

**HOUSE COMMITTEE ON BUSINESS AND CONSUMER AFFAIRS**

**February 24, 1999 Hearing Room E**

**8:30 a.m. Tapes 39 - 40**

**MEMBERS PRESENT: Rep. Roger Beyer, Chair**

**Rep. Dan Gardner, Vice-Chair**

**Rep. Tim Knopp, Vice-Chair**

**Rep. Jason Atkinson**

**Rep. Bill Morrisette**

**Rep. Terry Thompson**

**Rep. Jackie Winters**

**MEMBER EXCUSED:**

**STAFF PRESENT: Keith Putman, Administrator**

**Frances Thomas, Administrative Support**

**MEASURE/ISSUES HEARD: HB 2020 Work Session**

**HB 2056 Work Session**

**HB 2057 Work Session**

**HB 2058 Work Session**

**HB 2402A Work Session**

**SB 51A Public Hearing and Work Session**

**SB 121 Public Hearing and Work Session**

**SB 181 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
<b>TAPE 39, A</b>		
003	Chair Beyer	Calls the meeting or order at 8:30 a.m.
<b><u>HB 2020 n WORK SESSION</u></b>		
010	Chair Beyer	Opens a Work Session on HB 2020.
011	Keith Putman	Committee Administrator. Presents an overview of HB 2020. Explains it changes the construction contractor registration requirement to a license requirement. States the amendment changes the effective date from January 2000 to July 2000 to allow the agency more time to comply. States there is fiscal impact of \$177,788 for first biennium. The second and successive biennium that figure decreases to \$92,000. Suggests to the Chair with this fiscal amount a subsequent referral to Ways and Means may be in order.
037	Rep. Gardner	<b>MOTION: Moves to ADOPT HB 2020-1 amendments dated 2/19/99 (EXHIBIT A).</b>
		<b>VOTE: 6-0</b>
	Chair Beyer	<b>Hearing no objection, declares the motion CARRIED.</b>
042	Rep. Gardner	<b>MOTION: Moves HB 2020 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Ways and Means.</b>
047		<b>VOTE: 6-0</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>  <b>EXCUSED: Rep. Thompson</b>
049	Rep. Knopp	<b>Declares a Conflict of Interest. States he is registered with the Construction Contractors Board.</b>
	Chair Beyer	<b>The motion CARRIES.</b>  <b>REP. GARDNER will lead discussion on the floor.</b>

056	Chair Beyer	Closes the Work Session on HB 2020.
<b><u>HB 2056 WORK SESSION</u></b>		
058	Chair Beyer	Opens a Work Session on HB 2056.
071	Putman	Presents an overview of HB 2056. States there is a fiscal impact of \$104,000.
080	Ken Keudell	Administrator, Construction Contractors Board (CCB). Explains that HB 2056 is part of the CCB's planned legislative package and is listed as one of the decision package in the budget ( <b>EXHIBIT B</b> ).
086	Chair Beyer	Asks why the large fiscal impact on HB 2056.
087	Keudell	Explains it is necessary to employ temporary employees to process the paper load caused by the specific date requirement for the increased bond.
103	Putman	Explains the distributed 3 amendments. States HB 2056 changes the maximum level of a contract from \$150,000 to \$200,000 as it pertains to the bond requirement. States this amendment includes proposed changes by the committee to increase the maximum contract amount to \$250,000.
<b>112</b>	<b>Rep. Knopp</b>	<b>MOTION: Moves to ADOPT HB 2056-3 amendments dated 2/19/99 (EXHIBIT C).</b>
115	Chair Beyer	Calls for discussion on the motion.
117	Rep. Gardner	Asks about a comparison of how many contractors fall within each range of the contract amounts.
123	Keudell	Explains there is no way of knowing unless a claim is filed. At this time six claims, not paid in full, had contracts more than \$250,000 ( <b>EXHIBIT A, page 3</b> ).
<b>166</b>		<b>VOTE: 7-0</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>
	<b>Chair Beyer</b>	<b>The motion CARRIES.</b>
<b>178</b>	<b>Rep. Knopp</b>	<b>MOTION: Moves HB 2056 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to</b>

		<b>the committee on Ways and Means.</b>
<b>182</b>	<b>Rep. Knopp</b>	<b>Declares a Conflict of Interest. States he is a member of the Construction Contractors Board.</b>
<b>188</b>		<b>VOTE: 7-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b>
	<b>Chair Beyer</b>	<b>The motion CARRIES.</b>
<b><u>HB 2020 WORK SESSION</u></b>		
204	Chair Beyer	Re-opens a Work Session on HB 2020.
<b>205</b>	<b>Rep. Knopp</b>	<b>MOTION: Requests unanimous consent that the rules be SUSPENDED to allow REP. THOMPSON to BE RECORDED as voting AYE on the "HB 2020."</b>
		<b>VOTE: 7-0</b>
	<b>Chair Beyer</b>	<b>Hearing no objection, declares the motion CARRIED.</b>
206	Chair Beyer	Closes the Work Session on HB 2020.
<b><u>HB 2057 WORK SESSION</u></b>		
207	Chair Beyer	Opens a Work Session on HB 2057.
222	Keudell	Explains the fiscal impact is on the original bill and does not reflect a two thirds reduction on the amendment.
233	Chair Beyer	Expresses a concern of overall fiscal impacts for accumulative legislation sponsored by the CCB. Asks for individual fiscal impact statements to be issued on the amendments being considered.
<b>235</b>	<b>Rep. Gardner</b>	<b>MOTION: Moves to ADOPT HB 2057-2 amendments dated 2/24/99.</b>
247	Putman	Suggests moving the ñ3 amendment into HB 2057 and ask for a new fiscal impact statement.

280	Putman	Explains differences between the ñ2 and ñ3 amendments.
315	Chair Beyer	Comments the ñ3 amendment is what the committee had agreed upon. Asks Rep. Gardner to restate the motion.
320	Rep. Gardner	Withdraws the motion to adopt the ñ2 amendment.
<b>323</b>	<b>Rep. Gardner</b>	<b>MOTION: Moves to ADOPT HB 2057-3 amendment dated 2/24/99 (EXHIBIT D).</b>
<b>326</b>		<b>VOTE: 6-0</b> <b>EXCUSED: Rep. Winters</b>
	<b>Chair Beyer</b>	<b>Hearing no objection, declares the motion CARRIED.</b>
330	Chair Beyer	Asks Putman to request a new fiscal impact statement on HB 2057-3.
334	Chair Beyer	Closes the Work Session on HB 2057.
<b><u>HB 2058 WORK SESSION</u></b>		
335	Chair Beyer	Opens a Work Session on HB 2058.
340	Putman	Explains the \$20,000 fiscal impact on the original HB 2058. States there is not an impact statement available on the proposed ñ2 amendment. States he does not expect a fiscal impact change on the ñ2 amendment.
349	Keudell	Clarifies the proposed amendment does not change fiscal impact.
360	Chair Beyer	Expresses concerns about dollar impact of the accumulative legislation introduced by the CCB this session and its ability to manage them.
365	Keudell	States all the legislation introduced, except HB 2020, is included in the CCB board's legislative budget plan for the 1999 session.
<b>408</b>	<b>Rep. Gardner</b>	<b>MOTION: Moves to ADOPT HB 2058-2 amendments dated 2/18/99 (EXHIBIT E).</b>
<b>426</b>		<b>VOTE: 7-0</b>

	Chair Beyer	Hearing no objection, declares the motion CARRIED.
430	Rep. Gardner	MOTION: Moves HB 2058 to the floor with a DO PASS AS AMENDED recommendation.
433	Rep. Knopp	Declares a Conflict of Interest. States he is a member of the Construction Contractors Board.
438		VOTE: 7-0  AYE: In a roll call vote, all members present vote Aye.
	Chair Beyer	The motion CARRIES.  REP. MORRISETTE will lead discussion on the floor.
449	Chair Beyer	Closes the Work Session on HB 2058.
<b><u>HB 2402A WORK SESSION</u></b>		
454	Chair Beyer	Opens a Work Session on HB 2402A.
457	Putman	Explains that when the committee removed language in the amended version of HB 2402A, the bill was taken beyond the restrictions of the "relating clause." States the "relating clause" says "small corporate farms" and the HB 2402A states "any farm." Explains that the amendment puts the word "corporate" back between the words "any" and "farm."
470	Chair Beyer	Explains that the committee requested HB 2402A be returned to Legislative Counsel to correct this oversight.
<b>TAPE 40, A</b>		
030	Rep. Knopp	MOTION: Moves to ADOPT HB 2402A -A3 amendments dated 2/22/99 (EXHIBIT F).
036		VOTE: 7-0
	Chair Beyer	Hearing no objection, declares the motion CARRIED.

038	Rep. Knopp	<b>MOTION: Moves HB 2402A to the floor with a DO PASS AS AMENDED recommendation.</b>
044		<b>VOTE: 7-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b>
	Chair Beyer	<b>The motion CARRIES.</b>  <b>REP. BEYER will lead discussion on the floor.</b>
046	Chair Beyer	Closes the Work Session on HB 2402A.
<b><u>HB 2332 PUBLIC HEARING</u></b>		
050	Chair Beyer	States there will be no hearing held on HB 2332 today.
<b><u>SB 51A PUBLIC HEARING</u></b>		
057	Chair Beyer	Opens a Public Hearing on SB 51A.
060	Putman	Explains that SB 51A revises limited liability company law, incorporating provisions of the Uniform Limited Liability Company Act (ULLCA). Specifies fiduciary duties owed by member of member-managed Limited Liability Company (LLC) or manager of manager-managed LLC.
077	David Culpepper	Miller Nash Law Firm, Portland and Chair, LLC Task Force of the Business Law Section of the Oregon State Bar. States he drafted and proposed this bill. Testifies in support of SB 51A.
082	Culpepper	Explains the history of Limited Liability Company (LLC) Oregon statute law. Explains the Task Force has incorporated some provisions from ULLCA but not in its entirety <b>(EXHIBIT G)</b> .
112	Culpepper	Explains SB 51 provision changes by sections: <ul style="list-style-type: none"> <li>• <u>Section 1</u> - The definition of "entity is amended to include professional corporations to make clear that a professional corporation can be a member of an LLC. Includes terms "member-managed" and "manager-managed" as statutory definitions.</li> </ul>
145	Culpepper	<ul style="list-style-type: none"> <li>• <u>Section 2</u> - Revises the provisions of the existing LLC statute that defines</li> </ul>

		<p>notice and knowledge.</p> <ul style="list-style-type: none"> <li>• <u>Section 3</u> ñ Conforms the requirements for articles of organization to use the new term "manager-managed limited liability company."</li> <li>• <u>Section 4</u> ñ Sets forth management provisions for both member-managed and manager-managed LLCs and provides default rules describing whether particular actions require approvals by members, managers, or both.</li> </ul>
155	Rep. Atkinson	Asks for further explanation of management provisions.
161	Culpepper	Explains that the default rules of the statute provides for the authority to manage the affairs of the LLC and who has the authority to bind the LLC in third party contracts. Explains "member managed" and "management managed" differences under the default rules.
182	Rep. Morrisette	Asks about the liability issue with a third party contract.
188	Culpepper	Explains the LLC accepts liability for any actions conducted by its members and managers on behalf of the LLC. Clarifies the member must have been conducting the business of the LLC.
211	Culpepper	<ul style="list-style-type: none"> <li>• <u>Section 6 &amp; 7</u> ñ Clarifies that although LLC managers and members do not have personal liability for LLC obligations, the LLC itself is liable for loss or injury caused to third parties by a manager or a member acting on behalf of the LLC.</li> </ul>
231	Culpepper	<ul style="list-style-type: none"> <li>• <u>Section 8</u> ñ (substantive change) Redefines the fiduciary duties owed by members and managers to the LLC to the other members and managers. Explains with examples.</li> </ul>
277	Culpepper	<ul style="list-style-type: none"> <li>• <u>Sections 9, 11, 13, 14, 15, 17, &amp; 18</u> ñ Defines terms to utilize "member-managed" and "manager-managed" limited liability companies to clarify references to managers.</li> </ul>
295	Culpepper	<ul style="list-style-type: none"> <li>• <u>Section 10</u> ñ Clarifies the provisions that members and managers do not have any personal liability for obligations for the LLC.</li> </ul>
300	Culpepper	<ul style="list-style-type: none"> <li>• <u>Section 12</u> ñ Clarifies the obligation of managers and members to return distributions made in violation.</li> </ul>
313	Culpepper	<ul style="list-style-type: none"> <li>• <u>Section 16</u> ñ Requires a foreign (other than Oregon) LLC to specify whether it is manager-managed or member-managed. Explains with examples.</li> </ul>
338	Culpepper	<ul style="list-style-type: none"> <li>• <u>Section 19 &amp; 20</u> ñ Cross-references the limited partnership statute to the applicable general partnership statute.</li> </ul>
	Culpepper	<ul style="list-style-type: none"> <li>• <u>Section 21</u> ñ Conforms annual report provisions applicable to limited</li> </ul>



		liability partnerships to similar annual report requirements for corporations.
377	Chair Beyer	Closes the Public Hearing on SB 51A.
<b><u>SB 51A WORK SESSION</u></b>		
382	Chair Beyer	Opens a Work Session on SB 51A.
395	Rep. Gardner	<b>MOTION: Moves SB 51A to the floor with a DO PASS recommendation.</b>
399		<b>VOTE: 7-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b>
	Chair Beyer	<b>The motion CARRIES.</b>  <b>REP. ATKINSON will lead discussion on the floor.</b>
392	Chair Beyer	Closes the Work Session on SB 51A.
<b><u>SB 121 PUBLIC HEARING</u></b>		
410	Chair Beyer	Opens a Public Hearing on SB 121.
415	Putman	Presents overview of SB 121. Explains under current law certain apprentices can attend classes for up to three weeks without losing their unemployment insurance. SB 121 amends that time to five weeks.
445	John Snyder	Sheet Metal Workers Local 16 and Sheet Metal Workers Apprenticeship Committee. Testifies in support of SB 121. Presents the history of the Sheet Metal Apprenticeship Program ( <b>EXHIBIT H</b> ).
<b>TAPE 39, B</b>		
010	Snyder	Explains the current apprenticeship program requirements. States that increasing the three weeks to five weeks of unemployment insurance meets the needs of those in the apprentice program and the requirement to attend five weeks of training per year while in the program.

030	Chair Knopp	Recognizes Rep. Morrisette.
032	Rep. Morrisette	Asks about the job placement rate of trained apprentices.
035	Snyder	Explains the beginning apprentice is considered untrained and stays in the program for five years to become a journeyman. States the beginning wage while in the apprentice program is half of the journeyman wage.
057	Lee Worley	Apprenticeship Coordinator, Local 29 Pacific Northwest Ironworkers and Employers Apprenticeship & Training Committees. Testifies in support of SB 121. Explains the apprentice training is mandatory and governed by the State of Oregon <b>(EXHIBIT I)</b> .
079	Worley	States the program not only teaches the practical trade, but includes a health and safety curriculum.
092	Jeff Carlson	Business Representative, Ironworkers Local 29. Testifies in support of SB 121. States SB 121 will lessen the economic hardship on the apprentices.
100	Arthur Kunis	Research and Education Director, Oregon AFL CIO. Testifies in support of SB 121. States SB 121 recognizes the changing nature of the workplace in the construction industry.
115	Rep. Morrisette	Asks how to get into apprenticeship program.
120	Snyder	Responds the apprenticeship program is opened on "need" basis. States figures of projections for the program.
128	Rep. Morrisette	Asks if this might be considered an economic development program.
133	Snyder	Agrees that the apprentice program has been increased to meet the need for trained, skilled people.
145	Rep. Morrisette	Asks about the migration rate in and out of Oregon for these skilled workers.
149	Snyder	States the trained workforce usually is from Oregon and stays in Oregon.
161	Rep. Morrisette	Asks what percent of the trainees are Oregonians. Asks are the needs of Oregonis unemployed people being served by this program.
175	Kunis	Presents personal credentials to substantiate knowledge of the construction industry. States apprentices are primarily from the state of Oregon, many come straight out of high school.

187	Snyder	States he has been in the trade for 38 years, beginning right out of high school.
193	Rep. Winters	Asks if there is an active recruitment program for students in high school around state.
197	Snyder	States this program is used in high schools as a career day presentation.
200	Worley	States the registered apprenticeship programs are required by the Bureau of Labor and Industries to have an apprentice selection method. States part of the mandatory selection procedure is to conduct career fairs and visit high schools.
211	Rep. Morrisette	Continues discussion of selection, training, and workforce entry procedures for the apprentice program.
	Annette Talbott	Legislative Coordinator, Employment Department. Submits written testimony <b>(EXHIBIT J)</b> .
280	Chair Knopp	Closes the Public Hearing on SB 121.
<b><u>SB 121 WORK SESSION</u></b>		
282	Chair Knopp	Opens a Work Session on SB 121.
290	Rep. Gardner	<b>MOTION: Moves SB 121 to the floor with a DO PASS recommendation.</b>
295		<b>VOTE: 7-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b>
	Chair Beyer	<b>The motion CARRIES.</b>  <b>REP. WINTERS will lead discussion on the floor.</b>
300	Chair Beyer	Closes the Work Session on SB 121.
<b><u>SB 181 PUBLIC HEARING</u></b>		
305	Chair Knopp	Opens a Public Hearing on SB 181.

311	Putman	Presents an overview of SB 181. States the law passed in 1995 has never been used. The Bureau of Labor and Industry would like to remove it from books.
319	Paul Tiffany	Government Relations Manager, Bureau of Labor and Industries (BOLI). Presents the history of SB 181. Testifies in support of SB 181.
354	Chair Knopp	Closes the Public Hearing on SB 181.
<b><u>SB 181 WORK SESSION</u></b>		
355	Chair Knopp	Opens a Work Session on SB 181.
<b>358</b>	<b>Rep. Thompson</b>	<b>MOTION: Moves SB 181 to the floor with a DO PASS recommendation.</b>
<b>368</b>		<b>VOTE: 7-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b>
	<b>Chair Knopp</b>	<b>The motion CARRIES.</b>  <b>REP. GARDNER will lead discussion on the floor.</b>
373	Chair Knopp	Closes the Work Session SB 181.
375	Chair Knopp	Adjourns the meeting at 10:00 a.m.

Submitted By, Reviewed By,

FRANCES THOMAS, KEITH PUTMAN,

Administrative Support Administrator

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**EXHIBIT SUMMARY**

**A ñ HB 2020, ñ1 Amendment Dated 2/19/99, Legislative Counsel, 1 p**

**B ñ HB 2056, Statistical Information, Ken Keudell, 6 pp**

**C ñ HB 2056, -3 Amendment Dated 2/19/99, Legislative Counsel, 1 p**

**D ñ HB 2057, -3 Amendment Dated 2/24/99, Legislative Counsel, 2 pp**

**E ñ HB 2058, -2 Amendment Dated 2/18/99, Legislative Counsel, 1 p**

**F ñ HB 2402A, -A3 Amendment Dated 2/22/99, Legislative Counsel, 1 p**

**G ñ SB 51A, Written testimony, David Culpepper, 4 pp**

**H ñ SB 121, Written testimony, John Snyder, 2 pp**

**I ñ SB 121, Written testimony, Lee Worley, 2 pp**

**J ñ SB 121, Submitted testimony, Annette Talbott, 4 pp**