

SENATE COMMITTEE ON BUSINESS & CONSUMER AFFAIRS

April 14, 1999 Hearing Room C

1:00 PM Tapes 84 - 85

MEMBERS PRESENT: Sen. David Nelson, Chair

Sen. Lee Beyer, Vice-Chair

Sen. Rick Metsger

Sen. Randy Miller

Sen. Charles Starr

MEMBER EXCUSED:

STAFF PRESENT: Y. Sherry Sheng, Administrator

Nancy Masee, Administrative Support

MEASURE/ISSUES HEARD: SB 1089 Public Hearing

SB 1263 Public Hearing

SB 938 Public Hearing and Work Session

SB 490 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 84, A		
003	Chair Nelson	Opens meeting at 1:30 PM. Opens public hearing on SB1089 and SB 1263.
<u>SB 1089 and SB 1263 PUBLIC HEARING</u>		

015	Sen. Lee Beyer	Senate District 21. Sponsor of SB 1263. Explains background on SB 1263.
022	Sen. John Lim	Senate District 11. Supports SB 1263 which is fair and equitable. Says SB 1089 has more impact on small business cleaners. Opposes SB 1089. Describes the Korean dry cleaning owners.
033	Sen. Beyer	Explains the reasons for SB 1263 which structures funding for cleanup of dry cleaning pollutants. Introduces Sid Leichen.
070	Sid Leichen	Eugene, Oregon. Owns dry cleaning establishments. Says the program is very good, but there is a shortfall of the \$1 million. Explains raising money by taxing the solvents used. Problems are that the dry cleaning industry has become more efficient with better equipment. Taxes were by the gallon. Price of Perk is \$10 per gallon, without tax. In October, the price will be \$31 per gallon, with tax. There are about 350 dry cleaners in Oregon. Dry cleaners need regulations that will not drive them out of business.
183	Sen. Metsger	Asks how much of the fund has been collected, how many times the fund has been used, and how much is in the fund.
188	Leichen	Responds that in 1995 - 1996 there was \$410,000. In 1996 ñ 1997 there was \$707,000.
192	Sen. Metsger	Asks how much is in the fund now.
195	Leichen	Responds \$1,075,000 according to DEQ. \$1 million a year still needs to be raised, as written in the law.
206	Chair Nelson	Asks for questions.
212	Laurie Anam	Department of Environmental Quality (DEQ). Says this program needs to be continued. Funding needs to be fixed. Says the insurance pool needs to be \$1 million a year. Discusses proposed changes in fees paid by dry cleaners by SB 3089 and SB 1263. Refers to handout tables. The account has about \$1.2 million available now. Presents (EXHIBIT A) .
277	Sen. Metsger	Asks about the alternatives in limiting solvent use. Asks what progress is being made to move away from the chemical perk.
305	Anam	Responds that some businesses are reducing use of solvents because of the cost of environmental cleanups. Some alternatives will be put to use. Says she will find out the alternatives.
302	Chair Nelson	Asks what the fees dry cleaners pay per year are according to the DEQ report.

312	Sen. Miller	Asks about how much is in the fund.
314	Anam	Answers about \$1.2 million.
320	Sen. Miller	Asks if projects are not being taken care of.
324	Anam	Responds currently there are more cleanup costs than the fund has available.
340	Sen. Miller	Asks if the revenues coming in will cover the costs.
345	Anam	Refers to a hand-out that addresses this and indicates the fund will be below the forecasted needs.
359	Sen. Miller	Asks if the \$1.2 million will cover the projected costs.
360	Anam	Explains that some cleanups are more difficult and more expensive than others.
353	Sen. Miller	Asks if the individual dry cleaner hires people to cleanup or if DEQ takes over.
370	Anam	Says she will find out.
380	Sen. Miller	Remarks that DEQ may not be as careful about keeping costs down as an individual dry cleaner owner might.
381	Sen. Beyer	Comments on how much of a fund is enough.
393	Anam	States there are 35 sites of potential clean up.
400	Sen. Beyer	Says the program protects the dry cleaners from litigation which may deter them from keeping costs down.
404	Anam	Comments the intent was to create an insurance pool to pay for clean up and to release liability from owners.
416	Chair Nelson	Says there are 350 dry cleaning sites and 100 dry sites.
440	Sherry Sheng	Committee Administrator. Defines a dry store as a place where there is no actual cleaning on site. That site collects laundry and sends it out to be cleaned.
TAPE 85, A		

016	Sen. Metsger	Asks about legislation to clean up contamination.
021	Roger Martin	Oregon Dry Cleaners Association. Advisor of DEQ committee on this issue. Says this program is a success story. In 1995 dry cleaning facilities initiated addressing the contamination problem. The dry cleaners got a lift from potential liability by legislative action. Perk, the dry cleaning solvent, can permeate concrete and go into the soil. DEQ has gone through the state notifying dry cleaners of what they must do to protect the environment. Gives example of the city of Lebanon's contamination level. DEQ is in charge of the cleanup. Department of Revenue collects the revenue from the dry cleaners. Comments there are dry cleaners who do not want to pay the tax because they have had no spills.
163	Martin	States the problem is how to continue the program funding. The two percent gross receipts tax is one way. Some dry cleaners want to repeal this law because they are not affected.
210	James Kyung	Attorney representing Korea American Dry Cleaning Association (KADCA). Supports SB 1263. Opposes SB 1089. States the program has been a success. Explains how the 2 percent gross receipts method creates an incentive to cheat. Suggests that the Department of Revenue (DOR) audit some dry cleaners to make sure they are paying their fees. DEQ agreed this is a good idea. To have an equal fee for all dry cleaners is not equitable, either. The 2 percent is easy to figure and collect, but it is too easy to get around. Says the dry cleaning advisory committee suggests DEQ find out the amount of money needed over a certain period of time. Asks the committee to consider the inherent unfairness in charging \$3,000 to \$4,000 to a small dry cleaner as opposed to a substantial charge to a very large operation. KADCA thinks the method of collecting \$1 million is equitable.
349	Moon Do Pack	President, KADCA. Points out the taxes and any shortfall. KADCA opposes SB 1089 because it charges small and large dry cleaners alike which is unfair.
371	Phillip Oh	Vice President, KADCA. Dry cleaner owner. Opposes SB 1089. Gives reasons for the public wanting to use small establishments. Supports a fair way where larger establishments would pay more than the small dry cleaners.
TAPE 84, B		
024	Hyang So Yang	(through interpreter) States he immigrated to United States in 1992. After 6 years working with other dry cleaners, Mr. Yang opened his own shop two years ago. Says the current laws are not treating the dry cleaners in the true sense of an insurance because the owner is at risk.
048	Yang	Opposes SB 1089. The large cleaners are covered, but most small cleaners cannot afford the high cost. Small cleaners who rent facilities fear removal by the owner of the building if there is any contamination. Says a \$1 million fund would be limited in what it could do. Says it is necessary to fairly distribute the cost of insurance. Wants a good relationship with landlords. Says DEQ should educate the owners in the proper use of solvents.

113	Chair Nelson	Suggests a work group be formed to continue trying to solve the problems of the dry cleaners.
112	Pack	Has lived in Oregon 28 years. Finds Oregon is the best place to live and owns one dry cleaning establishment in Clackamas County. Says a \$1,000 fee is too great for his business. Wants to keep Oregon clean. Wants to have a fair collection system so that small businesses do not get excessively charged. Says those using more Perk should pay more than those using small quantities.
188	Chair Nelson	Says a work group will be formed to answer these questions.
1903	Pack	Says there should be some kind of proposals. Says they have worked for several months between KADCA and the Oregon Dry Cleaners Association (ODCA) and their lawyer and came to an agreement, however, it was rejected.
226	Chair Nelson	Says a work group will be set up. He understands the opposition to SB 1089. Asks the parties to meet in a work group.
261	Steve Young	Attorney. Author of the original bill. Gives background on bills. Explains how the tax on the solvent is unfair. Presents (EXHIBIT B) .
343	Chair Nelson	States that there will need to be a work group to further discuss these issues on the 16 th at 3:30 p.m. Sherry Sheng is the contact.
390	Steve Mitchell	Ashland. Dry cleaner owner. ODCA member. Supports HB 1263. Says the fairness issue in assessing fees is the point.
421	Chair Nelson	Asks the participants to get together and solve this.
452	Chair Nelson	Closes public hearing on SB 1089 and SB 1263. Opens public hearing on SB 938.
<u>SB 938 PUBLIC HEARING</u>		
TAPE 85, B		
022	Peter Bragdon	Attorney. Stoel, Rives, Et al. Discusses SB 938 which allows shareholders of business corporations to vote by proxies by electronic means. Supports SB 938 which will allow more participation in the voting of companies. No opposition has been heard. Presents (EXHIBIT C) .
058	Chair Nelson	Asks for questions. Recommends passing SB 938 to be changed in the House. Closes public hearing on SB 938. Opens work session on SB 938.

SB 938 WORK SESSION

060	Chair Nelson	MOTION: Moves SB 938 to the floor with a DO PASS recommendation.
		VOTE: 4-0 Excused: Sen. Beyer
062	Chair NELSON	Hearing no objection, declares the motion CARRIED. Sen. NELSON will lead discussion on the floor.
063	Chair Nelson	Closes work session on SB 938. Opens public hearing on SB 490.

SB 490 PUBLIC HEARING

069	Staff	Submits (EXHIBIT D).
070	Gary Carlson	Associated Oregon Industries(AOI). Introduces Dave Canary. Supports SB 490 which will clarify the real estate appraisal licensure law. Supports the ñ2 amendments. Believes all parties concerned are in agreement.
088	Dave Canary	Attorney. Garvey, Schubert, and Barer. States his expertise is state tax legislation. Supports SB 490 which is an effort to clarify the statute. Presents (EXHIBIT E).
104	Scott Taylor	Oregon Real Estate Commissioner. Supports the ñ2 amendments. The amendments help to accomplish the proposal of the statute. Presents (EXHIBIT F).
118	Chair Nelson	Closes public hearing on SB 490. Opens work session on SB 490.

SB 490 WORK SESSION

119	Chair Nelson	MOTION: Moves to ADOPT SB 490-2 amendments dated 4/14/99.
		VOTE: 3-0 EXCUSED: 2 - Beyer, Miller

120	Chair Nelson	Hearing no objection, declares the motion CARRIED.
121	Chair Nelson	MOTION: Moves SB 490 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 3-0 EXCUSED: 2 - Beyer, Miller
122	Chair Nelson	Hearing no objection, declares the motion CARRIED. Sen. NELSON will lead discussion on the floor.
123	Chair Nelson	Adjourns meeting at 3:05 PM.

Submitted By, Reviewed By,

Nancy Masee, Y. Sherry Sheng,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ SB 1089, SB 1263, Written testimony, Mary Wahl, 24 pp

B ñ HB 3216, Written testimony, Steve Young, 1 p

C ñ SB 932, Written testimony, Peter Bragdon, 5 pp

D ñ SB 490, -1 and ñ2 Amendments, Staff, 11 pp

E ñ SB 490, Written testimony, Dave Canary, 3 pp

F ñ SB 490, Written testimony, Scott Taylor, 1 p

