

# SENATE COMMITTEE ON BUSINESS AND LABOR

April 9, 2003  
1:00 PM

Hearing Room C  
Tapes 54-55

**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 159 – Work Session**  
                                  **SB 215 – Work Session**  
                                  **SB 285 – Public Hearing and Work Session**  
                                  **SB 514 – Public Hearing and Work Session**  
                                  **SB 563 – Public Hearing**  
                                  **SB 734 – Public Hearing**  
                                  **SB 749 – Public Hearing and 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 54, A</b>		
005	Chair Nelson	Calls the committee to order at 1:07 PM. Opens a work session on SB 159.
<b><u>SB 159 – WORK SESSION</u></b>		
007	Dennis Dotson	Committee Administrator. Provides overview of SB 159 with -1 and -2 amendments.
018	Sen. Walker	Asks for explanation of the amendments.
022	Sen. Metsger	Indicates the amendments are okay but the big issue is the examiners enforcing action for the violators of the pay day loan companies.
038	Sen. Walker	Feels they had the tools but they were not enforcing them.
043	Chair Nelson	<b>MOTION: Moves to ADOPT SB 159-1 amendments.</b>
045		<b>VOTE: 4-0 (EXHIBIT K)</b>
	Chair Nelson	<b>Hearing no objection, declares the motion CARRIED.</b>
047	Chair Nelson	<b>MOTION: Moves to ADOPT SB 159-2 amendments.</b>
049		<b>VOTE: 4-0 (EXHIBIT L)</b>
	Chair Nelson	<b>Hearing no objection, declares the motion CARRIED.</b>
050	Chair Nelson	<b>MOTION: Moves SB 159 to the floor with a DO PASS AS AMENDED recommendation.</b>
051		<b>VOTE: 4-0</b>
	Chair Nelson	<b>Hearing no objection, declares the motion CARRIED. CHAIR NELSON will lead discussion on the floor.</b>
052	Sen. Walker	Expresses disappointment in certain businesses being allowed to operate in Oregon.
065	Chair Nelson	Closes the work session on SB 159 and opens a work session on SB 215.
<b><u>SB 215 – WORK SESSION</u></b>		

068	Dotson	Provides an overview of SB 215.
078	Sen. Beyer	States concerns with the wording of the bill not saying anything about minorities or women owning businesses.
112	Chair Nelson	Asks what options are available.
115	Sen. Beyer	Responds that the bill does not speak to the issue that Senator Carter was concerned about.
117	Sen. Metsger	Agrees and clarifies Senator Carter's concern.
131	Sen. Beyer	Discusses eliminating part of SB 215.
144	Sen. Metsger	Agrees and elaborates that Senator Carter's concerns are there and it is not an effective outreach or the lack of effort to outreach.
158	Sen. Walker	Suggests pausing until they reach Senator Carter.
163	Doris Penwall	Economic and Community Development. Explains meeting with Senator Carter, looking at the amendments and understanding what Senator Carter's concerns were.
171	Mark Huston	Manager, Business Finance Community Development Department. Discusses the history of the bill and it's purpose in assisting the emerging small businesses in distressed areas.
196	Chair Nelson	Asks if they would address Senator Beyer's concern.
199	Penwall	Suggests adjusting parts of the language.
214	Huston	Responds in agreement.
216	Sen. Beyer	Expresses this sounds like we are giving them the money but tying there hands so they cannot use it.
231	Huston	Responds to the increase in the loan amount but states the other issue is for the set aside limitations.
249	Sen. Beyer	Asks if there is another set aside for women and minorities other than the emergency for all businesses.
255	Huston	Responds there is, but there are some constitutional limitations.
270	Sen. Beyer	Agrees with Senator Carter's concerns. Describes there are sections which should be kept and some removed.
293	Penwall	Clarifies Senator Carter's concern with language in the bill and suggests speaking with Senator Carter.
310	Chair Nelson	Closes the work session on SB 215 and opens a public hearing on SB 285.

**SB 285 – PUBLIC HEARING**

319	Dotson	Provides an overview of SB 285.
326	Lisa Trussell	Associated Oregon Industries (AOI). Testifies in favor of SB 285. Discusses the issue of closing worker's compensation claims. Submits written testimony ( <b>EXHIBIT A</b> ).
380	Brad Witt	American Federation of Labor-Congress of Industrial Organizations (AFL-CIO). Testifies in favor of SB 285. Explains the issue regarding basic fairness in terms of claim closures.
398	Chair Nelson	Notes there is a fiscal impact statement. Closes the public hearing on SB 285 and opens a work session on SB 285.

**SB 285 – WORK SESSION**

425	<b>Sen. Walker</b>	<b>MOTION: Moves SB 285 to the floor with a DO PASS recommendation.</b>
426	<b>Chair Nelson</b>	<b>VOTE: 4-0</b> <b>Hearing no objection, declares the motion CARRIED.</b> <b>CHAIR NELSON will lead discussion on the floor.</b>
427	Chair Nelson	Closes the work session on SB 285 and opens a public hearing on SB 514.

**SB 514 – PUBLIC HEARING**

429	Dotson	Provides an overview of SB 514.
<b>TAPE 55, A</b>		
005	Carol Rives	Administrator, Oregon Board of Accountancy. Testifies in opposition of SB 514. Discusses the reasons for supporting -1 amendments. Submits written testimony ( <b>EXHIBIT B</b> ).
050	Ted Hughes	Oregon Association of Independent Accountants. Testifies in favor of SB 514. Expresses there is no reason to eliminate business law due to the research that has been done. Comments the -1 amendments are fine.
069	Chair Nelson	Asks if Ms Reeves is fine with the bill and the amendments.
071	Rives	Responds yes they are okay.
075	Chair Nelson	Closes the public hearing on SB 514 and opens a work session on SB 514.

**SB 514 – WORK SESSION**

<b>077</b>	<b>Sen. Walker</b>	<b>MOTION: Moves to ADOPT SB 514-1 amendments dated 03/06/03. (EXHIBIT M)</b>
<b>078</b>		<b>VOTE: 4-0</b>
	<b>Chair Nelson</b>	<b>Hearing no objection, declares the motion CARRIED.</b>
<b>079</b>	<b>Sen. Metsger</b>	<b>MOTION: Moves SB 514 to the floor with a DO PASS AS AMENDED recommendation.</b>
<b>080</b>		<b>VOTE: 4-0</b>
	<b>Chair Nelson</b>	<b>Hearing no objection, declares the motion CARRIED. SEN. METSGER will lead discussion on the floor.</b>
087	Chair Nelson	Closes the work session on SB 514 and re-opens a work session on SB 215.

**SB 215 – WORK SESSION**

092	Margaret Carter	Oregon State Senator, District 22. Asks if the Chair wants her to explain the bill or take questions.
095	Sen. Beyer	Expresses concern with the bills language which has been removed. States the restoration definition of small businesses.
124	Carter	Expresses concerns with the distressed communities.
156	Sen. Beyer	Responds it sounds like two different elements are being used if the definition being used is the one that is already in statute.
167	Carter	Asks what the problem is and if the language is changed the need is to consult with the Attorney General's office.
174	Sen. Beyer	Agrees to restore language but is concerned with language in other parts of the bill.
208	Carter	Responds not being able to believe that the emerging small businesses with white females and Hispanics which are the fastest growing kind of businesses that cannot be found here in Oregon.
233	Sen. Beyer	States if we leave the bill with this language we are asking them to do something they told us they could not do.
243	Carter	Believes this is not true.
245	Sen. Beyer	Agrees to work through the language and restore the bill and states the need to help the department do their job.
267	Hughes	Believes the language is a minor issue of the bill.
302	Chair Nelson	Notes that time is getting along, that the need is to push this bill for agreement.
307	Sen. Walker	Agrees with the department that the bill will assist areas in distress and the bill needs to move with the -2 amendments.
319	Sen. Metsger	Asks what are the limitations if we adopt amendment which Senator Carter suggested.

336 Hughes Responds the bill is setting aside a half of a million dollars for providing distressed areas with small business loans as of June 30, 2002.

360 Sen. Metsger Asks if they see any handcuffs by passing this bill with the restored language.

362 Hughes Answers no.

365 Sen. Walker **MOTION: Moves to ADOPT SB 215-2 amendments dated 04/04/03. (EXHIBIT N)**

377 **VOTE: 4-0**

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

370 Sen. Walker **MOTION: Moves SB 215 to the floor with a DO PASS AS AMENDED recommendation.**

371 **VOTE: 4-0**

Chair Nelson **Hearing no objection, declares the motion CARRIED. SEN. CARTER will lead discussion on the floor.**

399 Chair Nelson Closes the work session on SB 215 and opens a public hearing on SB 563.

**SB 563 – PUBLIC HEARING**

405 Dotson Provides an overview of SB 563.

415 Chair Nelson Notes that there will be a fiscal impact on this bill.

422 Sen. Beyer Asks what are the sources of the funds.

432 John Shilts Administrator, Worker’s Compensation Division (WCD). Testifies in favor of SB 563. States the funds come from the premium assessment operating account. Submits written testimony **(EXHIBIT C)**.

**TAPE 54, B**

008 Sen. Beyer Asks will the funds require an increase on assessment to the employers.

033 Shilts Responds this is a small amount to push the premium assessment up. Comments on additional costs due to this bill that are coming from the attorney’s fees being assessed.

100 Chair Nelson Asks if this is enough incentive for an attorney to properly represent.

106 Shilts Responds he is not an expert or an attorney in this field but they do charge an hourly rate.

109 Sen. Beyer States last session there was a 2% increase to the system with SB 485.

114 Shilts Answers the projection was 2-3% impact on premium side.

116 Sen. Beyer Asks if there is snowball coming at us with other states around us having increases.

129 Shilts Responds he has not seen the effect yet but there are concerns with the cost of workers’ compensation insurance.

176 Brad Witt Oregon AFL-CIO. Testifies in support of SB 563 submitting written testimony stating people rely on attorney’s services and discusses the relationship with Management Labor Advisory Counsel (MLAC) **(EXHIBIT D)**.

213 Chuck Lundeen Chief Counsel, Liberty Northwest Insurance. Testifies in opposition of SB 563 discussing disputes and fees.

264 Sen. Walker Asks how explicit the amendments need to be.

273 Lundgren Responds they can be very explicit and that both sides need to come together and agree.

279 Sen. Walker Asks if the fees are in place in the statute.

284 Lundgren Answers the agreement is to know what the matrix process will

293 Sen. Metsger look like.  
317 Chair Nelson Agrees with Senator Walker that the amendments are very clear.  
Closes the public hearing on SB 563 and opens a public hearing  
on SB 734.

**SB 734 – PUBLIC HEARING**

322 Dotson Provides an overview of SB 734.  
331 John Mangan Pacific Region Director, American Council of Life Insurers  
(ACLI). Testifies in support of SB 734 and -1 amendments.  
Discusses the need for an adjustment to a very low interest rate  
and the adoption of a reduction in the minimum of the non-  
forfeiture law.  
378 Lewis Littlehales Insurance Division, Department of Consumer and Business  
Services. Testifies in support of SB 734.  
391 Sen. Metsger Asks what impact this will have on existing annuity contracts.  
396 Mangan Responds it only applies prospectively and it will not affect any  
current guarantees.  
420 Chair Nelson Closes the public hearing on SB 734 and opens a work session  
on SB 734.

**SB 734 – WORK SESSION**

423 Chair Nelson **MOTION: Moves to ADOPT SB 734-1 amendments dated  
04/04/03. (EXHIBIT O)**  
425 **VOTE: 4-0**  
Chair Nelson **Hearing no objection, declares the motion CARRIED.**  
428 Chair Nelson **MOTION: Moves SB 734 to the floor with a DO PASS AS  
AMENDED recommendation.**  
429 **VOTE: 4-0**  
Chair Nelson **Hearing no objection, declares the motion CARRIED.**  
**CHAIR NELSON will lead discussion on the floor.**  
440 Chair Nelson Closes the work session on SB 734 and opens a public hearing  
on SB 749.

**SB 749 – PUBLIC HEARING**

446 Dotson Provides an overview of SB 749.  
**TAPE 55, B**  
005 Nan Heim Oregon Rehabilitation Association. Testifies in support of SB  
749. Explains the purpose of SB 749 stating this bill is the last  
legislative step in a process that began five years ago. Submits  
written testimony (**EXHIBIT E**).  
049 Chair Nelson Asks where is this money coming from that forms the trust.  
051 Heim Responds it comes from the last years workers' compensation  
refund.  
058 Todd Hennelly Empire Pacific Risk Management. Testifies in favor of SB 749.  
Offers answers on how the trust operates, what the goals are, and  
who it serves.  
062 Chair Nelson Asks what are the losses and financial strengths.  
066 Hennelly Responds the fund operates as a 501 C3 and it is tax exempt and  
used to satisfy workers' compensation division's security  
requirements.  
088 Chair Nelson Comments that the workers' compensation administrator  
explained how the fund is being handled. Asks if agree with his  
statement.  
098 Hennelly Responds yes. Adds any time an organization wants to join there  
are specific underwriter standards.  
111 Chair Nelson Closes the public hearing on SB 749 and opens a work session

on SB 749.

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

John Shilts

Submits written testimony (**EXHIBIT F**)

**SB 749 – WORK SESSION**

113 Sen. Walker

**MOTION: Moves SB 749 to the floor with a DO PASS recommendation.**

119

Chair Nelson

**VOTE: 4-0**

**Hearing no objection, declares the motion CARRIED. SEN. WALKER will lead discussion on the floor.**

123

Chair Nelson

Closes the work session on SB 749 and reopens the public hearing on SB 563.

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**SB 563 – PUBLIC HEARING**

131

Chuck Lundeen

Liberty Northwest. States they will work together over the next nine days until there is an agreement between the two groups and then present it to MLAC and bring it back to the committee.

141

Randy Elmer

Attorney. Testifies in favor of SB 563. Expresses in agreement. Submits written testimony (**EXHIBIT G**).

157

Sen. Walker

Notes that is fine with her.

160

Maria Carraher

Ombudsman, Injured Workers. Testifies in favor of SB 563. Describes injured worker's rights. Explains they have a difficult time finding an attorney understanding the worker compensation laws.

208

Chair Nelson

Asks how she handles helping them find an attorney.

210

Carraher

Answers they cannot find them an attorney. States they direct them to the yellow pages of the telephone book.

230

Sen. Walker

Asks for their phone number.

233

Carraher

Offers the number.

252

Sen. Walker

Notes directing injured workers to the Injured Worker's Coalition.

264

Holly Somers

Attorney. Testifies in favor of SB 563. Informs the committee that the attorneys provide the injured workers with information to help them in a very complicated system. Submits written testimony (**EXHIBIT H**).

311

Chair Nelson

Asks if they are paid on contingent fees.

312

Somers

Answers there are a lot of factors in being paid hourly fees.

324

Chair Nelson

Asks how much do they receive an hour.

328

Somers

Responds they only get paid when they win and they cannot charge for copying, secretaries or postage.

361

Sen. Walker

Comments that is what is good about the rule making process.

378

Ed Johnston

Injured worker. Testifies in support of SB 563. Explains it is extremely difficult to find an attorney that will work a worker's compensation claim. Submits written testimony (**EXHIBIT I**).

The following prepared testimony is submitted for the record without public testimony for SB 563:

Christopher Moore

Submits written testimony (**EXHIBIT J**)

438

Chair Nelson

Closes the public hearing on SB 563 and adjourns the committee meeting at 3:01 PM.

**EXHIBIT SUMMARY**

**A – SB 285, written testimony, Lisa Trussell, 1 p**

**B – SB 514, written testimony, Carol Rives, 2 pp**  
**C – SB 563, written testimony, John Shilts, 3 pp**  
**D – SB 563, written testimony, Brad Witt, 1 p**  
**E – SB 749, written testimony, Nan Heim, 1 p**  
**F – SB 749, written testimony John Shilts, 3 pp**  
**G – SB 563, written testimony, Randy Elmer, 4 pp**  
**H – SB 563, written testimony, Holly Somers, 3 pp**  
**I – SB 563, written testimony, Ed Johnston, 33 pp**  
**J – SB 563, written testimony, Christopher Moore, 3 pp**

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

**K – SB 159, -1 amendments dated 2/3/03, staff, 1 p**  
**L – SB 159, -2 amendments dated 3/7/03, staff, 2 p**  
**M – SB 514, -1 amendments dated 3/6/03, staff, 1 p**  
**N – SB 215, -A2 amendments dated 4/4/03, 1 p**  
**O – SB 734, -1 amendments dated 4/4/03, 7 pp**