

**HOUSE COMMITTEE ON COMMERCE**

**April 17, 1997 Hearing Room 357**

**8:00 A.M. Tapes 19 - 20**

**MEMBERS PRESENT:**

**Rep. Eldon Johnson, Chair**

**Rep. Cynthia Wooten, Vice-Chair**

**Rep. Ron Adams**

**Rep. Roger Beyer**

**Rep. Richard Devlin**

**Rep. Jim Hill**

**Rep. Bob Montgomery**

**Rep. Jackie Taylor**

**Rep. Tom Whelan**

**MEMBER EXCUSED:**

**STAFF PRESENT:**

**Keith Putman, Administrator**

**Timaree Whitty, Administrative Support**

**MEASURE/ISSUES HEARD:**

**HB 2785 Work Session**

**HB 2858 Work Session**

**SB 99 Work Session**

**HB 3228 Work Session**

**SB 128 Work Session**

**SB 151 Work Session**

**SB 503 Work Session**

**HB 2143 Work Session**

**HB 2901 Work Session**

**SB 122 Work Session**

**SB 212 Work Session**

**SB 213 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.**

<b>Tape/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>TAPE 19, A</b>		
<b>003</b>	<b>Chair Johnson</b>	<b>Opens meeting at 8:03 a.m. Opens work session on HB 2785.</b>
<b><u>HB 2785 WORK SESSION</u></b>		
<b>025</b>	<b>Keith Putman</b>	<b>Committee Administrator comments he has not received the fiscal and revenue impact statements on the amended version yet, but is confident there is no change in the impact; however, if there is he will advise the chair if the committee passes the bill out today.</b>
<b>030</b>	<b>Rep. Devlin</b>	<b>Reviews provisions of the bill.</b>
<b>041</b>	<b>Rep. DEVLIN:</b>	<b>MOTION: Moves HB 2785 be sent to the floor with a BE ADOPTED AS AMENDED recommendation.</b>
		<b>VOTE: 7-0</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>  <b>EXCUSED: 2 - Hill, Wooten</b>
	<b>Chair Johnson</b>	<b>The motion CARRIES.</b>  <b>REP. DEVLIN will lead discussion on the floor.</b>
<b>055</b>	<b>Chair Johnson</b>	<b>Closes work session on HB 2785. Opens work session on HB 2858.</b>
<b><u>HB 2858 WORK SESSION</u></b>		
<b>059</b>	<b>Rep. Taylor</b>	<b>Reviews provisions of the bill.</b>
<b>070</b>	<b>Rep. Beyer</b>	

		<b>MOTION: Moves HB 2858 to the floor with a DO PASS AS AMENDED recommendation.</b>
		<b>VOTE: 7-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b> <b>EXCUSED: 2 - Hill, Wooten</b>
	<b>Chair Johnson</b>	<b>The motion CARRIES.</b> <b>REP. TAYLOR will lead discussion on the floor.</b>
<b>079</b>	<b>Chair Johnson</b>	<b>Closes work session on HB 2858. Opens work session on SB 99A.</b>
<b><u>SB 99A</u></b> <b><u>WORK</u></b> <b><u>SESSION</u></b>		
<b>081</b>	<b>Rep. Taylor</b>	<b>Reviews provisions of the bill.</b>
<b>111</b>	<b>Rep. Whelan</b>	<b>Asks if the committee received explanation of what servicing existing policies involves.</b>
<b>116</b>	<b>Rep. Taylor</b>	<b>Responds she assumes that in the case of life insurance policies the beneficiaries would give notice of the death and the insurance agent would perform as if in active practice.</b>
<b>119</b>	<b>Rep. Whelan</b>	<b>Comments he is curious what would happen in an ongoing servicing of a life insurance account.</b>
<b>122</b>	<b>Rep. Taylor</b>	<b>Responds the service itself wasn't discussed in detail in committee.</b>
<b>126</b>	<b>Rep. Beyer</b>	<b>MOTION: Moves SB 99A to the floor with a DO PASS recommendation.</b>
		<b>VOTE: 7-0</b> <b>AYE: In a roll call vote, all members present vote Aye.</b> <b>EXCUSED: 2 - Hill, Wooten</b>
	<b>Chair Johnson</b>	<b>The motion CARRIES.</b> <b>REP. TAYLOR will lead discussion on the floor.</b>
<b>136</b>	<b>Chair Johnson</b>	<b>Closes work session on SB 99A. Opens work session on HB 3228.</b>
<b><u>HB 3228</u></b> <b><u>WORK</u></b> <b><u>SESSION</u></b>		
<b>141</b>	<b>Rep. Taylor</b>	<b>Reviews provisions of the bill.</b>
<b>181</b>	<b>Roger Hamilton</b>	<b>Chair, Public Utility Commission of Oregon gives testimony on HB 3228 (EXHIBIT A).</b>

270	Hamilton	Continues with testimony.
313	Chair Johnson	Recommends bill be reassigned to sub-committee on Telecommunication and Trade.
315	Chair Johnson	Closes work session on HB 3228. Opens work session on SB 128A.
<b><u>SB 128A</u></b> <b><u>WORK</u></b> <b><u>SESSION</u></b>		
344	Rep. Devlin	Reviews provisions of the bill.
363	Rep. Beyer	<b>MOTION: Moves SB 128A to the floor with a DO PASS recommendation.</b>
		<b>VOTE: 8-0</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>  <b>EXCUSED: 1 - Taylor</b>
	Chair Johnson	<b>The motion CARRIES.</b>  <b>REP. DEVLIN will lead discussion on the floor.</b>
372	Rep. Adams	Asks what is being studied and what the protection is.
381	Rep. Devlin	Responds we wanted to get a comprehensive view of the consumer protection issues in this area and that is the intent of the work group.
<b>TAPE 20,</b> <b>A</b>		
004	Rep. Adams	Asks what the price tag is on this.
005	Rep. Devlin	Responds it is \$2,500, which is largely the statutory requirement to provide travel expenses to committee members that are assigned.
017	Chair Johnson	Closes work session on SB 128A. Opens work session on SB 151.
<b><u>SB 151</u></b> <b><u>WORK</u></b> <b><u>SESSION</u></b>		
018	Rep. Beyer	Reviews provisions of the bill.
037	Rep. Beyer	<b>MOTION: Moves SB 151 to the floor with a DO PASS AS AMENDED recommendation.</b>
		<b>VOTE: 8-0</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>  <b>EXCUSED: 1 - Taylor</b>
		<b>The motion CARRIES.</b>

	Chair Johnson	REP. BEYER will lead discussion on the floor.
049	Chair Johnson	Closes work session on SB 151. Opens work session on SB 503.
<b><u>SB 503 WORK SESSION</u></b>		
053	Rep. Beyer	Reviews provisions of the bill.
062	Rep. Beyer	MOTION: Moves SB 503 to the floor with a DO PASS recommendation.
		VOTE: 8-0  AYE: In a roll call vote, all members present vote Aye.  EXCUSED: 1 - Taylor
	Chair Johnson	The motion CARRIES.  REP. BEYER will lead discussion on the floor.
064	Rep. Adams	Asks for a definition of an effluent pump.
066	Rep. Beyer	Responds he doesn't believe the bill contains a definition, but it is his understanding that it is used in a septic system when working septic products against gravity.
088	Chair Johnson	Closes work session on SB 503. Opens work session on HB 2143.
<b><u>HB 2143 WORK SESSION</u></b>		
090	Rep. Hill	Reviews provisions of the bill.
107	Rep. Beyer	Asks if the impact of Measure 47 was discussed in committee in regard to free trade zones.
110	Rep. Hill	Responds free trade zone designation was taken out of the bill because it had no meaning. The committee eliminated those sections of the bill.
116	Rep. Beyer	Asks if the impact of Measure 47 was discussed.
120	Rep. Hill	Responds he doesn't recall any specific testimony given in regard to the affect of Measure 47 because these are local communities and local decisions determining whether to establish these enterprise zones.
129	Julie Neburka	Committee Administrator. Comments the committee did hear from the area around Baker City requesting one of the amendments because they wanted expansion. Also, the bill doesn't add any new

		enterprise zones. That number is limited in statute, so it would be quite a lengthy process to add another one.
137	Chair Johnson	Comments for the record the -4 and -5 proposed amendments are in the bill and all other amendments are not included.
138	Rep. Beyer	Asks for more background information on this bill. Comments he sees from the staff measure summary there are currently 35 enterprise zones and the maximum is 37. Asks if we are limited to only two more enterprise zones statewide and what areas of the state are we proposing to open up to accommodate these remaining zones.
144	Rep. Hill	Responds nothing in this bill will affect where these new zones can be established; however, they are limited in statute. Comments Grants Pass is one city applying for the enterprise zone with particular interest in the hotel/motel designation change.
160	Neburka	Responds under current statute, the area of an enterprise zone can be no larger than twelve miles square within one continuous boundary. This bill would allow the enterprise zone to be an area that consists of no more than twelve miles but could cover separate areas that would not have to be attached. This would make it easier for businesses that otherwise qualify but are adjacent to the enterprise zone to take advantage of the property tax exemption that the zone allows.
177	Rep. Beyer	Comments he sees this as a "nightmare" for counties to administer and he is concerned about the affects of Measure 47 and 50.
187	Rep. Wooten	Comments she voted no on this bill because she is introducing a bill that readjusts the formula for property tax exemption completely. She is also opposed to approving a bill that reverses policy the legislature adopted in the previous session which adds hotel/motels to the eligible businesses for enterprise zone activity.
213	Rep. Adams	Comments he would like committee staff to rewrite this bill because he is having difficulty understanding exactly what this bill is trying to do. It is important to consider the fact that enterprise zones are totally under local government control, so if there is a Measure 47 concern local government has the authority over the zone. As he understands the bill it is requesting three things; can we have the noncontiguous zones for the right reasons and local control, can we include the lumber processor in Baker City that missed the application deadline; and can we put hotel/motels back in.
270	Chair Johnson	Asks the representative from the Economic Development Department to explain what he believes this bill does.
273	Art Fish	Enterprise Zone Coordinator, Oregon Economic Development Department responds the bill does allow in rural areas a greater distance between separate parts of the zone, a company missing the initial filing deadline to still receive the remainder of the exemption upon application, and new zones access to the local option of including hotel/motels.

308	Rep. Adams	Asks if it is true that it is still local government option to include hotel/motels in enterprise zone property tax exemption even though the jobs they provide are not what was envisioned for enterprise zones.
311	Fish	Responds affirmatively.
324	Rep. Whelan	Comments he does not agree with the position of the bill addressing the hotel/motel industry. This industry provides jobs that would create further subsidies for tax payers which is counterproductive.
343	Rep. Montgomery	Comments we should make the whole state of Oregon an enterprise zone.
352	Fish	Comments that currently we have the Lower Columbia maritime zone and a couple of others that stretch beyond the twelve mile limitation. A small, nonurban zone with only few businesses can be more efficient and share resources this way. Reminds committee that this is for nonurban zones only and for the more sparsely populated counties in the state.
375	Rep. Hill	<b>MOTION: Moves HB 2143 to the floor with a DO PASS AS AMENDED recommendation and BE REFERRED to the committee on Revenue.</b>
	Rep. Hill	<b>VOTE: 7-1</b> <b>AYE: 7 - Adams, Beyer, Devlin, Hill, Montgomery, Whelan, Johnson</b> <b>NAY: 1 - Wooten</b> <b>EXCUSED: 1 - Taylor</b>
	Chair Johnson	The motion <b>CARRIES</b> .
<b>TAPE 19, B</b>		
010	Chair Johnson	Closes work session on HB 2143. Opens work session on HB 2901.
<b><u>HB 2901</u></b> <b><u>WORK</u></b> <b><u>SESSION</u></b>		
017	Rep. Adams	Reviews provisions of the bill.
033	Rep. Montgomery	Asks for explanation of the revenue statement of a continuation of six positions, with 4.5 for 1997-99 and 6.0 for 1999-01. Asks if this is a continuation with an increase of 1.5.
035	Rep. Adams	Responds he doesn't know the answer.

038	Rick Willis	Executive Director, Public Utility Commission. Responds the reason it is 4.5 is because it is continuing the program for the remaining 18 months in the biennium. Without the bill, the program sunsets January 1, 1998.
047	Rep. Beyer	Asks why the committee didn't like the proposed amendment regarding the voucher system.
055	Rep. Adams	Responds the state owns the devices and is responsible for the repair of these devices. The voucher system would involve mailing these devices in to a company for repair, which would have a considerable turnaround time attached to it. Many people relying on these devices as their form of communication would suffer a hardship waiting for repairs and return of their device.
075	Willis	Comments their current loan program is providing an adequate service and is working well. They support continuing with the current status of this program.
080	Rep. Adams	Asks for clarification on who is the "other" that provides the funds for this program.
086	Willis	Responds the "other" is all subscribers through an addition to their phone bill; 2.1 million subscriber phone bills are currently paying thirteen cents per month per line to fund this program.
089	Rep. Adams	Asks if the program is mandated at the federal level.
090	Willis	Responds the relay part of the program is mandated by the Americans with Disabilities Act.
091	Rep. Hill	Comments these amendments would have saved an additional \$300,000 and then would have caused a world of problems. The committee looked at this and rejected it. The PUC has reduced the cost of the program by six million dollars through renegotiating the contract for the relay service with Sprint.
105	Rep. Beyer	Asks if the \$7.00 basic telephone service for low income includes handicapped individuals.
107	Willis	Responds this is for low income, handicapped or not, measured as 135% above poverty level. It has no relationship to any disability.
111	Rep. Beyer	Asks if this is federally mandated.
113	Willis	Responds no, but there are federally matched funds for this program.
116	Chair Johnson	Asks what the extent of the match is.
119	Willis	Responds it is a one for one match.
121	Rep. Hill	<b>MOTION: Moves HB 2901 to the floor with a DO PASS AS AMENDED recommendation.</b>
127	Chair Johnson	<b>VOTE: 8-1</b> <b>AYE: 8 - Adams, Devlin, Hill, Montgomery, Taylor, Whelan, Wooten, Johnson</b>



		NAY: 1 - Beyer
	Chair Johnson	The motion CARRIES. REP. ADAMS will lead discussion on the floor.
127	Chair Johnson	Closes work session on HB 2901. Opens work session on SB 122A.
<b><u>SB 122A</u></b> <b><u>WORK</u></b> <b><u>SESSION</u></b>		
134	Rep. Adams	Reviews provisions of the bill.
150	Rep. Devlin	MOTION: Moves SB 122A to the floor with a DO PASS recommendation.
		VOTE: 9-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Johnson	The motion CARRIES. REP. ADAMS will lead discussion on the floor.
163	Chair Johnson	Closes work session on SB 122. Opens work session on SB 212.
<b><u>SB 212</u></b> <b><u>WORK</u></b> <b><u>SESSION</u></b>		
165	Rep. Wooten	Reviews provisions of the bill.
192	Rep. Hill	MOTION: Moves SB 212 to the floor with a DO PASS recommendation.
		VOTE: 9-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Johnson	The motion CARRIES. REP. WOOTEN will lead discussion on the floor.
195	Rep. Adams	Comments the subcommittee was informed by the Economic Development Department that there was no need for any additional money to fund these increases.
205	Chair Johnson	Closes work session on SB 212. Opens work session on SB 213A.

<b><u>SB 213A</u></b>		
<b><u>WORK</u></b>		
<b><u>SESSION</u></b>		
209	Rep. Wooten	Reviews provisions of the bill.
243	Rep. Montgomery	Asks if the banks won't make these loans, so the state has to.
245	Rep. Wooten	Responds the state is not making these loans. The credit enhancement fund is not a direct loan program, but a reserve pool available to the banks in the event that some additional safeguard on default is needed. Comments there has never been a default on this program and it is very successful.
264	Mark Huston	Manager, Business Finance Division, Oregon Economic Development Department responds the credit enhancement fund is a guarantee program; however, it doesn't provide 100 percent guarantee. It provides a partial guarantee anywhere from 25 percent to 90 percent loans. The bank is responsible for a portion of the loan and they purchase the guarantee from the department and the business seeking the loan pays the fee.
287	Rep. Hill	Comments the subcommittee did receive testimony from Frank Brawner of the Oregon Bankers Association in support of this bill.
297	Rep. Beyer	Asks if these loans would cease if this program was not available.
300	Huston	Responds there is a substantial fee associated with this program. These loans are self-regulating and would not be made otherwise.
323	Rep. Hill	<b>MOTION: Moves SB 213A to the floor with a DO PASS recommendation.</b>
		<b>VOTE: 9-0</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>
	Chair Johnson	<b>The motion CARRIES.</b>  <b>REP. WOOTEN will lead discussion on the floor.</b>
344	Chair Johnson	Adjourns meeting at 9:20 a.m.

Submitted By, Reviewed By,

Timaree Whitty, Keith Putman,

Administrative Support Administrator