

## SENATE COMMITTEE ON TRANSPORTATION

May 17, 1999 Hearing Room C

3:05 p.m. Tape 95

**MEMBERS PRESENT:** Sen. Marylin Shannon, Chair

Sen. Mae Yih, Vice-Chair

Sen. Susan Castillo

Sen. Gary George

**MEMBER EXCUSED:** Sen. Ted Ferrioli

**STAFF PRESENT:** Megan Palau, Administrator

Gary Roulier, Administrative Support

**MEASURE/ISSUES HEARD:** HB 2811A Public Hearing and Work Session HB 2895A 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 95, A</b>		
002	Chair Shannon	Opens the meeting at 3:43 p.m. and opens a public hearing on HB 2811A.
<b><u>HB 2811A PUBLIC HEARING</u></b>		
004	Megan Palau	Administrator. Explains the provisions of HB 2811 which changes the method for calculating the amount of motor vehicle fuel tax transferred to Boating Safety, Law Enforcement and Facility Accounts.
013	Paul Donheffner	Director, State Marine Board. Presents ( <b>EXHIBIT A</b> ) and testifies in support of HB 2811A. Explains that HB 2811A establishes a survey method to estimate the amount of gas tax paid by motorboats.

036	Sen. Yih	Asks whether the Revenue Department gets a report each year on persons requesting refunds of gas tax.
040	Donheffner	Responds that the refund provision was eliminated in 1985 for recreational boats.
050	Sen. Yih	Asks if the non-commercial boats get a refund.
052	Donheffner	Answers that they do not and adds that recreational boat owners receive the benefits of facilities such as launch ramps, restrooms, and parking areas.
056	Sen. Yih	Asks why the survey is being mandated within HB 2811A.
060	Donheffner	Responds that the survey is for the purpose of determining the amount of fuel tax that is used in motorboats.
071	Sen. Yih	Asks how the determination was done, previously.
073	Donheffner	Answers that the Marine Board used surveys in 1986 and 1987. Explains that beginning in 1988, the Marine Board used a U.S. Treasury method which was not Oregon-specific.
081	Sen. Yih	Asks for the cost of the survey.
083	Donheffner	Responds that the survey would cost approximately \$25-30,000 every four years.
086	Sen. Yih	Asks if once every four years gives the Marine Board accurate data.
089	Donheffner	Answers that the results of the survey have remained consistent and once every four years will be sufficient.
095	Chair Shannon	Closes the public hearing and opens a work session on HB 2811A.
<b><u>HB 2811A WORK SESSION</u></b>		
<b>100</b>	<b>Chair Shannon</b>	<b>MOTION: Moves HB 2811A to the floor with a DO PASS recommendation and BE REFERRED to the committee on Revenue by prior reference.</b>
		<b>VOTE: 4-0</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>  <b>EXCUSED: 1 - Ferrioli</b>

	<b>Chair Shannon</b>	<b>The motion CARRIES.</b>
108	Chair Shannon	Closes the work session and opens a public hearing on HB 2895A.
<b><u>HB 2895A PUBLIC HEARING</u></b>		
114	Palau	Explains the provisions of the bill which specifies the amount of interest to be charged if payment is not made within a specified time to persons supplying labor or material in connection with a public contract. Presents <b>(EXHIBIT B)</b> , the proposed ñ15 amendments to HB 2895A.
120	Paul Phillips	Plumbing and Electrical Contractors. Explains the provisions of the ñ15 amendments which deal with two primary issues, prompt pay and bid disclosure. Adds that the amount of interest for late payment would be set at three times the discount rate on 90-day commercial paper.
145	Sen. Yih	Asks what the discount rate is today.
148	Phillips	Answers that the penalty rate at the last meeting would have been approximately 13.56 percent. Emphasizes that the rate would reflect the "true cost of money."
164	Sen. Yih	Comments that the penalty rate would be closer to 40 percent at three times the current discount rate of 13 percent.
167	Phillips	Responds that at the time of the last committee meeting, the discount rate was approximately 4.5 percent. Cautions that some contractors can "play the float" during times of high interest rates
204	Phillips	Outlines the provisions of the amendment dealing with bid disclosure (page 10 and 11 of the exhibit). Explains the provisions for substituting a first-tier subcontractor (page 13 of the exhibit).
248	Phillips	Notes that the bill takes effect on January 1, 2000 which gives public agencies time to make form changes and adopt rules. Recommends that page 11, line 4, be changed from \$150,000 to \$500,000.
279	Shawn Miller	Associated Builders and Contractors. Testifies in support of HB 2895A and the ñ15 amendments.
285	Cindy Catto	Associated General Contractors. Testifies in support of HB 2895A and the ñ15 amendments.

299	Linda Ludwig	League of Oregon Cities. Testifies in opposition to the provisions of the 15 amendments mandating a 30 percent interest rate cap. Expresses concern that the provisions of HB 2895A would apply to payments by a public contracting agency and recommends that the existing statutory interest rate of 18 percent be maintained.
337	Bill Penhollow	Association of Oregon Counties. Testifies in support of the current cap rate of 18 percent for public agencies.
360	Chair Shannon	Asks how often cities or counties have been subject to the penalty.
364	Penhollow	Responds that he is not aware of the penalty being paid in recent times. Adds that the concern is with how much of a penalty would be applied to a public agency.
381	Chair Shannon	Closes the public hearing and opens a work session on HB 2895A.
<b><u>HB 2895A WORK SESSION</u></b>		
391	Sen. George	<b>MOTION: Moves to ADOPT HB 2895A-15 amendments dated 5/17/99 and that the measure be FURTHER AMENDED on page 11, line 4, by changing "\$150,000" to "\$500,000".</b>
	Chair Shannon	<b>Hearing no objection, declares the motion CARRIED.</b>
422	Sen. George	<b>MOTION: Moves HB 2895A to the floor with a DO PASS AS AMENDED recommendation.</b>
		<b>VOTE: 3-0</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>  <b>EXCUSED: 2 - Castillo, Ferrioli</b>
		<b>Chair Shannon</b>  <b>The motion CARRIES.</b>  <b>SEN. SHANNON will lead discussion on the floor.</b>
435	Chair Shannon	Closes the work session and adjourns at 4:09 p.m.

Gary Roulier, Megan Palau,

Administrative Support Administrator

**EXHIBIT SUMMARY**

**A ñ HB 2811A, written testimony, Paul Donheffner, 1 p**

**B ñ HB 2895A, amendments, staff, 19 pp**