

# SENATE COMMITTEE ON BUSINESS AND LABOR

March 26, 2003  
1:00 PM

Hearing Room C  
Tapes 44-46

**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:**     **Informational Meeting**  
                                  **Tri-Met, "Productivity Improvement Project"**  
                                  **SB 286 - Public Hearing and Work Session**  
                                  **SB 159 – Public Hearing**  
                                  **SB 757 – 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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<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
<b>TAPE 44, A</b>		
005	Chair Nelson	Calls the committee to order at 1:08 PM. Opens an informational meeting and submits prepared material and video presentation on Tri-Met.
<b><u>INFORMATIONAL MEETING</u></b>		
009	Olivia Clark	Director of Government Relations, Tri-Met. Provides overview of video presentation ( <b>EXHIBIT A</b> ).
082	Chair Nelson	<b>Notes difficulty in video presentation.</b>
083	Chair Nelson	Closes the informational meeting and opens a public hearing on SB 286.
<b><u>SB 286 – PUBLIC HEARING</u></b>		
084	Dennis Dotson	Committee Administrator. Summarizes SB 286.
085	Lisa Trussell	Associated Oregon Industries. Testifies in favor of SB 286 offers written testimony and informs the committee on the process when there are vacancies on the board ( <b>EXHIBIT B</b> ).
116	Brad Whit	Oregon AFL-CIO. Testifies in favor of SB 286 and notes the bill removes the ambiguity that surrounds the procedural process when vacancies occur on the board.
124	Sen. Metsger	Asks for clarification about the wording of background and understanding.
131	Trussell	Responds their statute uses the same language and talks about the composition on different backgrounds and perspectives.
133	Whit	Notes that the wording is adequately addressed.
138	Chair Nelson	Asks if this had gone to the Management Labor Association Corp (MLAC) Board that it is standard to be sent to them first for discussion.
142	Trussell	Responds affirmatively.
143	Chair Nelson	Notes both of you are members.
144	Trussell	Responds affirmatively.

146 Ed Johnston Injured worker, Lane County. Testifies in support of SB 286 and indicates that injured workers have no say that this bill would speak for them.  
155 Chair Nelson Closes the public hearing on SB 286 and opens a work session on SB 286.

**SB 286 – WORK SESSION**

158 Sen. Walker **MOTION: Moves to ADOPT SB 286-1 amendments dated 03/11/03. (EXHIBIT F)**

160 **VOTE: 4-0**

Chair Nelson **Hearing no objection, declares the motion CARRIED.**

164 Sen. Walker **MOTION: Moves SB 286 to the floor with a DO PASS AS AMENDED recommendation.**

170 **VOTE: 4-0**

Chair Nelson **Hearing no objection, declares the motion CARRIED.**

**SEN. NELSON will lead discussion on the floor.**

184 Chair Nelson Closes the work session on SB 286 and opens a video presentation and notes SB 563 will not be heard today.

**INFORMATIONAL MEETING**

190 Clark Presents video and informs the committee how proud they are of their institution.

408 Sen. Walker Agrees and offers positive comments on the policies of Tri-Met.

422 Chair Nelson Closes the informational meeting and opens a public hearing on SB 159.

**TAPE 45, A**

**SB 159 – PUBLIC HEARING**

005 Floyd Lanter Administrator, Division of Finance and Corporate Securities, Department of Consumer and Business Services. Testifies in favor of SB 159 submits written testimony and prepared material and explains the two amendments (**EXHIBIT C**).

036 Chair Nelson Asks if the -2 amendments replace the -1 amendments.

038 Lanter Answers that is correct.

049 Sen. Walker Asks what is the rate of interest on these payday loans.

051 Lanter Responds there are no interest rate limitations.

054 Sen. Walker Asks besides title lending are there other business in the industry that charge that amount in interest rates.

056 Lanter Responds no but this is a short term lending product so an annual interest is calculated.

062 Sen. Walker Comments on the statement made that there is a resounding absence of complaints.

069 Lanter States it is a simplistic transaction and they spend a lot of time examining these lenders.

074 Sen. Walker Asks how is the process funded.

076 Lanter Describes the fees charged the amount of time it takes and what they look for.

090 Sen. Walker Asks if this bill is the same provisions as SB 171 that was passed out last year.

092 Lanter Responds this bill separates title loans and payday loans.

099 Sen. Metsger Asks for explanation regarding language in the amendments.

103 Lanter Explains the language being removed duplicates a previous provision.

111 Sen. Metsger Notes the amendments removes duplicate language about authorization.

117 Lanter Responds affirmatively.

120	Fred Van Natta	Oregon Community Financial Services Association. Testifies in support of SB 159 with amendments and urges adoption.
129	Sen. Walker	Asks about -1 amendments regarding electronic agreement repayment.
133	Richard Kosesan	Community Services Financial Association. Answers the intent is to clarify language regarding repayment and is standard language.
154	Sen. Walker	Asks if this would be a repayment by debit card.
158	Kosesan	Responds this is a repayment with an electronic transfer.
170	Sen. Walker	States her understanding is this would give lenders authority to make an electronic debit.
181	Kosesan	Responds the amendment reflects rule language that statutorily is in place.
193	Sen. Walker	Asks if the department has anything to say in response.
197	Kosesan	Responds they are in favor of the -2 amendments also.
200	Sen. Metsger	Asks under the current rules how many times may a payday loan be rolled over.
203	Kosesan	Responds three times.
206	Sen. Metsger	Notes regarding the attachment to Mr. Lanter's testimony it states fifty percent of Oregon loans exceed the maximum allowable rollovers.
221	Kosesan	Defers to Mr. VanNatta.
227	Van Natta	States he has not seen the data.
248	Lander	Explains this is a recap of the examination and this is one of the problems.
256	Sen. Metsger	Asks if the department is coming up with different methodologies about practice going forward.
274	Lander	Responds the examination is a process of regulation education of the lenders.
288	Sen. Metsger	Notes the legislature would be interested in knowing the outcome of next year so the intent of the legislature is met by those involved in this business.
294	Sen. Walker	Asks if there is a penalty assessed for continued violators.
300	Lander	States examinations are being increased but no fee is assessed at this point.
309	Sen. Walker	Notes that isn't a big monetary hit for consistent violations of the rules.
316	Lander	Agrees and clarifies depending on the severity of the violation it is their responsibility to step up on the enforcement action.
330	Van Natta	Notes the amount of money that was assessed last year.
337	Sen. Walker	States that was money the consumer overpaid.
340	VanNatta	Notes he stands corrected.
344	Chair Nelson	Asks for response on the demand of the market.
349	Lander	Responds a large demand does exist.
379	Chair Nelson	Asks if the charge is sixty dollars an hour for examination.
382	Lander	Answers affirmatively.
384	Chair Nelson	Asks how long is the average examination.
386	Lander	Responds two to four hours.
387	Sen. Walker	Asks what is the consequences of not passing this bill.
393	Lander	Responds the process does not change.
402	Van Natta	Answers does not believe it changes anything.
<b>TAPE 44, B</b>		
005	Sen. Metsger	Comments on the penalties of repeat violators.
024	Lander	Responds whatever the legislature enacts will be enforced.

029	Sen. Metsger	Asks if this would be a valuable tool.
031	Lander	Responds affirmatively that it is comparable to the authority used in other lending industries.
035	Chair Nelson	Asks if there are further steps to cut the number of violators.
040	Lander	Responds yes but there are a lot of people getting into business.
052	Sen. Walker	Asks about title loan violation rate.
059	Lander	Responds it is about the same and notes the ability to fine repeat offenders.
066	Chair Nelson	Reiterates than you are able to fine them.
068	Lander	Responds we already have that authority.
070	Sen. Metsger	Asks if they would be looking at exercising those authorities more aggressively.
077	Lander	Agrees and explains his job is the examination process.
088	Chair Nelson	Asks what is the fining ability.
091	Lander	Responds five thousand dollars.
093	Sen. Walker	Asks for the statute regarding fines.
094	Lander	Responds with chapter twenty-five.
097	Ed Johnston	Oregon resident. Toledo, Oregon. States the concern for electronic transfers and explains.
123	Keith Basket	President, Mackenzie Financial. Comments on the payday loan industry and the title loan industry being pushed together.
136	Sen. Walker	Responds the desire of the amendments is to separate them.
138	Basket	Asks that the amendments be rewritten separating the two.
156	Lanter	Responds dash 2 amendments take care of that question.
164	Basket	Asks for clearer definition of the word person in the original bill.
175	Lanter	Responds to the initial statute and states it is the existing language.
203	Basket	Refers to section number one.
205	Lanter	Responds that has been removed.
208	Sen. Walker	Asks for explanation from Legislative Counsel on the wording.
217	Lanter	Language is in existing statute.
224	Basket	Asks if the wording person means business or an actual person.
226	Chair Nelson	Notes the definition of person in the administration rules.
242	Basket	Responds the wording needs to be more clearly defined.
248	Basket	Notes that his questions were answered and asks if Sen. Walker and he could meet to go over these issues.
274	Sen. Walker	Responds for him to make an appointment with her office.
281	Lanter	Clarifies the record of cease and assist authority and notes the penalty is two thousand five hundred dollars for fine limits.
298	Sen. Walker	Comments on the industry making money at people's expense that the authorities need to make it as tight as it could get.
318	Sen. Metsger	Indicates he would meet with the witnesses to refine this bill.
324	Chair Nelson	Closes the public hearing on SB 159 and opens a public hearing on SB 757.

**SB 757 – PUBLIC HEARING**

350	John Shilts	Administrator, Workers' Compensation Division. Testifies in favor of SB 757. Submits written testimony informing the committee on the need for restructuring of the method for determining compensation payments ( <b>EXHIBIT D</b> ).
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**TAPE 45, B**

005	Shilts	Continues testimony.
021	Sen. Walker	Asks for clarification of scheduled and unscheduled benefits.
028	Shilts	Responds Oregon does not take the wage into consideration.
037	Sen. Walker	Asks if this issue was taken care of in the Worker's

		Compensation change.
039	Shilts	Responds no that the amounts have been changed but not the structure.
099	Chair Nelson	Asks how is the weekly wage defined.
101	Shilts	Responds the Department of Employment creates the amount and continues to state the goals of this bill.
120	Ernest DeMazzo	Injured Workers' Alliance. Testifies in opposition of SB 757 and submits written testimony <b>(EXHIBIT E)</b> .
136	Chair Nelson	Asks whether proposed amendments would take away the distinction between the scheduled and unscheduled disability.
138	DeMazzo	Responds the bill is flawed with a likewise flawed system.
158	Chair Nelson	Recessed as public hearing and open sub-committee.
162	DeMazzo	Continues to discuss concerns of SB 757 stating that benefits should be the same for the same disability.
267	Walker	Asks if his view is represented on the MLAC Board.
273	DeMazzo	Responds members must be labor and management representative's not injured workers.
291	Chair Nelson	Asks if he has had the opportunity to get in on MLAC meetings.
292	DeMazzo	States unfortunately not really.
300	Chair Nelson	Suggests bringing issues forward at Monday MLAC's meeting.
305	DeMazzo	Responds SEIU is making a presentation focusing on these issues.
320	Chair Nelson	Suggests attending the MLAC meeting Monday to get the message out to them.
324	Johnston	Testifies on personal experience and explains his concerns.
374	Chair Nelson	Asks what that has to do with bill.
376	Johnston	Indicates he does not receive any benefits for his injuries.
403	Chair Nelson	Asks what bothers you about the bill.
407	Johnston	States his life has stopped from injuries with no compensation and he relies on friends and family to survive.
437	Chair Nelson	Reiterates about supporting bill.
439	Johnston	Notes the bill needs some adjusting.
<b>TAPE 46, SIDE A</b>		
005	Chair Nelson	States the MLAC meeting is on Monday and he will take the issues to them
013	Chair Nelson	Closes the public hearing on SB 757 and adjourns the sub-committee meeting at 3:03 PM.

## **EXHIBIT SUMMARY**

**A – Informational, prepared material, Olivia Clark, 2 pp**

**B – SB 286, written testimony, Lisa Trussell, 1 p**

**C – SB 159, written testimony, Floyd Lanter, 7 pp**

**D – SB 757, written testimony, John Shilts, 4 pp**

**E – SB 757, written testimony, Ernest Delmazzo, 2 pp**

**The following exhibit is listed out of order in the body of the tape log:**

**F – SB 286, -1 amendments dated 03/11/03, staff, 1 p**