Explains SB 235A and –3 amendment (EXHIBIT A).
055	Rep. Rosenbaum	MOTION: Moves to ADOPT SB 235A-3 amendments dated 4/30/03.
		VOTE: 6-0
		EXCUSED: 1 – Kitts
	Chair Close	Hearing no objection, declares the motion CARRIED.
060	Rep. Rosenbaum	MOTION: Moves SB 235A to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 6-0
		AYE: In a roll call vote, all members present vote Aye.
		EXCUSED: 1 – Kitts
	Chair Close	The motion CARRIES.

	Chair Close	REP. GALLEGOS will lead discussion on the floor. Closes work session on SB 235A. Opens work session on SB 253A.
<u>SB 253A – WORK SESSION</u>		
070	Megan Palau	Committee Administrator. Summarizes SB 253A and explains -2 amendment (EXHIBIT B).
082	Lewis Littlehales	Oregon Insurance Division. Explains SB 253A and -2 amendment.
100	Rep. Rosenbaum	MOTION: Moves to ADOPT SB 253A-2 amendments dated 5/1/03. VOTE: 6-0 EXCUSED: 1 – Kitts Hearing no objection, declares the motion CARRIED.
105	Chair Close Rep. Rosenbaum	MOTION: Moves SB 253A to the floor with a DO PASS AS AMENDED recommendation. VOTE: 6-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 1 – Kitts The motion CARRIES. REP. ROSENBAUM will lead discussion on the floor.
095	Chair Close	Closes work session on SB 253A. Opens work session on SB 200.
<u>SB 200 – WORK SESSION</u>		
114	Megan Palau	Committee Administrator. Summarizes SB 200.
131	Tim Martinez	Oregon Bankers Association. Explains -1 amendment (EXHIBIT C).
137	Chair Close	Asks if Department of Consumer and Business Services supports bill.
140	Martinez	Answers that they do.
145	Rep. Rosenbaum	MOTION: Moves to ADOPT SB 200-1 amendments dated 5/1/03. VOTE: 7-0 Hearing no objection, declares the motion CARRIED.
150	Chair Close Rep. Rosenbaum	MOTION: Moves SB 200 to the floor with a DO PASS AS AMENDED recommendation. VOTE: 7-0 AYE: In a roll call vote, all members present vote Aye. The motion CARRIES. REP. SCHAUFLER will lead discussion on the floor.
155	Chair Close	Closes work session on SB 200. Opens public hearing on SB 234.
<u>SB 234 – PUBLIC HEARING</u>		
157	Megan Palau	Committee Administrator. Summarizes SB 234.
165	John Shilts	Administrator, Workers' Compensation Division, Department of Consumer and Business Services. Submits and summarizes prepared testimony in support of SB 234 (EXHIBIT D).
200	Chair Close	Closes public hearing on SB 234. Opens work session on SB 234.
<u>SB 234 – WORK SESSION</u>		
210	Rep. Kitts	MOTION: Moves SB 234 to the floor with a DO PASS recommendation and be placed on the CONSENT CALENDAR. VOTE: 7-0

	Chair Close	AYE: In a roll call vote, all members present vote Aye. The motion CARRIES.
225	Chair Close	Closes work session on SB 234. Opens public hearing on SB 80A.
<u>SB 80A – PUBLIC HEARING</u>		
230	Megan Palau	Committee Administrator. Summarizes SB 80A.
240	Dave Fiskum	Southern Oregon Goodwill Industries. Submits and summarizes prepared testimony in support of SB 80A (EXHIBIT E).
275	Tamara Brickman	Legislative Coordinator, Oregon Employment Department. Submits and summarizes prepared testimony in support of SB 80A (EXHIBIT F).
314	Rep. Garrard	Commends Goodwill and states support for SB 80A.
325	Chair Close	Closes public hearing on SB 80A. Opens work session on SB 80A.
<u>SB 80A – WORK SESSION</u>		
335	Brickman	Explains proposed amendment.
355	Rep. Rosenbaum	MOTION: Moves SB 80A to the floor with a DO PASS recommendation and be placed on the CONSENT CALENDAR.
		VOTE: 7-0
	Chair Close	AYE: In a roll call vote, all members present vote Aye. The motion CARRIES.
364	Chair Close	Closes work session on SB 80A. Opens public hearing on SB 514A.
<u>SB 514A – PUBLIC HEARING</u>		
370	Megan Palau	Committee Administrator. Summarizes SB 514A.
385	Carol Rives	Administrator, Oregon Board of Accountancy. Submits and summarizes prepared testimony in support of SB 514A (EXHIBIT G).
435	Chair Close	Closes public hearing on SB 514A. Opens work session on SB 514A.
<u>SB 514A – WORK SESSION</u>		
440	Rep. Kitts	MOTION: Moves SB 514A to the floor with a DO PASS recommendation and be placed on the CONSENT CALENDAR.
		VOTE: 7-0
	Chair Close	AYE: In a roll call vote, all members present vote Aye. The motion CARRIES.
450	Chair Close	Closes work session on SB 514A. Opens public hearing on SB 159A.
TAPE 111, A		
<u>SB 159A – PUBLIC HEARING</u>		
025	Megan Palau	Committee Administrator. Summarizes SB 159A.
030	Floyd Lanter	Administrator, Division of Finance and Corporate Securities, Department of Consumer and Business Services. Submits and summarizes prepared testimony in support of SB 159A (EXHIBIT H).
055	Rep. Merkley	Asks about limits for interest rates charged in payday loan industry.
058	Lanter	Answers no.
060	Rep. Merkley	Asks for current interest rates in payday loan industry.
065	Lanter	Answers that annual percentage rate averages 400%.
070	Rep. Merkley	Asks what justifies such high interest rate.

072	Lanter	Explains process for payday loans and interest rates.
075	Chair Close	Asks for clarification of payday loan process.
078	Lanter	Offers clarification of payday loan process.
080	Rep. Merkley	Asks about intentions in SB 159A for electronic payment.
082	Lanter	Explains electronic payment provisions in SB 159A.
090	Chair Close	Closes public hearing on SB 159A. Opens work session on SB 159A.

SB 159A – WORK SESSION

095	Rep. Kitts	MOTION: Moves SB 159A to the floor with a DO PASS recommendation.
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VOTE: 4-3

AYE: 4 - Gallegos, Garrard, Kitts, Close

NAY: 3 - Merkley, Rosenbaum, Schaufler

The motion CARRIES.

REP. GALLEGOS will lead discussion on the floor.

100	Rep. Merkley	Serves notice of possible Minority Report on SB 159A.
103	Chair Close	Closes work session on SB 159A. Opens public hearing on SB 243A and SB 244.

SB 243A & SB 244 – PUBLIC HEARING

105	Megan Palau	Committee Administrator. Summarizes SB 243A and SB 244.
110	Mike Carrier	Oregon Parks and Recreation Department (OPRD). Submits and summarizes prepared testimony in support of SB 243A (EXHIBIT I) .
135	Mirra Meyer	Staff, Oregon Pioneer Cemetery Commission. Concurs with testimony of Mr. Carrier.
140	Carrier	Submits and summarizes prepared testimony in support of SB 244 (EXHIBIT J) .
155	Chair Close	Closes public hearing on SB 243A and SB 244. Opens work session on SB 243A.

SB 243A – WORK SESSION

160	Rep. Kitts	MOTION: Moves SB 243A to the floor with a DO PASS recommendation and be placed on the CONSENT CALENDAR.
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VOTE: 7-0

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

The motion CARRIES.

165	Chair Close	Closes work session on SB 243A. Opens work session on SB 244.
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SB 244 – WORK SESSION

170	Rep. Kitts	MOTION: Moves SB 244 to the floor with a DO PASS recommendation and be placed on the CONSENT CALENDAR.
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VOTE: 7-0

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

The motion CARRIES.

180	Chair Close	Closes work session on SB 244. Opens public hearing on SB 154A.
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SB 154A – PUBLIC HEARING

193	Megan Palau	Committee Administrator. Summarizes SB 154A.
200	Jeffery Wimmer	Staff, Senator Steve Harper. Testifies in support of SB 154A.
215	Chair Close	Closes public hearing on SB 154A. Opens work session on SB 154A.

SB 154A – WORK SESSION

220 Rep. Kitts **MOTION: Moves to ADOPT SB 154A-3 amendments dated 5/1/03 (EXHIBIT K).**
VOTE: 7-0
Chair Close
Hearing no objection, declares the motion CARRIED.
230 Rep. Kitts **MOTION: Moves SB 154A to the floor with a DO PASS AS AMENDED recommendation.**
VOTE: 7-0
Chair Close
AYE: In a roll call vote, all members present vote Aye. The motion CARRIES.
REP. KITTS will lead discussion on the floor.
242 Chair Close Closes work session on SB 154A. Recesses meeting at 10:22 a.m. Reconvenes meeting at 10:32 a.m. Opens public hearing on HB 3491.

HB 3491 – PUBLIC HEARING

250 Megan Palau Committee Administrator. Summarizes HB 3491.
260 Tim Martinez Oregon Bankers Association. Submits testimony in support of HB 3491 (**EXHIBIT L**).
270 Dan Hempy Executive Vice-President, Pacific Continental Bank; Chairman, Oregon Bankers Association. Testifies in support of HB 3491.
354 Rex Brittle President, Merchants Bank, Gresham. Testifies in support of HB 3491.

TAPE 110, B

006 Rep. Garrard Asks about need for bill if credit unions could become federally chartered to avoid taxes.
010 Martinez Notes that he will answer in his closing testimony.
015 Rep. Kitts Asks about bank ownership.
016 Hempy Explains Pacific Continental Bank ownership and operation.
018 Brittle Explains Merchants Bank ownership and operation.
022 Rep. Schaufler Asks how credit unions could pay taxes if they are non-profit.
025 Hempy Explains why they should pay taxes.
045 Rep. Merkley Asks about field of membership for credit unions.
050 Martinez Explains field of membership.
055 Rep. Rosenbaum Asks if any Oregon banks pay corporate minimum tax.
063 Martinez Explains state corporate taxes in Oregon.
067 Rep. Kitts Asks if credit unions should be re-classified.
072 Martinez Explains tax and charters of credit unions.
075 Rep. Gallegos Asks if other non-profit groups should be taxed.
085 Martinez Notes that provisions in HB 3491 would address mature financial institutions.
103 Rep. Merkley Asks what would prevent credit unions from becoming federally chartered rather than state chartered.
105 Martinez Notes that he will address it in his closing testimony. Introduces Mr. Enger and Ms. Folk.
120 Dallas Enger President and CEO, Willamette Community Bank, Albany. Testifies in support of HB 3491.
157 Sherry Folk President and CEO, Bank of Astoria. Testifies in support of HB 3491.
204 Martinez Offers closing testimony in support of HB 3491.
345 Harold Scoggins Credit Union Association of Oregon. Summarizes prepared testimony in opposition to HB 3491 (**EXHIBIT M**).

TAPE 111, B

052 Rick Hein OSU Federal Credit Union. Summarizes prepared testimony in

145	Mike Osborne	opposition to HB 3491 (M) . Executive Vice-President and Chief Financial Officer, First Tech Credit Union. Testifies in opposition to HB 3491.
222	Pam Leavitt	Credit Union Association of Oregon. Submits and summarizes prepared testimony in opposition to HB 3491 (EXHIBIT N) .
274	Rep. Kitts	Asks about credit union taxation.
282	Scoggins	Explains provisions regarding credit union taxation.
295	Osborne	Offers further clarification.
300	Rep. Merkley	Asks why consumers would suffer if credit unions became federally chartered.
306	Leavitt	Explains impacts of credit unions becoming federally chartered.
322	Rep. Gallegos	Asks if federal credit unions can take public funds.
324	Scoggins	Explains provisions regarding handling of public funds.
331	Rep. Kitts	Asks what would prevent credit unions from reorganizing to avoid taxation.
345	Scoggins	Explains provisions addressing credit unions and taxation.
362	Rep. Kitts	Asks for further clarification.
368	Osborne	Offers further clarification.
378	Leavitt	Offers further clarification.
400	Floyd Lanter	Administrator, Division of Finance and Corporate Securities, Department of Consumer and Business Services. Submits and summarizes prepared testimony regarding HB 3491 (EXHIBIT O) .
The following prepared testimony is submitted for the record without public testimony for HB 3491:		
	John McCulley	Agricultural Cooperative Council of Oregon. Submits prepared testimony in opposition to HB 3491 (EXHIBIT P) .
467	Chair Close	Closes public hearing on HB 3491. Adjourns meeting at 10:42 a.m.

EXHIBIT SUMMARY

- A – SB 235A, -3 amendment, staff, 2 pp.**
- B – SB 253A, -2 amendment, staff, 16 pp.**
- C – SB 200, -1 amendment, staff, 4 pp.**
- D – SB 234, written testimony, John Shilts, 1 p.**
- E – SB 80A, written testimony, Dave Fiskum, 1 p.**
- F – SB 80A, written testimony, Tamara Brickman, 2 pp.**
- G – SB 514A, written testimony, Carol Rives, 2 pp.**
- H – SB 159A, written testimony, Floyd Lanter, 4 pp.**
- I – SB 243A, written testimony, Mike Carrier, 1 p.**
- J – SB 244, written testimony, Mike Carrier, 1 p.**
- K – SB 154A, -3 amendment, staff, 1 p.**
- L – HB 3491, written information, Tim Martinez, 28 pp.**
- M – HB 3491, written testimony, Harold Scoggins and Rick Hein, 8 pp.**
- N – HB 3491, written testimony, Pamela Leavitt, 4 pp.**
- O – HB 3491, written testimony, Floyd Lanter, 2 pp.**
- P – HB 3491, written testimony, John McCulley, 1 p.**