

SENATE COMMITTEE ON BUSINESS AND LABOR

March 19, 2003 Hearing Room C
1:00 PM Tapes 38-40

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 419 – Public Hearing
SB 235 – Work Session
SB 328 – Work Session
SB 215 – Public Hearing and Work Session
SB 822 – Public Hearing
SB 575 – 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 38, A		
005	Chair Nelson	Calls the committee to order at 1:09PM. Opens a public hearing on SB 419.
<u>SB 419 – PUBLIC HEARING</u>		
015	Steve Harper	Oregon State Senator. Discusses SB 419 elements and amendments.
044	Sen. Walker	Asks where administration costs come from and the cause of the high cost of administration.
047	Bob Danko	Department of Environmental Quality (DEQ). Responds costs come from DEQ and Department of Revenue (DOR). Explains amendment will create cheaper costs and allow for DEQ to take over that responsibility. Discusses the law.
096	Sen. Walker	Asks for background of 1995 law.
101	Harper	Responds willing to work with DEQ to find a better way to administer the process.
123	Cindy Robert	Oregon Dry Cleaners Association (ODCA). Testifies in favor of SB 419. Discusses the amendment of SB 419. Submits written material (EXHIBIT A).
142	Sen. Walker	Comments dry cleaners pay for insurance coverage. Asks if the insurance company has not had to pay on cleanup because DEQ fund set up takes care of it first.
149	Robert	Responds not sure had the problem but there is a company that travels throughout the United States that has dealt with states that have done dry cleaning cleanup bills.
160	Gary Campbell	Comments it is a question of liability in case of contamination. Asking insurance companies to fulfill responsibilities under policies originally wrote.
169	Robert	Discusses second and third elements of SB 419 and final

		amendment.
202	Campbell	Comments tremendous program for the citizens of Oregon. Comments need to get insurers involved since they are responsible.
219	Sen. Walker	Asks about capping administrative fees. Concerned on whether tools will be available to implement the program.
224	Robert	Comments that is a good point. Adds need room for flexibility.
236	Chair Nelson	Asks whether 40% to 50% of costs were anticipated in 1995 fiscal.
242	Robert	Responds costs were anticipated.
247	Campbell	Feels Department of Revenue (DOR) is too expensive. Explains the difference between DEQ and DOR. Support fee collection being transferred from DOR to DEQ. States administrative part of DEQ found helpful and responsive to industry. Comments not supportive of unreasonable 10% cap.
276	Chair Nelson	Asks whether administrative costs include acts other than main office.
279	Campbell	States that is fair to say.
282	Sen. Walker	Asks if ODCA represents majority of drycleaners.
290	Campbell	Responds there are other dry cleaning associations in Oregon. ODCA represents majority and has been in existence the longest.
310	Robert	Comments the Dry Cleaner Alliance and Dry Cleaner Association support SB 419.
314	Chair Nelson	Asks whether support SB 419 except for the 10% cap.
317	Robert	Responds did not see it as a problem and Senator Harper brought attention to it. Says willing to come to resolution.
323	Danko	Expresses support and opposition to SB 419. Discusses different issues: <ul style="list-style-type: none"> • Dry cleaner program • Work required in dry cleaning business under the law • Work not being done at dry cleaner sites • Revenue entering the program recognizing the statute that says \$1 million raised a year to cover cleanup costs which has never been raised

Submits written material (**EXHIBIT B**).

TAPE 39, A

005	Danko	Discusses costs involved.
014	Chair Nelson	Asks about concerns with 10% cap and delay of increased fees.
016	Danko	Expresses concern with insurance portion in section 1 and inactive drycleaner site portion in section 3. States 10% cap is not acceptable.
054	Chair Nelson	Closes the public hearing on SB 419 and opens a work session on SB 235.

SB 235 – WORK SESSION

062	Chair Nelson	Comments information brought forward on insurance and banking and an advertisement for State Farm Insurance advertising them to be bankers.
067	Tim Martinez	Oregon Bankers Association (OBA). Supports amendments to SB 235. Discusses certain types of banks not around anymore. Says State Farm not regulated by state but would be able to under federal law. States DCBS believes national banks currently under Gramm-Leach-Bliley Act (GLB) would be able to set up within

		national bank operating in Oregon as a lending officer could sell insurance.
98	Chair Nelson	Asks about federal regulators.
100	Martinez	Responds Office of Thrift Supervision (OTS) is the regulator of State Farm Bank and federal regulators are at national banks. Feels along with Department of Consumer and Business Services (DCBS) that national banks would be exempt from the Oregon law under GLB.
106	Joel Ario	Insurance Administrator, State of Oregon. Clarifies Mr. Martinez' answers given about DCBS pertain to banking law rather than insurance law. States State of Oregon has ability on insurance side to impose insurance-based regulations applying to state and national banks. Says on banking side banking regulations apply to only state banks.
125	Nelson	Asks whether insurance regulated at the state level and banks at federal level.
127	Ario Chair Nelson	Responds yes. Asks about purpose of the bill to have firewall between loan officer and insurance.
133	Ario	Responds that kind of provision in insurance law would be applicable to all banks at state and federal doing business in Oregon. States may not be applicable in banking law.
136	Ed Simpkins	Division of Finance and Corporate Securities. Says Oregon Bank Act generally applies to state chartered institutions.
140	Ario	Comments on State Farm issue that banking transaction conducted in Bloomington, Indiana so loan decision is elsewhere. Decision maker on loan is somewhere out of Oregon.
146	Sen. Metsger	Asks whether agents could be trained as loan officers in Oregon.
155	Ariel	Responds believes they could.
165	Metsger	Asks whether firewalls could be obtained for insurance and banking industry or if anyone pre-empted allowing for a discrepancy.
178	Ariel	Responds from insurance perspective if legislature wants to impose state insurance law not illegal under federal law then it will apply equally.
197	Sen. Beyer	Comments if important to separate functions then need to separate for everyone in industry and treat both the same.
212	John Powell	State Farm Insurance. Comments State Farm Bank is a virtual bank with agents not taking deposits and averaging one loan a year per agent. Adds that the functions are separate.
232	Sen. Walker	Asks about the cost of the advertisement.
238	Powell	Responds unusual advertisement for State Farm but want people to recognize what they offer.
259	Jack Monroe	Independent Insurance Agents of Oregon. Discusses that the provision may not apply to nationally chartered banks. Comments different tests exist to determine whether something in the statute is appropriate or not according to GLB.
359	Chair Nelson	Closes the work session on SB 235 and opens a work session on SB 328.

The following prepared testimony is submitted for the record without public testimony on SB 235:

Pamela Leavitt Submits written testimony (**EXHIBIT C**)

Pamela Leavitt Submits written testimony (**EXHIBIT D**)

SB 328 – WORK SESSION

381	Dotson	Provides overview to SB 328. Summarizes -1 and -2 amendments.
385	Chair Nelson	MOTION: Moves to ADOPT SB 328-1 amendments.
387		VOTE: 4-0 (EXHIBIT G)
	Chair Nelson	Hearing no objection, declares the motion CARRIED.
388	Chair Nelson	MOTION: Moves to ADOPT SB 328-2 amendments.
389		VOTE: 4-0 (EXHIBIT H)
	Chair Nelson	Hearing no objection, declares the motion CARRIED.
390	Chair Nelson	MOTION: Moves SB 328 to the floor with a DO PASS AS AMENDED recommendation.
395		VOTE: 4-0
	Chair Nelson	Hearing no objection, declares the motion CARRIED.
		SEN. BEYER will lead discussion on the floor.
400	Chair Nelson	Closes the work session on SB 328 and opens a public hearing on SB 215.

TAPE 38, B

SB 215 – PUBLIC HEARING

010	Dotson	Provides overview of SB 215.
015	Mark Huston	Testifies in support of SB 215. Discusses proposed amendments. Submits written testimony (EXHIBIT E).
031	Sen. Beyer	Comments amendments address previous concerns.
033	Chair Nelson	Closes the public hearing on SB 215 and opens a work session on SB 215.

SB 215 – WORK SESSION

034	Sen. Walker	MOTION: Moves to ADOPT SB 215-1 amendments. (EXHIBIT I)
036		VOTE: 4-0
	Chair Nelson	Hearing no objection, declares the motion CARRIED.
038	Chair Nelson	MOTION: Moves SB 215 to the floor with a DO PASS AS AMENDED recommendation.
040		VOTE: 4-0
	Chair Nelson	Hearing no objection, declares the motion CARRIED.
		SEN. BEYER will lead discussion on the floor.
045	Chair Nelson	Closes the work session on SB 215 and opens a public hearing on SB 822.

SB 822 – PUBLIC HEARING

050	Dotson	Provides overview of SB 822.
055	Mike Dewey	Oregon Cable Telecommunications Association (OCTA). Testifies in favor of SB 822. Discusses background of SB 822. States this legislation promotes equality with utilities and providers. Adds no fee impact other than permits on possible demarcation ahead. Suggests move SB 822 forward and change inappropriate referral to ways and means. Submits written testimony (EXHIBIT F).
164	Mike Mason	Vice-President of Engineering, Comcast. Testifies in favor of SB 822. Comments does not want to change what has been done in past thirty years and looking forward to continue competing while abiding by same sets of rules.
177	Mark Trincherro	Attorney- Davis, Wright, Trumane et al. Discusses language in SB 822. States as currently written state law would suffer from expressed preemption from federal law creating a barrier to competition with increased costs of competitive telecommunication providers without raising costs of incumbent

		providers.
198	Dewey	Adds does not believe incumbents would oppose in sense they would recognize the need for equality for all parties in best interest of consumer.
203	Sen. Metsger	Asks if electrical contractors included in discussion with Building Codes Division.
210	Dewey	Responds number of meetings were called by Building Codes Division with demarcation issue brought up towards the end.
247	Jerod Broadfoot	PacWest Communications. Testifies in opposition of SB 822. Comments wants discussion for what electrical products are exempted. Expresses concerns with SB 822: <ul style="list-style-type: none"> • Wires not grounded properly • Wrong wires used • Someone drills through a firewall • Unlicensed individuals doing work on owners side of private side putting in boxes or wires • Not permitted and inspected
284	Chair Nelson	Asks about concern with statute.
289	Broadfoot	Responds concern is equipment exempted. Refers to language in SB 822 to describes equipment. Feels SB 822 is not clean or simple. Suggests work group to identify issues with assistance of Building Codes Division.
309	Chair Nelson	States area of concern not amended in SB 822.
311	Broadfoot	Responds correct.
314	Nathan Philips	Chairman, Oregon Electrical Elevator Board. Expresses concern with exemptions with SB 822. Discusses safety training and competition in the business.
405	Rick Thomas	Executive Director, Independent and Electrical Contractors of Oregon. Testifies in opposition of SB 822. Expresses concern with inequity of SB 822. Discusses importance of demarcation.
TAPE, 39, B		
007	Steve Wiege	President, Progressive Communications. Testifies in opposition of SB 822. Expresses concerns with SB 822. States a level playing field is required and to do so it needs to be said where companies rights are to work up to without licensed personnel within Oregon.
023	Sen. Metsger	Asks what exempted companies were previously referred to.
027	Philips	Responds as many as four hundred companies.
030	Sen. Metsger	Asks what types of companies.
032	Philips	Responds not qualified to give a good enough answer but heard about narrowly focused companies that provide equipment in data warehouses.
038	Chair Nelson	Believes four hundred are registered but not that many working.
040	Philips	Expresses primary concern is it is a broad group and they do not all limit themselves on utility side of demarcation.
045	Paul Romain	MCI. Testifies in favor of SB 822. Discusses what SB 822 is addressing and the need to resolve demarcation issue. Suggests being put on same playing field as competitors and have everyone abide by same rules.
074	Chair Nelson	Asks whether demarcation issue is under 759 statutes.
076	Romain	Responds yes it is.
079	Chair Nelson	Clarifies it is being said it is impossible to deal with whole issue

080	Romain	of demarcation and level of playing field under federal act. Responds there are two separate issues. Suggests being put in statute and then work on demarcation issue.
098	Sen. Walker	Expresses confusion with different bills.
105	Romain	Responds demarcation issue is not worked out yet.
108	Sen. Walker	Asks if that is in HB 3465.
109	Romain	Responds correct.
115	Dewey	Discusses what SB 822 deals with and discusses politics. Feels there are two different issues.
152	Brandt Wolf	Oregon Telecommunications Association (OTA). Comments SB 822 and HB 3465 address separate issues. States SB 822 is a licensing issue and HB 3465 is a permitting issue.
189	Sen. Metsger	Provides example on demarcation issue.
195	Wolf	Feels SB 822 should be passed with no harm imposed.
204	Mark Long	Administrator, Building Codes Division. Testifies in neutral position of SB 822. Feels issues are separate but need equality and close to being worked out. Expresses concern if SB 822 passed by itself because the overall regulatory picture would lack addressing permit inspection issue and confusing language would still exist.
234	Chair Nelson	Asks about demarcation, permitting and licensing issues.
235	Long	Responds there are three main issues: <ul style="list-style-type: none"> • Getting everybody equal • Getting demarcation regulated in and out of the building • Penetrating firewalls and working on safety systems
247	Chair Nelson	Clarifies previous testimony wants equality addressed first and then worry about other two issues.
249	Long	Expresses appreciation of that.
250	Chair Nelson	States if SB 822 is not passed there will be no equality.
252	Long	Responds it has been a steep learning curve for Building Codes Division.
253	Chair Nelson	Comments if things explode over demarcation then there is inequality.
255	Long	Responds willing to provide an interpretation making it equal but it would not give certainty the statute would give.
258	Chair Nelson	Feels need to make everyone equal first and then worry about other issues.
263	Sen. Walker	Believes work group idea is a good idea.
268	Long	Appreciates opportunity to try to work things out but understands concerns of other parties.
270	Sen. Metsger	Feels a tight window should be given to solve the issues or move ahead and then maybe it will be solved.
277	Chair Nelson	Comments first make people equal and then work on other issues. Feels everyone should start out equal and seems trying to get to a decision of not putting people in equal starting position. Comments will try to work things out in a week and if not worked out will move forward with it.
285	Long	States that is fine and willing to give it a try and report back.
290	Chair Nelson	Closes the public hearing on SB 822 and opens a public hearing on SB 575.

SB 575 – PUBLIC HEARING

302	Dotson	Provides overview of SB 575.
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307	Devin Kidman	The People Group. Testifies in favor of SB 575. Discusses SB 575.
350	Ed Glad	Pacific Northwest Regional Council of Carpenters. Expresses caution of SB 575.
TAPE, 40, A		
015	Mike Lehman	Cardinal Services. Comments issue is licensing building contractors on the job site. States good concerns have been raised and issue is administrative services that staffing companies and work releasing companies provide.
031	Chair Nelson	Asks if this has any issue with the definition of the independent contractor.
034	Glad	Responds many business interests do not want to handle payroll but with employee leasing conflicts will occur with independent contractor status.
047	Lehman	States does not want independent contractors. Adds Builders Board will most likely come up with regulations to make sure it is properly credited work releasing companies and staffing companies involved and if do not fit in parameters they will not allow it to happen.
061	Chair Nelson	Closes the public hearing on SB 575 and adjourns the meeting at 3:04 PM.

EXHIBIT SUMMARY

A – SB 419, overview, Cindy Robert, 1 p
B – SB 419, written testimony, Dick Pederson, 7 pp
C – SB 235, written testimony, Pamela Leavitt, 1 p
D – SB 235, written testimony, Pamela Leavitt, 1 p
E – SB 215, written testimony, Mark Huston, 1 p
F – SB 215, written testimony, Mike Dewey, 2 pp

The following exhibits are listed out of order in the body of the tape log:

G – SB 328, -1 amendments dated 03/04/03, staff, 1 p
H – SB 328, -2 amendments dated 03/17/03, staff, 1 p
I – SB 215, -1 amendments dated 03/04/03, staff 1 p