

SENATE COMMITTEE ON BUSINESS AND LABOR

February 10, 2003
1:00 PM

Hearing Room C
Tapes 10-11

MEMBERS PRESENT: **Sen. David Nelson, Chair**
 Sen. Vicki Walker, Vice-Chair
 Sen. Roger Beyer
 Sen. Rick Metsger

STAFF PRESENT: **Dennis Dotson, Committee Administrator**
 Romy Dye, Committee Assistant

MEASURE/ISSUES HEARD: **SB 215 – Public Hearing**
 SB 233 – Public Hearing
 SB 237 – 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.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 10, A		
005	Chair Nelson	Calls the committee to order at 1:05 PM. Opens a public hearing on SB 215.
<u>SB 215 – PUBLIC HEARING</u>		
006	Dennis Dotson	Committee Administrator. Presents overview of SB 215.
013	Mark Huston	Business Finance Manager, Oregon Economic and Community Development Department. Testifies in support of SB 215. Submits written testimony (EXHIBIT A).
062	Chair Nelson	Asks whether fund would be recapitalized if raised to \$1 million.
065	Huston	Answers most likely; elaborates.
074	Chair Nelson	Asks where revolving loan fund comes from.
075	Huston	Responds it is a revolving loan fund that has grown to \$18 million that is paid back by companies participating in the program to new loans.
085	Chair Nelson	Asks how many loans there are currently.
087	Huston	Answers about 350 total and 100 outstanding.
090	Chair Nelson	Asks if there are any defaults among them.
092	Huston	Answers that there is and explains.
093	Chair Nelson	Asks if there are \$18 million currently in the fund.
095	Huston	Answers approximately with \$3 million to lend.
097	Chair Nelson	Asks about legislative action to recapitalize it.
100	Huston	Responds question is still influx and elaborates referring to last legislative session.
106	Sen. Beyer	Asks about average interest rate on the loan fund and Oregon Business Development Fund.
108	Huston	Responds one rate is set at one point over treasury rates with 5% for a ten year loan and the other rate in distressed areas at 4% fixed for the term of the loan. Continues discussion.
150	Sen. Walker	Asks why so much money is being set aside.
152	Huston	Responds the set asides were placed in statute by previous legislature and set aside for loans under \$50,000 and emerging

		small business and distressed areas.
173	Sen. Walker	Clarifies reason to not set aside so much is it hampers ability to make loans.
178	Huston	Responds that is correct and money is still available.
191	Sen. Metsger	Asks question about obstacles not market driven giving more flexibility meet target economic goals.
202	Huston	Answers positively.
206	Sen. Beyer	Asks where the \$50,000 threshold is in the bill.
225	Huston	Responds doesn't have full statute at the moment.
238	Sen. Beyer	Asks about default provision.
253	Huston	Elaborates on default provision..
268	Sen. Beyer	Asks if there is a reason to eliminate section because all the funds haven't been used.
273	Huston	Clarifies it is an internal department calculation and not marketing effort.
283	Sen. Beyer	Expresses concerns about loans with distressed communities.
302	Huston	Discusses effectiveness of the department making lower interest rate loans in distressed areas.
324	Chair Nelson	Asks about a requirement to make loans if the section is removed.
326	Huston	Confirms no requirement; elaborates.
334	Sen. Walker	Asks whether more loans can be made at the four percent rate than if money set aside to make loans to in turn serve more businesses.
340	Huston	Answers positively.
343	Sen. Beyer	Asks what the rate of the loans is in the section.
351	Huston	Answers with calculated amounts.
364	Sen. Beyer	Asks for clarification of the loan rate.
379	Huston	Responds because there would not be a set aside for emerging small businesses under what is being proposed no definition is needed in statute.

TAPE 11, A

005	Huston	Continues.
010	Sen. Beyer	Asks whether loans are restricted in some counties.
014	Huston	Responds there is not a problem.
026	Sen. Beyer	Asks question about smaller distressed counties in the state needing the loans more than large counties.
028	Huston	Describes flexibility given statewide and elaborates.
036	Sen. Walker	Agrees that counties have peaks and valleys that are in need of funds.
041	Huston	Elaborates on loans benefiting Lane County area.
045	Sen. Metsger	Asks about expanding from low population counties.
057	Huston	Discusses loans in various counties.
074	Sen. Metsger	Suggests there may be alarm with such an increase of activity in one area.
083	Chair Nelson	Asks for reassurance.
088	Huston	Answers there is no assurance in the future funding will continue; elaborates.
133	Sen. Metsger	Asks whether credit unions are allowed to participate in programs.
137	Huston	Answers positively.
161	Sen. Metsger	Asks about concepts working on allowing others to aggregate for bonds.
168	Huston	Responds with successful past and exploring structure further.

217	Sen. Beyer	Expresses concern with parts of the bill.
241	Huston	Comments open to further discussion ahead.
251	Chair Nelson	Closes the public hearing on SB 215 and opens a public hearing on SB 233.

SB 233 – PUBLIC HEARING

255	Dotson	Presents overview of SB 233.
262	Jerry Managhan	Deputy Administrator, Workers’ Compensation Division, Department of Consumer and Business Services (DCBS). Testifies in support of SB 233 Submits written material (EXHIBIT B) .
317	Chair Nelson	Asks about mailing dates of notices going to employer or sending dates.
320	Managhan	Responds mailing date is date notice put in mail and sent to employer.
321	Chair Nelson	Asks about prior electronic notice.
323	Managhan	Responds electronically would make things more in synchronized with insurers when notices sent to employers.
341	Chair Nelson	Asks if electronic transmission is the same as mailing.
347	Managhan	Responds electronic is process of which data transmitted to the director. and employers receive same notices under this bill.

TAPE 10, B

010	Managhan	Continues discussion of SB 233.
033	Sen. Beyer	Asks whether the idea has been reviewed by the Management Labor Advisory Committee (MLAC).
035	Managhan	Responds it has been through the process; elaborates.
051	Sen. Beyer	Asks about other legislation on the subject.
059	Managhan	Responds referring to section in SB 234.
063	Sen. Beyer	Clarifies whether same section as Section in SB 234.
065	Managhan	Responds it most likely is same section.
070	Sen. Beyer	Expresses concern and suggests combining the two bills or drafting conforming amendments.
077	J.L. Wilson	Director, National Federation of Independent Business (NFIB); Co-Chair,- Management Labor Advisory Committee (MLAC). Discusses MLAC endorsement with suggested changes.
103	Sen. Beyer	Concerned with conforming language with SB 234.
107	Sen. Metsger	Suggests review by drafter in Legislative Counsel.
114	Sen. Walker	Comments on days of notice.
120	Chair Nelson	Closes the public hearing on SB 233 and opens a public hearing on SB 237.

SB 237 – PUBLIC HEARING

123	Dotson	Presents overview of SB 237.
128	Renee Bryant	Manager,-Unemployment Insurance Tax, Employment Department. Testifies in favor of SB 237. Discusses fiscal impact of SB 237. Submits written material (EXHIBIT C) .
150	Chair Nelson	Recesses committee at 2:10 p.m. RECESS
153	Chair Nelson	Reconvenes committee at 2:16 p.m.
154	Chair Nelson	Asks whether revenue will be increased.
155	Bryant	Responds it allows collection of additional monies to unemployment trust fund that currently are not being collected.
157	Sen. Beyer	Asks about additional funding.
158	Bryant	Responds that non-profit employers will be paying.
160	Sen. Beyer	Asks if reimbursed employer includes state government.

161	Bryant	Explains state government does not have to post a bond.
163	Sen. Beyer	Asks whether bonding to increase the trust fund would raise rates.
165	Bryant	Explains employers currently with payroll of less than \$100,00 a year post a 2% bond and those with \$100,000 or more are required to post a lesser amount of bond.
179	Chair Nelson	Asks about a flat two percent bond.
182	Bryant	Responds that the rate will be made the same for all non-profit employers.
185	Sen. Walker	Asks whether taxes are staying the same.
187	Bryant	Responds taxes will remain the same but the level of security will increase.
190	Chair Nelson	Asks whether extra \$180,000 a year coming out of non-profits into the fund.
193	Bryant	Answers positively and comments that non-profits will pay for the bond but increased revenues will come from the bonds surety.
202	Sen. Beyer	Asks about whether so many non-profits not covering costs to bring about a change.
205	Bryant	Responds that is correct.
210	Sen. Metsger	Asks about size of non-profits if broken down to see problem areas.
218	Bryant	Explains have not had means to break down to see where biggest failures are.
222	Sen. Walker	Comments it is appropriate to increase bonds.
230	Sen. Metsger	Asks for more information to see what level of the non-profits there has been most difficulty with.
237	Sen. Beyer	Elaborates and comments that need more data because bill will not do any good if it is raising the amount of bond for the larger employers of non-profits.
247	Sen. Metsger	Requests more information and questions current system meeting obligations.
264	Bryant	Responds will try to obtain more information.
297	Chair Nelson	Closes the public hearing on SB 237 and adjourns the meeting at 2:28 PM.

EXHIBIT SUMMARY

A – SB 215, written testimony, Mark Huston, 4 pp

B – SB 233, overview, Jerry Managhan, 3 pp

C – SB 237, employment tax general information, Renee Bryant, 1 pp