

HOUSE COMMITTEE ON AGENCY PERFORMANCE & OPERATIONS

March 9, 1999 Hearing Room E

8:30 a.m. Tapes 33 - 34

MEMBERS PRESENT: Rep. Jane Lokan, Chair

Rep. Kathy Lowe, Vice-Chair

Rep. Betsy Close

Rep. Dan Gardner

Rep. Tim Knopp

Rep. Jeff Kruse

Rep. Bob Montgomery

Rep. Kitty Piercy

STAFF PRESENT: Pat Zwick, Administrator

Susan M. Pettey, Administrative Support

MEASURES HEARD: HB 2053 Work Session

SB 431 Public Hearing

HB 2166 Work Session

HB 2089 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 33, A		
004	Chair Lokan	Opens meeting at 8:30 a.m., and opens work session on HB 2053.
<u>HB 2053 WORK SESSION</u>		

018	Pat Zwick	Committee Administrator. Summarizes the provisions of HB 2053. Explains the effects of the ñ1 and ñ2 amendments.
038	Rep. Kruse	MOTION: Moves to SUSPEND the rules for the purpose of reconsidering the vote on HB 2053.
		VOTE: 8-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Lokan	The motion CARRIES.
060	Rep. Kruse	MOTION: Moves to RECONSIDER the vote by which HB 2053 was sent to the floor with a do pass as amended recommendation.
		VOTE: 8-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Lokan	The motion CARRIES.
062	Chair Lokan	Indicates that HB 2053 is now before the committee as if it were never reported to the floor, and the ñ1 amendment adopted by the committee is still in effect.
076	Rep. Kruse	MOTION: Moves to SUSPEND the rules for the purpose of reconsidering the vote by which the -1 amendment to HB 2053 was adopted.
		VOTE: 8-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Lokan	The motion CARRIES.
102	Rep. Kruse	MOTION: Moves to RECONSIDER the vote by which HB 2053 was amended with the adoption of the ñ1 amendment.

		VOTE: 8-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Lokan	The motion CARRIES.
119	Rep. Kruse	MOTION: Moves to ADOPT HB 2053-2 amendments dated 3/3/99.
		VOTE: 8-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Lokan	Hearing no objection, declares the motion CARRIED.
126	Rep. Kruse	MOTION: Moves HB 2053 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 8-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Lokan	The motion CARRIES. REP. MONTGOMERY will lead discussion on the floor.
		Closes work session on HB 2053, and opens public hearing on SB 431.
<u>SB 431 PUBLIC HEARING</u>		
130	Zwick	Summarizes the provisions of SB 431.
146	Susan Klosterman	Assistant Director of Communications, Department of Administrative Services (DAS). Speaks in support of SB 431. Explains that SB 431 requires state agencies to conduct a review of agency rules at least once every five years. Explains that rules are currently reviewed every three years.

172	Rep. Montgomery	Comments that there should be some reduction in full-time employees (FTEs) if SB 431 allows for rule review every five years instead of every three years.
180	Klosterman	Replies that agencies could then perform tasks more efficiently on the rules that require change. Explains that when the three-year rule review requirement was established, agencies were given no additional FTEs.
198	Klosterman	Indicates that agencies require that rules be changed more often than five years because of changes in state or federal law, or program change requirements.
209	Chair Lokan	Reiterates that there should be a reduction in FTEs within every agency that needs to review rules.
213	Klosterman	Repeats that the agencies' response is that they could perform more efficiently.
217	Rep. Gardner	Indicates SB 431 passed out of Senate committee unanimously. Asks for an explanation of the Senate floor discussion regarding SB 431.
221	Klosterman	Comments on a conversation with Sen. Derfler. Discusses the fiscal impact of SB 431.
242	Rep. Knopp	Asks how many state agencies are there.
244	Klosterman	Answers, approximately 120.
246	Rep. Knopp	Asks how many rules are there.
248	Klosterman	Replies that she does not have that information.
250	Rep. Knopp	Asks if it would be safe to say there are tens of thousands of rules.
252	Klosterman	Responds that Consumer & Business Services can address the administrative aspects of rulemaking.
256	Rep. Knopp	Inquires why there is no expectation of reduced FTEs when the process is proposed to be changed from three to five years.
264	Klosterman	Indicates there would be some time savings, which would then be spent on other productive activities.
275	Rep. Piercy	Asks what percentage of rules require change every three years, even if SB 431 passes.

278	Klosterman	Answers that the bulk of the rules are currently being changed within the three-year period, according to agency response.
291	Marilyn O'Dell	Rules Coordinator, Workers' Compensation Division (WCD). Describes the rule review process which takes place every three years. Indicates that the review is mandated by legislative action, case law, or by major problem areas identified by various stakeholders.
327	O'Dell	Describes the financial impact of SB 431 as minimal. Comments on the cost of mailing 3,000 notifications of rule revisions as the primary cost.
341	O'Dell	Comments that there is never enough time to devote to rulemaking. Adds that staff time would be devoted to a more thorough job.
347	Chair Lokan	Asks how SB 431 would improve the rule review process.
353	O'Dell	Explains that the more active sections of the rules, which have a need for an ongoing process, would be reviewed more frequently. Indicates that a number of rule divisions are backed up presently because of lack of time.
364	Chair Lokan	Asks for an explanation of the rule-review process.
368	O'Dell	Explains the rule-review process: <ul style="list-style-type: none"> • Assemble staff • Review issues • Propose changes • Issue proposed changes for comment
399	O'Dell	Indicates that most WCD rules are updated every two years.
405	Chair Lokan	Asks if there is any reason to change from every three to every five years for review.
410	O'Dell	Indicates it is more efficient to review less often.
415	Rep. Lowe	Comments that some agencies will review every two years, regardless of rule.
423	Klosterman	Responds, agencies are updating every two years only because of federal or state law changes, or recognized program changes.
444	O'Dell	Discusses periodic reviews occurring every three years.

462	Rep. Knopp	Asks about mailings and potential cost savings.
470	OiDell	Estimates WCD would save \$800 for each notification, in printing and mailing costs.
TAPE 34, A		
013	Rep. Knopp	Indicates that an \$800 savings for one agency creates a negative fiscal impact in the thousands of dollars, on mailings alone.
018	Klosterman	Describes the mailing list for WCD as larger than most agencies. Offers to capture that information across state agency lines. Adds that she is unsure how significant the amount is statewide.
029	Rep. Knopp	Indicates he is "grasping for a reason to support this." Comments he thought there might be some cost-savings.
037	Rep. Montgomery	Indicates that SB 431 appears to focus on any size business. Asks if there is a law that affects local governments, or is it only business. Indicates we have laws and regulations in this building that affect everything on earth.
039	OiDell	Responds that this requirement only applies to state agencies, not local governments.
046	Rep. Kruse	Comments that we would not have so many rules if we did not pass so many laws. Admires Sen. Derfler's attempt to get at savings. Adds that no state agency comes in to say we need less money or people.
057	Chair Lokan	Closes hearing on SB 431, and opens work session on HB 2166.
<u>HB 2166 WORK SESSION</u>		
066	Zwick	Summarizes provisions HB 2166. Explains effects of proposed amendments. Indicates that stakeholders are working on amendments to HB 2166. Suggests that the committee would benefit from reviewing the proposed amendment in Legislative Counsel form.
096	Chair Lokan	Closes work session on HB 2166, and opens work session on HB 2089.
<u>HB 2089 WORK SESSION</u>		
118	Zwick	Explains provisions of HB 2089.

145	Bob Repine	Director, Oregon Housing & Community Services (OHCS). Submits and summarizes written testimony (EXHIBIT A). Describes the historic trends of revenue bonds. States that the purpose for the request for an increase in the statutory limit on outstanding revenue bond debt is to maintain programs at projected levels. Refers to the chart demonstrating growth in outstanding debt limit from 1979 to 1999 (EXHIBIT A, pg. 2).
190	Repine	Describes existing controls, checks, and balances to ensure that debt issuance practices are prudent (EXHIBIT A, pg. 1).
210	Repine	Discusses projected activities, emphasizing the state Veteran's housing program (EXHIBIT A, pg. 1). Refers members to outstanding revenue bond projections (EXHIBIT A, pg. 2).
253	Rep. Montgomery	Refers to (EXHIBIT A, pg. 1). Asks if the \$1.26 billion projection has any state general fund requirement.
267	Repine	Indicates these are revenue bonds which have no general fund requirement.
280	Chair Lokan	Asks about banking industry support of HB 2089.
290	Repine	Explains reasons the banking industry is supportive. Adds that OHCS has financial tools that the banking industry can use.
320	Chair Lokan	Asks if the construction industry supports HB 2089.
324	Repine	Responds affirmatively.
341	Rep. Close	Asks why the Department of Veterans Affairs (DVA) housing program is no longer active.
344	Repine	Describes limitations of the DVA housing program. Explains that the DVA services existing mortgages, and offers loans to qualified vets. Indicates that interest rates are higher than the OHCS first-time homebuyer program.
359	Rep. Montgomery	MOTION: Moves HB 2089 to the floor with a DO PASS recommendation.
376	Gardner	Asks about the fiscal impact of HB 2089.
380	Zwick	Answers that Legislative Fiscal reports no impact.
384	Rep. Kruse	Supports HB 2089. Explains that, from a larger perspective, it is ironic that government takes so much money from people, that government then has to give

		it back to them to make it affordable to do things they could do if the government didn't take it in the first place.
393	Chair Lokan	Restates the pending motion.
		VOTE: 7-1 AYE: 7 - Gardner, Knopp, Kruse, Lowe, Montgomery, Piercy, Lokan NAY: 1 - Close
	Chair Lokan	The motion CARRIES.
422	Chair Lokan	Closes the work session on HB 2089. Adjourns the meeting at 9:35 a.m.

Submitted By, Reviewed By,

Susan M. Pettey, Pat Zwick,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ HB 2089, written testimony, Bob Repine, 2 pgs.