

HOUSE COMMITTEE ON COMMERCE

April 16, 1999 Hearing Room 350

1:00 p.m. Tapes 38 - 39

MEMBERS PRESENT: Rep. Jim Hill, Chair

Rep. Ryan Deckert, Vice-Chair

Rep. Al King

Rep. Jerry Krummel

Rep. Bob Montgomery

Rep. Anitra Rasmussen

Rep. Diane Rosenbaum

Rep. Mark Simmons

Rep. Bill Witt

STAFF PRESENT: Jason Cody, Administrator

Annetta Mullins, Administrative Support

MEASURE/ISSUES HEARD: HB 2804 ñ Public Hearing

HB 3221 ñ Public Hearing

HB 3223 ñ Public Hearing

HB 2878 ñ Work Session

HB 2832 ñ Work Session

HB 2775 ñ 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 38, A		
003	Chair Hill	Calls meeting to order at 1:10 p.m. and opens public hearing on HB 3221.
<u>HB 3221 n PUBLIC HEARING</u>		
006	Jason Cody	Administrator. Explains HB 3221.
008	Chair Hill	Closes the public hearing on HB 3221 and opens a public hearing on HB 3223.
<u>HB 3223 n PUBLIC HEARING</u>		
011	Cody	Explains HB 3223.
014	Chair Hill	Closes the public hearing on HB 3223 and opens a public hearing on HB 2804.
<u>HB 2804 n PUBLIC HEARING</u>		
017	Jim Craven	American Electronics Association. Testifies in support of HB 2804 with the HB 2804 n1 amendments (EXHIBIT A). Explains the amendments are a substitute for the printed bill. Reviews the membership and purpose of the commission.
		Comments that Oregon needs to send strong signal Oregon is ready to be supportive on the issue of digital commerce. Thinks Oregon is behind in showing statewide leadership. Other states have already appointed commissions and are working on bills. Notes there are some efforts underway in state agencies; Information Resources Management Division (IRMD) has an electronic commerce working group. Suggest that while state agencies are looking at how agencies can do a better job, there needs to be a broader group to elevate the issue with the public.
052	Craven	Comments that the amendments would send a signal from this legislative body of its interest and invitation to the private sector to come together with government to see what can be done to help chart a strong course for the future of digital commerce and other important internet-related issues.
		Suggests Oregon may have a competitive advantage because there is no sales tax. There may be an advantage to locating an internet commerce-related shop in Oregon.
096	Rep. Montgomery	Comments he is pleased to see the sunset date in the bill.
106	Chair Hill	Asks what role this bill might have in attracting capital for investments in businesses that grow up around the internet.

107	Craven	Responds that Craig Berkman is a strong supporter of the bill and asks that Mr. Craven say that today. Adds that Mr. Berkman and others are looking at not only siting an internet-based company in Oregon, but also what other businesses can be attracted around it.
128	Doris Penwell	Legislative Coordinator, Economic Development Department (EDD). Comments EDD is happy to work with the committee and the Department of Administrative Services (DAS) and other players in putting the bill together. EDD would like to participate. EDD is very involved with companies that are looking at Oregon as a special place. Adds that staffing by the department would be minimal and that will help EDD to participate.
135	Chair Hill	Asks Mr. Maziotti to comment on what is happening in DAS relating to e-commerce.
146	Don Maziotti	Chief Information Officer for State of Oregon. Responds that DAS has three related efforts under way. Information Management Resource Council has concluded a yearlong effort to develop some information technology strategy for the state. The strategy has been sent to the Governor and is the subject of an executive order directing implementation. One piece is directed toward the utilization of e-commerce and web technologies to advance state services and to provide citizen access to information. There are two related committees: e-commerce working group, consisting of officials of state government agencies in all three branches of government working on policy questions internal to state government, including the legislature. The internet commerce group is focused on supporting the electronic commerce center that is being established in DAS.
178	Maziotti	IRMD has a budget package calling for a state webmaster and four positions to implement various web technologies. Adds that there is a large demand by agencies for internet- and web-based technologies.
195	Rep. Deckert	Asks what Governor Kitzhaber's plan is to work with the world on e-commerce.
207	Maziotti	Explains activities in Virginia. Adds that about 75 percent of internet traffic in the world goes through Virginia because that is where the Department of Defense, Central Intelligence Agency (CIA) and America on Line (AOL) are headquartered. The governor did develop a legislative concept on e-commerce recommended to him by the Oregon Telecommunications Forum Council last year. The governor withdrew the concept before this session because he felt there was enough activity underway. Believes the intent of HB 2804 picks up on what was contained in the original legislation and believes the governor would be supportive so long as it does not duplicate things that are underway.
242	Maziotti	Adds he believes Oregon is ahead of other states because Oregon does not have a sales tax.
262	Vice Chair Deckert	Closes the public hearing on HB 2804.
267	Chair Hill	Opens a work session on HB 2878

HB 2878 n WORK SESSION

268	Jason	Explains HB 2878 and the -1 amendments (EXHIBIT B).
272	Chair Hill	Notes that HB 2878 has a subsequent referral to Revenue
284	Rep. Witt	Asks what it costs to purchase and install a system.
302	Mike Grainey	Assistant Director, Dept. of Energy, responds the cost is \$10,000 to \$30,000.
307	Rep. Montgomery	Comments the systems will be going into very expensive homes and the people probably do not need a tax break.
318	Rep. Deckert	MOTION: Moves HB 2878 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Revenue by prior reference.
322	Rep. Witt	Asks if there is an estimate of how many systems will be installed in the coming biennium and what the revenue impact might be.
330	Cody	Explains that Revenue will prepare a revenue impact statement when the bill is considered by the Revenue Committee.
343	Grainy	Comments that the Department of Energy estimates the impact to be \$34,000 in the first biennium and \$55,000 in the second biennium. They estimate about 35 units the first biennium and perhaps 50-60 the second biennium.
349	Rep. Witt	Comments the Revenue Committee has been spending a considerable amount of time looking at tax credits that can be eliminated.
365	Rep. Deckert	Explains the public policy for enacting this tax credit.
371	Rep. Rosenbaum	Comments she will vote yes for Rep. Deckert but notes that tax credits become impossible to regulate.
393	Rep. Krummel	Comments on public policy and that he believes renewable resources are good.
436		VOTE: 6-3 AYE: 6 - Deckert, Krummel, Rasmussen, Rosenbaum, Simmons, Hill NAY: 3 - King, Montgomery, Witt

	Chair Hill	<p>The motion CARRIES.</p> <p>Rep. DECKERT will lead discussion on the floor.</p>
<u>TAPE 39, A</u>		
015	Chair Hill	Opens a work session on HB 2832.
<u>HB 2832 ñ WORK SESSION</u>		
018	Jason	Explains HB 2832 with the ñ3 amendments (EXHIBIT C).
025	Chair Hill	Advises that HB 2832 has a subsequent referral to Ways and Means.
027	Rep. Montgomery	Comments the bill will go to Ways and Means and the project will not come ahead of others for funding consideration.
029	Rep. Montgomery	MOTION: Moves HB 2832 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Ways and Means by prior reference.
		<p>VOTE: 8-1</p> <p>OBJECTIONS: 1 ñ Rep. Rosenbaum</p>
043	Chair Hill	Acknowledging the objection by Rep. Rosenbaum, declares the motion CARRIED.
044	Chair Hill	Opens a work session on HB 2775
<u>HB 2775 ñ WORK SESSION</u>		
044	Cody	Explains HB 2775 with the ñ1 amendments (EXHIBIT D).
		Explains that HB 2775 affects two other bills and may cause a fiscal impact and therefore has a referral to Ways and Means.

079	Charles Stern	Yamhill County Clerk. Explains the HB 2775-1 amendments (EXHIBIT D) and the process of tracking by agencies and county clerks to assure accountability of funds.
106	Rep. Deckert	MOTION: Moves HB 2775 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Ways and Means by prior reference.
		VOTE: 8-0 EXCUSED: 1 - Rep. Simmons
	Chair Hill	Hearing no objection, declares the motion CARRIED.
126	Chair Hill	Adjourns meeting at 1:46 p.m.

Submitted By, Reviewed By,

Annetta Mullins, Jason Cody,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ HB 2804, HB 2804-1 amendments, Jim Craven, 4 pp

B ñ HB 2878, HB 2878-1 amendments, Rep. Deckert, 1 p

C ñ HB 2832, HB 2832-3 amendments, Rep. Ken Messerle, 3 pp

D ñ HB 2775, HB 2775-1 amendments, Charles Stern, 1 p