

HOUSE COMMITTEE ON AGENCY OVERSIGHT AND EFFICIENCY

April 29, 1997 Hearing Room H-170

1 P.M. Tapes 46 - 47

MEMBERS PRESENT:

HOUSE COMMITTEE ON AGENCY OVERSIGHT AND EFFICIENCY

May 6, 1997 Hearing Room H-170

1 P.M. Tapes 48-49

MEMBERS PRESENT:

Rep. Jane Lokan, Chair

Rep. Tom Brian

Rep. Ryan Deckert

Rep. Steve Harper

Rep. Eldon Johnson

Rep. Mike Lehman

MEMBER EXCUSED:

Rep. Richard Devlin

STAFF PRESENT:

Brad Harper, Administrator

Valerie Luhr, Administrative Support

MEASURE/ISSUES HEARD:

SB 849 Public Hearing and Work Session

SB 512A Public Hearing and Work Session

HB 3562 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.

	Speaker	Comments
--	---------	----------

Tape/#		
TAPE 48, A		
004	Chair Lokan	Calls the meeting to order at 1:09 p.m. Introduces Brad Harper, the new committee administrator. Opens public hearing on SB 849.
<u>SB 849 - PUBLIC HEARING</u>		
025	Brad Harper	Committee Administrator, reviews the provisions of SB 849.
	Larry Campbell	The Victory Group, submits and presents his own testimony and testimony from Mark O'Donnell [EXHIBIT A] in support of SB 849.
081	Joe Brewer	Administrator, Building Codes Division, submits testimony [EXHIBIT B] in support of SB 849.
097	Rep. Lehman	Any opposition from cities and counties or any other local entities?
	Campbell	Cities and counties did not appear on the bill; we have no indication there is opposition.
102	Jim McLean	Owner, Cold Springs Resort and RV Park, Camp Sherman, Oregon, submits and reads testimony [EXHIBIT C] from Denise Hinton in support of SB 849.
145		Begins his prepared testimony [EXHIBIT D] in support of SB 849.
186	Bob McNeely	Owner, Whales Head Beach Resort, Brookings, Oregon, and is a licensed recreational vehicle manufacturer and general contractor, testifies in support of SB 849.
207	Rep. Harper	When was the attorney general's ruling published.
		An individual says in 1996. The law is from 1973.
	McNeely	Some counties go by what Building Codes say; some do not. Biggest setback is that people at the state level operate using these rules and regulations on a daily basis. Some counties may only see one RV park a year.
223	McLean	The real point is what the State Building Codes want is what they thought they had and did have effectively for 17 years. Now that is not the case.
228	Bob Blewett	Salem RV Sales, testifies in support of SB 849 from the perspective of a recreational vehicle retailer. County rules are more restrictive.
266	Chair Lokan	Closes the public hearing on SB 849; opens work session on SB 849
<u>SB 849 - WORK SESSION</u>		
271		

	Rep. Lehman	MOTION: Moves SB 849A to the floor with a DO PASS recommendation.
		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Brian, Devlin
	Chair Lokan	The motion CARRIES. REP. LEHMAN will lead discussion on the floor.
295		Closes work session on SB 849. Opens public hearing on SB 512.
<u>SB 512A - PUBLIC HEARING</u>		
303	Brad Harper	Committee Administrator, reviews provisions of SB 512.
334	Bob Joondeph	Executive Director, Oregon Advocacy Center, submits and presents testimony [EXHIBIT E] in support of SB 512.
350	Chair Lokan	At the time this went before the senate committee, was there only section 1.
	Joondeph	Yes; it was stuffed. Comments on Section 1 of the bill.
422	Chair Lokan	Asks where they are located.
	Joondeph	In Portland; mandate is to service all of Oregon.
TAPE 49, A		
001	Chair Lokan	Asks how they accomplish their outreach around the state.
	Joondeph	Advertise a toll-free number; have two full-time, bilingual advice and referral workers; publish a quarterly newsletter; and have a separate program that used to be the Mental Health Association of Oregon.
014	Rep. Deckert	From where is your funding derived?
015	Joondeph	Federal categorical grants.
023	Chair Lokan	Any comments from the Oregon Law Foundation or the Judicial Department?
025	Joondeph	Has not heard opposition; is not a high profile item.
035	Kevin Mannix	Attorney, and former state representative, Salem, supports the first section of the bill. * whether provisions of the bill would apply to pending cases

		<p>* any amendment to the bill which would make it apply to pending cases would cause the law to be out of compliance with federal law</p> <p>* legislation enacted in October 1989 relating to independent contractors</p> <p>letter from the Revenue Department [EXHIBIT F].</p>
085		<p>* what does an agency do when one of its of sister agencies has already evaluated a relationship and made a written determination</p> <p>* introduction of the SB 512-A6 amendments [EXHIBIT G]</p>
130	Nancy Kaib	Is embarrassed to come before the committee because there is already legislative intent and case law in place. Her business is a brokerage business, which supplies temporary pharmacists to pharmacies. Testifies in support of SB 512A.
152	Rep. Johnson	Tell us what you do.
	Kaib	Independent contracting pharmacists come to her and they contract with her to find them work.
	Rep. Johnson	Who pays the employee?
	Kaib	The client pays her; it is a direct cash flow.
	Rep. Johnson	Do you pay workers' compensation?
	Kaib	They are independent contractors. No.
	Rep. Johnson	Who pays the workers' compensation?
	Kaib	They have their own businesses, so there is no workers' compensation.
	Rep. Johnson	Do they work for anyone else.
	Kaib	Some do; some don't. Explains.
	Johnson	Do you provide for Payless and do they pay workers' compensation
	Kaib	Yes; and no they do not pay.
185	Mannix	Explains what happens if it is determined the person is an independent contractor relationship for workers' compensation purposes.
	Rep. Johnson	Workers' compensation is paid by Payless for pharmacists who work for them. You provide a pharmacist and conclude they are self-employed.
	Kaib	Disagrees with Rep. Johnson's comments. Says she is following the law exactly as written. The pharmacists are not upset about the situation. They like the freedom; she does not control them.

214	Mannix	Issue is not whether they are employees or independent contractors. The issue is that the Oregon Department of Revenue issued a ruling , and now the Employment Department says they are not bound by that ruling.
225	Rep. Lehman	How does the client pay you and how do you pay the pharmacist?
	Kaib	I contract with them day by day, shift by shift. Professionals are paid hourly.
235	Rep. Lehman	Clarifies his understanding of how Kaib pays the pharmacists.
	Kaib	She pays what is agreed in the contract.
	Rep. Lehman	Do you sometimes split the shift for which you have contracted.
	Kaib	I do not set the hours; I fit them for what they want. I don't tell them what to do; they are totally in control of that.
252	Rep. Lehman	Do you let a pharmacist know when you have a shift available.
	Kaib	On the basis of what they have told me they want to do.
	Rep. Lehman	Asks Mannix if the Department of Revenue in making this determination in terms of contractor-employee, are they applying the same standards for the same purpose as the Employment Division or some other state agency making that determination.
264	Mannix	Purpose of various chapters differ. Statutes are identical for those chapters. Per the statutes, the rules must be the same under ORS 670.605. Purposes for defining regulation differ from chapter to chapter. Summarizes the main purpose for the SB 512-A6 amendments.
292	Rep. Harper	How many cases are floating loose out there.
	Mannix	From a half dozen to a dozen.
298	Chair Lokan	Closes public hearing on SB 512. Opens public hearing on HB 3562.
<u>HB 3562 - PUBLIC HEARING</u>		
307	Chair Lokan	Jim Douglas and Russell Pierce are from Arizona Motor Vehicles Division to discuss their privatization program.
327	Rep. Lehman	Asks in what capacity they are here; who brought them.
331	Russell Pierce	Director, Motor Vehicles Division, State of Arizona. They were invited by one of our senators. Expenses were paid by private industry.
343	Chair Lokan	She met Mr. Pierce at a symposium attended by the manager of Oregon's DMV.

350	Pierce	Testifies on competitive government--to ensure the successful delivery of government policy.
400	Pierce	Continues testimony.
TAPE 48, B		
001	Pierce	Continues testimony.
024	Jim Douglas	Deputy Director, Motor Vehicles Division, Arizona, testifies on their third party efforts. They began about five years ago enacting legislation to expand third party activities. Oregon uses third party testing in Oregon for commercial driver licenses.
074	Douglas	Continues testimony. Alberta has the most extensive privatization program in North America.
115	Chair Lokan	Asks for clarification of the number of titling and registration activities.
	Douglas	Thirteen titling and registration activities; 400 on a waiting list.
114	Rep. Deckert	What are the nature of the 400?
	Douglas	Explains the selection of the 13 pilots from various segments of business. The 400 are representative of the 13, with one exception. Comments how they were approached by an entity that had never been in the business before. They want to do titling and registration and driver licenses.
156	Rep. Deckert	Is the additional fee charged to the customer in addition to the regular price an individual would pay the motor vehicles division?
	Douglas	The state gets a hundred percent of their fee; the third party adds a fee--a convenience fee to perform the service.
164	Rep. Deckert	How much is the fee they charge?
	Douglas	We do not set the fee; each third party decides what value it's going to add to our service. No fee with the first parties. Comments on their agreement with the IBM Corporation.
201	Pierce	The reason it is so important in terms of not setting a fee is because it is true competition.
225	Rep. Deckert	How accessible is it for someone to get to the MVD if they didn't want to pay a fee?
230	Pierce	There are 75 MVD field offices. Arizona grows at nine percent a year transaction growth. Saving the state big bucks in providing alternatives. Have not taken away opportunities for the public to use the MVD facilities. We have allowed customers additional opportunities
249	Rep. Deckert	Saving come from not having to increase your FTEs and being able to trim back as the private sector picks up.
	Pierce	Concurs with Rep. Deckert's comments. We recognize there are limited resources. Take the public trust seriously.
284		

	Chair Lokan	Besides the driver license renewal, what other programs have you eliminated or cut to reduce your work load by 30 percent?
289	Pierce	Extended driver license is a big one. Other activities are reapplying for a suspended license and modified registration programs. Comments on permanent fleet registration.
384	Rep. Harper	Why do you not allow the third parties to take some of the fees
	Pierce	Revenue loss is not the main issue.
	Rep. Harper	If you allowed some reduction at the third party level, competition might make the fees decrease to the individual consumer.
401	Douglas	Does not know why it would introduce greater competition. We have far more trying to get into the business than we can handle. Two more forms of savings. There is a million dollars a year in uncollected checks. Will not accept individuals' checks from third parties. Receive one check per day for transactions process from the third party. The loss is theirs if they receive a bad check.
TAPE 49, B		
011	Douglas	Continues testimony. Arizona has a pilot program for accepting credit cards.
039	Chair Lokan	Your work load goes down; but not your employee count. Why?
041	Pierce	Matter of efficiency. Significant reductions are coming to past now.
074	Chair	In the senate hearings, you mentioned a \$44 million savings.
	Pierce	Not a savings, but additional revenue. Comments on the effects of the extended driver license program.
114	Chair Lokan	If I went to one of your third party vendors, I pay 100 percent of the state fee and then vendor charges a fee. The vendor sends their fee to the state and keeps the rest.
	Pierce	The chair's statement is accurate.
130	Rep. Deckert	Give a picture of the private entity's fees charged and services provided.
	Douglas	Their fees are none of our business. From hearsay, the dealer association charges \$7 per title and registration transaction. Most expensive is the motor transport association. Title service company fees are different. Many dealers do not charge a fee, because they were already charging a document fee.
197	Chair Lokan	How did you get started; how long did it take?
208	Pierce	Started several years ago. Reengineering process looking at suggestions. Enabling legislation. Work load reduction, better customer service--compelling reasons. Must come in ten percent lower than what government can do it for.
254	Chair Lokan	Over a period of some years.

	Pierce	Four years ago.
	Douglas	Comments on their formation of the Third Party Program within the Motor Vehicles Division.
323	Chair Lokan	Who are the Third Party Program.
	Pierce	Within our division; they are our employees; it is our program.
333	Rep. Deckert	Asks if Pierce and Douglas are meeting with Oregon DMV.
	Pierce	We have spoken with the director. Spent time her at the symposium in Kansas City.
343	Chair Lokan	Closes public hearing on HB 3572. Declares the meeting adjourned at 3:57 p.m.

Submitted by, Reviewed by,

Valerie H. Luhr Brad Harper

Administrative Support Specialist Administrator

EXHIBIT SUMMARY

A - SB 849, written testimony, Larry Campbell, 2 pp.

B - SB 849, written testimony, Joe Brewer, 1 p.

C - SB 849 - written testimony, Jim McLean, 1 p.

D - SB 849 - written testimony, Jim McLean, 2 pp.

E - SB 849, written testimony, Bob Joondeph

F - SB 512, written information, Kevin Mannix, 1 p.

G - SB 512, proposed -A6 amendments, Kevin Mannix, 2 pp.

Rep. Jane Lokan, Chair

Rep. Richard Devlin, Vice-Chair

Rep. Ryan Deckert

Rep. Steve Harper

Rep. Eldon Johnson

Rep. Mike Lehman

MEMBER EXCUSED:

Rep. Tom Brian

STAFF PRESENT:

Judy Edstrom, Administrator

Valerie Luhr, Administrative Support

MEASURE/ISSUES HEARD:

HB 3577 Work Session

HB 3705 Public Hearing and Work Session

HB 3562 Public Hearing

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 46, A		
005	Chair Lokan	Calls the meeting to order at 1:55 p.m. Discusses materials in front of members. Opens the work session on HB 3577.
<u>HB 3577 - WORK SESSION</u>		
	Chair Lokan	Comments on HB 3577 and the -2 amendments [EXHIBIT A]
018	Judy Edstrom	Committee Administrator, there was a similar bill that passed both houses last session, and vetoed by the Governor because of changes in the funding method. Funding references have been divorced from this bill.
	Chair Lokan	We have a funding reference, but it has a different approach. Begins discussion of the HB 3577-2 amendments.
079	Rep. Harper	This is everything with the exception of the language to be added.
	Chair Lokan	Yes. Says the Joint Legislative Audit Committee will be strengthened. Acknowledges the assistance of Rep. Repine, Rep. Shetterly, John Lattimer, and Mike Greenfield.
091	Rep. Harper	Is ready to move the -2 amendments.
094	Vice-Chair Devlin	Wants to make sure there is no one in the audience who wants to speak to the amendments.
090	Rep. Lane Shetterly	State Representative, House District 34, suggests the committee conceptually adopt the language to be inserted in Section 2.

112	Chair Lokan	Asks for input from Rep. Repine.
115	Rep. Bob Repine	State Representative, House District 49, explains why the language to be inserted are appropriate. Comments on the role of the Joint Legislative Audit Committee. Says this bill is a great tool.
142	Chair Lokan	Is there a chance the audit committee will operate during session.
	Rep. Repine	Full Ways and Means operates during regular session.
152	Chair Lokan	Closes public hearing on HB 3577; opens work session on HB 3577.
156	Rep. Deckert	Makes a motion to adopt the HB 3577-2 amendments.
158	Vice-Chair Devlin	Does the motion include the conceptual amendments.
	Chair Lokan	Yes. Asks Rep. Deckert to restate his motion.
162	Rep. Deckert	MOTION: Moves to ADOPT HB 3577-2 amendments dated 04/28/97 with the conceptual amendments stated by the chair.
		VOTE: 6-0 EXCUSED: 1 - Brian
	Chair Lokan	Hearing no objection, declares the motion CARRIED.
166	Rep. Deckert	MOTION: Moves HB 3577 to the floor with a DO PASS AS AMENDED recommendation.
170		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Brian, Lehman
	Chair Lokan	The motion CARRIES. REP. LANE SHETTERLY will lead discussion on the floor.
178		Closes work session on HB 3577. Opens work session on HB 3705.
<u>HB 3705 - PUBLIC HEARING</u>		
185	Judy Edstrom	The HB 3705-5 amendments were refined and the committee is presented with the HB 3705-6 amendments[EXHIBIT B].

207	Rep. Deckert	The committee should have the -5 and the -6 amendments before them today for consideration. The -4 amendments were heard previously. Begins review of the HB 3705-6 amendments.
230	Chair Lokan	Asks where is the specific reference that speaks to the change in distribution of funds when vehicles are sold.
235	Rep. Deckert	Section 5, subsection 1, page 2 of the -6 amendments. Rep. Repine with the Ways and Means Committee had the -6 amendments drafted.
255	Rep. Harper	Do the -6 amendments incorporate all the amendments.
	Rep. Deckert	Yes.
265	Chair Lokan	Asks if there is anyone who wishes to testify to the amendments. Closes the public hearing on HB 3705; opens work session on HB 3705.
<u>HB 3705 - WORK SESSION</u>		
278	Rep. Harper	MOTION: Moves to ADOPT HB 3705-6 amendments dated 04/25/97.
		VOTE: 6-0 EXCUSED: 1 - Brian
	Chair Lokan	Hearing no objection, declares the motion CARRIED.
	Chair Lokan	Trusts the -6 amendments include all the amendments. Considers calling legislative counsel to confirm.
	Rep. Deckert	Is confident the -6 amendments incorporate all the previous amendments.
303	Rep. Johnson	It is easier to work with a hand-engrossed bill
318	Vice-Chair Devlin	Says he worked with Rep. Deckert and his staff. The language in the -6 amendments are not as clear he would like, but it appears most of his concerns have been addressed * about a person driving his or her own vehicle that exceeds the mileage level in the formula * vehicles judged by aggregate usage * agencies will be allowed to retain vehicles that they use at or above the formula. Rep. Deckert and the Ways and Means Committee have done a good job.

335	Chair Lokan	Agrees with Rep. Devlin. It appears to me the -6 are complete.
345	Rep. Harper	MOTION: Moves HB 3705 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 6-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 1 - Brian
	Chair	The motion CARRIES. REP. DECKERT will lead discussion on the floor.
360	Chair Lokan	Explains the need to redo the motion to send the HB 3705 to Ways and Means. Discussion on procedure.
393	Rep. Lokan	MOTION: Moves to SUSPEND the rules for the purpose of to allow reconsideration of the motion of HB 3705 as amended.
396	Rep. Lehman	MOTION: Moves to RECONSIDER HB 3705 as amended.
400		VOTE: 6-0 EXCUSED: 1 - Brian
	Chair	Hearing no objection, declares the motion CARRIED.
408	Rep. Lehman	MOTION: Moves HB 3705 to the Ways and Means Committee with a DO PASS AS AMENDED recommendation.
		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Brian, Johnson
	Chair Lokan	The motion CARRIES. REP. DECKERT will lead discussion on the floor.
		Closes work session on HB 3705. Opens public hearing on HB 3562.
<u>HB 3562 - PUBLIC HEARING</u>		
440	Chair Lokan	There is no one to testify on HB 3562. Closes the public hearing on HB 3562.
009	Chair Lokan	

		Comments on the letter from Lydia Taylor, Department of Environmental Quality (DEQ), explaining DEQ's actions concerning an incident at one of their vehicle inspection sites.
027	Chair	Declares the meeting adjourned at 2:24 p.m.
		Letter from Grattan Kerans [EXHIBIT C] in response to questions by the committee, becomes part of the record.

Submitted by, Reviewed by,

Valerie H. Luhr Brad Harper

Administrative Support Specialist Administrator

EXHIBIT SUMMARY

A - HB 3577, proposed amendments and explanation, Rep. Lokan, 6 pp.

B - HB 3705, proposed amendments and explanation, Rep. Deckert, 11 pp.

C - HB 3705, written information, Staff, 1 p.