

HOUSE COMMITTEE ON SMART GROWTH AND COMMERCE

May 4, 2001
3:15 PM

Hearing Room 50
Tapes 136 - 137

MEMBERS PRESENT: **Rep. Bill Witt, Chair**
 Rep. Tim Knopp, Vice-Chair
 Rep. Betsy Johnson, Vice-Chair
 Rep. Alan Bates
 Rep. Alan Brown
 Rep. Janet Carlson
 Rep. Richard Devlin
 Rep. Bill Garrard
 Rep. Jerry Krummel
 Rep. Laurie Monnes-Anderson
 Rep. Vicki Walker

STAFF PRESENT: **Dan Clem, Administrator**
 Patrick Brennan, Committee Assistant

MEASURE/ISSUES HEARD: **SB 826 Public Hearing and Work Session**
 HB 3502 Work Session
 HB 2841 Public Hearing and Work Session
 HB 3009 Public Hearing and Work Session
 HB 3782 Public Hearing and Work Session

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 136, A		
004	Rep. Knopp	Calls the meeting to order at 3:37 p.m. Opens a public hearing on SB 826.
<u>SB 826 PUBLIC HEARING</u>		
014	Darrell Fuller	Oregon Automobile Dealers Association (OADA). Testifies in support of SB 826 (EXHIBIT A). Submits the -1 amendments (EXHIBIT B).
028	Rep. Monnes-Anderson	Asks why the language related to mileage is amended out of the bill by the -1 amendments.
033	Fuller	Mentions that the language is reinserted in another section on page four and says he does not know why Legislative Counsel (LC) chose to relocate the language. Explains that the language is related to relevant market area for minimum sales and service area, which is dependent upon the population density of the area. Says that large freight vehicle dealers can cover a much larger area than typical car dealers.
050	Rep. Monnes-Anderson	Asks why the bill is needed.
052	Fuller	Says most states have franchise laws. Explains that franchise agreements are akin to credit card agreements in that there is an obligation to uphold the terms agreed to.
070	Rep. Monnes-Anderson	Asks whether such obligation is not generally covered by the contracts that are prepared in transactions.
075	Fuller	Remarks that the industry is specific to the product it produces.

		Mentions that more motor vehicles are recalled annually than are sold by dealers. Opines that it is impossible to cover all instances with a generic franchise law.
085	Rep. Garrard	Asks whether the definition of truck includes motor homes.
087	Fuller	Answers that it does not.
090	Chair Witt	Closes the public hearing and opens a work session on SB 826.
	<u>SB 826 WORK SESSION</u>	
096	Rep. Knopp	MOTION: Moves to ADOPT SB 826-1 amendments dated 5/3/01.
098		VOTE: 8-0-3
		EXCUSED: 3 - Johnson, Krummel, Walker
	Chair Witt	Hearing no objection, declares the motion CARRIED.
100	Rep. Knopp	Asks why the -1 amendments were not incorporated while the bill was in the Senate.
106	Fuller	Explains that the amendments had not yet been drafted by LC at the time the bill was moved.
114	Rep. Knopp	Asks whether the chair of the senate committee that considered the bill is aware of the amendments.
116	Fuller	Answers affirmatively.
118	Rep. Knopp	MOTION: Moves SB 826 to the floor with a DO PASS AS AMENDED recommendation.
121	Rep. Monnes-Anderson	Asks whether there is any known opposition to the bill.
123	Fuller	Replies that he is unaware of anyone who has taken a position in opposition to the bill, adding that most affected parties have been involved in the discussion.
125	Rep. Carlson	Asks whether the -1 amendments are estimated to have fiscal or revenue impact.
126	Fuller	Replies negatively.
140	Chair Witt	Expresses support for the bill, as it provides adequate protection. Says the reality is that these products are an enormous investment and statutory protection is necessary to protect the local dealers.
165		VOTE: 11-0
	Chair Witt	AYE: In a roll call vote, all members present vote Aye. The motion CARRIES.
		REP. KNOPP will lead discussion on the floor.
170	Chair Witt	Closes the work session on SB 826 and opens a work session on HB 3502.
	<u>HB 3502 WORK SESSION</u>	
173	Dan Clem	Committee Administrator. Gives a brief description of the bill. Indicates that the -2 amendments (EXHIBIT C) have been submitted for the committee's consideration.
185	Gary Bauer	Northwest Natural Gas Company (NW Natural). Testifies in support of HB 3502 and the -2 amendments (EXHIBIT D). Says that the Public Utilities Commission (PUC) sets electricity rates on a forward-looking basis. Describes the "Hope standard" for setting utility rates, named for the 1944 United States Supreme Court case <i>Federal Power Commission v. Hope Natural Gas Co. (1944)</i> . Says nothing in the -2 amendments will require the PUC to use previous rates.
215	Mark Hellman	PUC. States that the bill has no anticipated fiscal impact.
223	Rep. Bates	Asserts that production of electricity is a monopoly and should be regulated for the public good, while others believe it is best left to

the open market, where supply and demand can help determine prices. Says that the PUC has created a situation where new power plants may not be added to the power grid, or rates may not cover capital expenditures. Asks whether the bill provides assurance that building a new power plant will bring reasonable return on investment.

241 Bauer Responds that the reason the bill was introduced was to clarify that the “Hope standard” is the standard that will be used. Says there is no guarantee that the bill will change rates one way or another.

258 Hellman Says there are two primary issues:

- Should utility companies have rates set that are sufficient to provide investors with returns
- Is there assurance that utility companies will see their investments included in the rate structure

Says there are ways to ensure that power companies will not be left holding the bill for capital investment and no way to recoup the cost for them. Indicates that the PUC believes this bill will be a good deal for all parties.

294 Rep. Bates Asks whether the bill makes it more likely that utilities will build new power generation facilities to address the shortage problem.

301 Hellman Answers that the bill does not speak to the issue of capacity and says the question whether to invest in new capacity will be answered by the individual power companies.

313 Chair Witt Asks whether it is true that if a regulated utility cannot provide a return to investors it will be difficult for that utility to bring new power generation facilities online, which could consequently result in rising rates over time.

323 Hellman Concurs with the chair’s analysis and says the purpose of the “Hope standard” is to clear up any misunderstanding as to the intentions of the PUC.

330 Chair Witt Asks whether the language in the –2 amendments refers to both regulated and unregulated enterprises.

334 Hellman Replies affirmatively.

338 Rep. Walker Asks whether HB 3502 was prompted by the passage of SB 1149 (1999).

342 Bauer Clarifies that the bill’s introduction was prompted by the court decision referenced earlier.

358 Rep. Knopp **MOTION: Moves to ADOPT HB 3502-2 amendments dated 5/3/01.**

360 **VOTE: 11-0**

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

362 Rep. Knopp **MOTION: Moves HB 3502 to the floor with a DO PASS AS AMENDED recommendation.**

367 Chair Witt Indicates he is pleased that the language meets the concerns of all parties involved. Warns that unless there is adequate investment in new power generation facilities there will be insufficient power to meet rising demand and keep prices down.

390 **VOTE: 9-2**

AYE: 9 - Brown, Carlson, Devlin, Garrard, Johnson, Knopp, Krummel, Monnes Anderson, Witt

NAY: 2 - Bates, Walker V

Chair Witt

The motion CARRIES.

393 Rep. Bates
394 Rep. Walker
405 Chair Witt

REP. WITT will lead discussion on the floor.

Posts notice of possible minority report on HB 3502.
Posts notice of possible minority report on HB 3502.
Closes the work session on HB 3502 and opens a public hearing on HB 2841.

HB 2841 PUBLIC HEARING

410 Greg Rep. Smith

House District 59. Testifies in support of HB 2841. Explains that the bill allows regional investment boards to retain regional and rural investment funds beyond the biennium in which they were provided. Says that currently many regional investment boards are unable to plan long-term capital investment projects because they are unable to save up for them. Laments that regional boards are often forced to spend money on projects of lesser importance because they cannot save for more important ones.

TAPE 137, A

023 Chair Witt

Asks Rep. Smith whether he supports the -1 amendments to the bill (**EXHIBIT E**).

026 Rep. Smith
029 Rep. Garrard

Replies that he prefers the amended bill to the original bill.
Asks whether the bill places any time frame for the funds to be expended.

031 Mike Burton

Oregon Economic and Community Development Department (OECD). Testifies in support of HB 2841 and the -1 amendments (**EXHIBIT F**). Explains that the purpose of the bill is to allow the setting aside of some of the funds as an allowed action for the funds, so long as it is defined within the plan adopted by the regional planning board.

040 Rep. Johnson
045 Burton

Asks whether there is a sidebar on the timeline.
Answers that the sidebar will continue to exist, but the bill will allow investment of the money as a use that meets the requirement for use within the current biennium.

050 Rep. Johnson

Offers the hypothetical example of a sewer project that requires funds greater than those that are allotted in a single budgetary cycle.

059 Burton

Comments that this bill as amended would allow the hypothetical community to build the sewer project.

061 Rep. Johnson

Wonders how long a community could hold on to funds before using them in some way.

064 Burton

Doubts that a regional planning board would choose to hold on to investment funds for an inordinate amount of time.

069 Rep. Johnson

Asks whether there could be a stigma attached to allowing one project to languish while a planning board saves for another project.

076 Rep. Smith

Asserts that it is a good use of state investment dollars to allow them to accumulate for a more useful purpose.

081 Rep. Johnson

Expresses a desire to prevent stigma from being attached to the entire investment process because a few planning boards choose to hold on to investment dollars for a future project.

093 Rep. Smith

Asserts that any plan involving accrual of investment dollars would need to be well thought out, as there would be significant pressure on the planning board to spend the money on more immediate projects.

097	Burton	Acknowledges that Rep. Johnson raises a valid concern. Says that OECDD maintains contact with regional planning boards to monitor what the funds are being used for.
106	Rep. Smith	Says that the bill was brought because investment money is often used as seed money for larger projects. Asserts that small communities should be allowed to use committed funds to pursue additional dollars.
110	Rep. Carlson	Asks how the funds are distributed by OECDD.
117	Burton	Replies that the funds allocated to rural and regional investment programs are disbursed quarterly and held at the local level.
122	Rep. Carlson	Asks whether the interest accrued is held at the local level as well. Inquires whether there are reporting requirements.
125	Burton	Answers that the interest is kept at the local level. Says that annual reports on projects are required.
138	Rep. Carlson	Inquires whether OECDD has adopted rules to allow for the type of saving that is allowed in the bill.
145	Burton	Responds that the bill allows the savings without the need to adopt rules to that effect.
148	Rep. Garrard	Takes issue with letting funds languish with no accountability to anyone but the counties involved in the partnership. Wonders if there should be an amendment that clarifies that OECDD is to hold the money accrued until the project it is designated for goes active.
163	Rep. Smith	Suggests requiring funds be sent back to the department the biennium after they are allocated.
176	Burton	Notes that planning boards are required to submit reports on projects from the point when money is allocated for them until they are completed.
182	Rep. Garrard	Remarks that the bill does not address the issue of interest accrual.
191	Burton	Replies that interest earnings are already used as part of the program.
198	Rep. Garrard	Requests clarification whether OECDD holds the funds prior to disbursement and monitors its use following disbursement.
200	Burton	Replies affirmatively.
203	Rep. Bates	Opines that local control is the best way to manage this type of investment funds. Says holding on to funds over time will allow funds to be built up for larger projects.
219	Rep. Smith	Explains his intention in bringing the bill was to facilitate the construction of good projects in rural areas.
227	Rep. Garrard	Requests clarification that the funds remain in active status until the partnership uses the funds.
231	Rep. Smith	Describes how partnerships are formed. Says there are internal mechanisms to ensure that state dollars are used properly within the multi-county partnerships.
244	Rep. Johnson	Asks how many regions the bill affects.
245	Burton	Comments that the population threshold is removed by the -1 amendments.
249	Rep. Johnson	Concludes that any partnership can now apply for this sort of grant.
251	Burton	Remarks that experience shows that money is rarely held.
262	Rep. Johnson	Hypothesizes that boards may profit by the ability to amalgamate their funds. Agrees that the "use-it-or-lose-it" mentality of the current program leads to the construction of unimportant

		projects. Says the boards should be instructed as to the proper way to accumulate funds for large projects.
275	Burton	Mentions he typically receives an apprehensive response when counseling regional planning boards on slowdown techniques.
286	Rep. Carlson	Asks if Judge Laura Pryor, the requester of the bill, is aware of the amendments.
290	Burton	Replies affirmatively.
295	Chair Witt	Closes the public hearing and opens a work session on HB 2841.
<u>HB 2841 WORK SESSION</u>		
298	Rep. Johnson	MOTION: Moves to ADOPT HB 2841-1 amendments dated 5/3/01.
304		VOTE: 9-0-2
	Chair Witt	EXCUSED: 2 - Bates, Knopp
		Hearing no objection, declares the motion CARRIED.
308	Rep. Johnson	MOTION: Moves HB 2841 to the floor with a DO PASS AS AMENDED recommendation.
316		VOTE: 9-0-2
		AYE: In a roll call vote, all members present vote Aye.
		EXCUSED: 2 - Bates, Knopp
	Chair Witt	The motion CARRIES.
		REP. G. SMITH will lead discussion on the floor.
321	Chair Witt	Closes the work session on HB 2841 and opens a work session on HB 3009.
<u>HB 3009 PUBLIC HEARING</u>		
327	Dan Clem	Committee Administrator. Gives a brief description of the bill. Indicates that the -1 amendments (EXHIBIT G) have been submitted for the committee's consideration.
347	Gary Bauer	NW Natural. Testifies in support of HB 3009 (EXHIBIT H). States that the bill as amended will assist low-income Oregonians with their energy bills.
367	Jeff Bissonette	Citizens Utility Board of Oregon (CUB). Testifies in support of the -1 amendments to HB 3009. Indicates that the amendments make the measure voluntary. Expresses hope that NW Natural will be joined by other utility companies.
391	Rep. Monnes-Anderson	Inquires why commercial customers were not included.
399	Susan Ackerman	NW Natural. Explains that the class receiving the assistance should be responsible for raising the funds.
408	Rep. Monnes-Anderson	Asks if there is a difference between commercial and residential rates.
412	Ackerman	Indicates that residential rates are lower.
TAPE 136, B		
005	Chair Witt	Requests elaboration on the commitment that NW Natural has made.
007	Bissonette	Replies that NW Natural entered into the discussion willing to see what it could do to provide assistance. Indicates that the PUC will be given the authority to approve requests for assistance should the bill become law.
026	Rep. Krummel	Requests confirmation that the PUC is given the authority only if the utility agrees to comply.
030	Bauer	Answers affirmatively.

031	Chair Witt	Closes the public hearing and opens a work session on HB 3009.
<u>HB 3009 WORK SESSION</u>		
033	Rep. Johnson	MOTION: Moves to ADOPT HB 3009-1 amendments dated 5/1/01.
035		VOTE: 11-0
	Chair Witt	Hearing no objection, declares the motion CARRIED.
036	Rep. Johnson	MOTION: Moves HB 3009 to the floor with a DO PASS AS AMENDED recommendation.
037	Rep. Krummel	Expresses support for the bill.
038	Chair Witt	Expresses support for the bill.
040		VOTE: 11-0
	Chair Witt	AYE: In a roll call vote, all members present vote Aye. The motion CARRIES.
		REP. JOHNSON will lead discussion on the floor.
050	Chair Witt	Closes the work session on HB 3009 and opens a public hearing on HB 3782.
<u>HB 3782 PUBLIC HEARING</u>		
053	Dan Clem	Committee Administrator. Gives a brief description of the bill. Indicates that the -1 amendments (EXHIBIT I) have been submitted for the committee's consideration.
063	Jim Gardner	Hertz/Avis/Budget/Dollar. Testifies in support of the -1 amendments to HB 3782. Says the amendments provide a workable legislative solution to parking tickets incurred while driving a rental car away from home. Indicates that inclusion of the ticket as an ancillary charge on the credit card bill proved problematic for several reasons. Asserts it is better to track debt through a single system with a single collection entity. Mentions that the proponents of the amendments believe them to be a permissive collections process in lieu of ancillary charges.
102	Brad Swank	Special Counsel, State Court Administrator's Office for Government Relations. Testifies in support of the -1 amendments to HB 3782. Says that the amendments substantially reduce the fiscal impact of the bill. Indicates he is unaware of any opposition to the bill.
126	Chair Witt	Asks about the fiscal impact associated with the original bill.
129	Swank	Replies that the bill as amended by the -1 amendments will have a substantially different fiscal impact from the original measure.
140	Rep. Johnson	Asks how the issue is handled in other states.
142	Gardner	Replies that procedures vary from state to state, adding that Washington has a similar procedure to that outlined by the -1 amendments.
152	Chair Witt	Reads note from Susan Schneider, representing the City of Portland, indicating support for the -1 amendments. Closes the public hearing and opens a work session on HB 3782.
<u>HB 3782 WORK SESSION</u>		
160	Rep. Knopp	MOTION: Moves to ADOPT HB 3782-1 amendments dated 5/2/01.
162		VOTE: 11-0
	Chair Witt	Hearing no objection, declares the motion CARRIED.
170	Rep. Knopp	MOTION: Moves HB 3782 to the floor with a DO PASS AS AMENDED recommendation.
177		VOTE: 11-0

Chair Witt

**AYE: In a roll call vote, all members present vote Aye.
The motion CARRIES.**

190

Chair Witt

REP. GARRARD will lead discussion on the floor.
Closes the work session on BH 3782 and adjourns the meeting
at 4:42 p.m.

Submitted By,

Reviewed By,

Patrick Brennan,
Committee Assistant

Dan Clem,
Committee Administrator

EXHIBIT SUMMARY

- A – SB 826, testimony, Darrell Fuller, 2 pp.**
- B – SB 826, -1 amendments, Darrell Fuller, 11 pp.**
- C – HB 3502, -2 amendments, staff, 1 p.**
- D – HB 3502, testimony, Gary Bauer, 2 pp.**
- E – HB 2941, -1 amendments, staff, 4 pp.**
- F – HB 2841, informational materials, Mike Burton, 30 pp.**
- G – HB 3009, -1 amendments, staff, 1 p.**
- H – HB 3009, testimony, Gary Bauer, 3 pp.**
- I – HB 3782, -1 amendments, staff, 1 p.**