

HOUSE COMMITTEE ON COMMERCE

May 27, 1997 Hearing Room 357

8:15 A.M. Tapes 48 - 53

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

STAFF PRESENT:

Keith Putman, Administrator

Julie Neburka, Administrator

Timaree Whitty, Administrative Support

Coben Tistadt, Administrative Support

MEASURE/ISSUES HEARD:

HB 2002 - Work Session

SB 368 - Public Hearing and Work Session

SB 369 - Public Hearing and Work Session

SB 371 - Public Hearing and Work Session

SB 527 - Public Hearing and Work Session

HB 3102 - Public Hearing and Work Session

SB 75A - Public Hearing and Work Session

SB 125A - Public Hearing and Work Session

HB 2149 - Public Hearing

SB 677 - Public Hearing and Work Session

SB 1106 - Public Hearing

SB 721A - Public Hearing and Work Session

HB 3500 - 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 48, A		
008	Chair Johnson	Opens meeting at 8:21 AM. Opens public hearing on SB's 368, 369, and 371.
<u>SB's 368, 369, 371 - PUBLIC HEARING</u>		
020	Sen. Cliff Trow	State Senator, Senate District #18. States that the bill deals with the rights of mobile home tenants. States that initial controversy surrounding the bill has been worked out. States that SB 368 will restrict landlords from preventing tenants from using common facilities, SB 369 will do away with monthly pet fees, and SB 371 will encourage landlords to provide a statement of policy as well as the telephone numbers of tenant associations. Mentions SB 527.
069	Chair Johnson	Expresses appreciation for the efforts of the coalition. Opens work session on HB 2002.
<u>HB 2002 - WORK SESSION</u>		
083	Mike Dewey	Oregon Cable Telecommunications Association. States that the one "translator district" in the state has had difficulty receiving payment from individuals outside of the district who receive their signals. States that the bill provides a mechanism for collecting those payments. Mentions that the -2 amendments provide an "automatic decoder" which will shut down a signal if there is deviation from a frequency. Mentions the bill's prohibition on the reception of satellite signals.

119	Rep. Montgomery	Asks if "Grizzly Mountain" is no longer a translator district.
121	Dewey	Answers that there are a number of translators but only one district.
127	Rep. Montgomery	Asks if the individuals will have to pay the property tax even when they don't receive a signal.
132	Dewey	Answers that those using the service outside the district haven't been paying for the service.
138	Rep. Montgomery	Asks if charges will be assessed on a voluntary basis to those outside the district.
140	Dewey	Answers yes.
151	Rep. Beyer	MOTION: Moves to ADOPT HB 2002-2 amendments dated 5/20/97.
153		VOTE: 9-0
	Chair	Hearing no objection, declares the motion CARRIED.
155	Rep. Beyer	MOTION: Moves HB 2002 to the floor with a DO PASS AS AMENDED recommendation.
156	Rep. Adams	Asks if there is a anyone in the audience from the Blue Mountain translator district.
160	Dewey	States that he is testifying on their behalf.
164	Rep. Adams	Asks for clarification of the district.
168	Dewey	Answers that, within the district, everyone capable of receiving the signal is sent a bill. States that those who don't use the signal, those who don't receive the signal clearly, and those who receive their television from another source, don't pay the bill. Adds that delinquent payments will be added to the property tax rolls.
196	Rep. Adams	Asks if cable companies are also picking up the signals, retransmitting them, and not paying.
202	Dewey	Answers yes.
203	Rep. Adams	Asks if those companies will have to pay under the bill.
205	Dewey	Answers no.
207	Rep. Adams	Asks if someone says they don't use the signal if they will have to pay.
210	Dewey	Answers that they will not.
215		VOTE: 9-0 AYE: In a roll call vote, all members present vote Aye.

	Chair	The motion CARRIES. REP. ADAMS will lead discussion on the floor.
214	Chair Johnson	Opens work session on SB's 368, 369, and 371.
<u>SB's 368, 369, 371 - PUBLIC HEARING</u>		
251	Patricia Schwoch	Manufactured Home Owners of Oregon, Inc. Submits written testimony (EXHIBIT A).States that SB 369 will replace "pet rent" with a fine for violating pet rules. Notes that the interested parties' unanimity is rare.
283	Rep. Adams	Asks who sets pet restrictions.
287	Schwoch	Answers that the rules are set beforehand.
291	Frank Burleson	Residents Coalition Submits newspaper article (EXHIBIT B). Cites a high degree of cooperation on the bills amongst the interested parties. Mentions that SB 371 contains a disclosure requirement on parks with older homes.
326	Linda Sample Lindholm	Executive Director for Manufactured Housing Communities of Oregon. Submits written testimony (EXHIBIT C, D, and E).
338	Rep. Wooten	Opens work session on SB 368.
<u>SB 368 - WORK SESSION</u>		
350	Rep. Hill	MOTION: Moves SB 368 to the floor with a DO PASS recommendation.
355		VOTE: 8-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 1 - Johnson
	Chair	The motion CARRIES. Rep. WOOTEN will lead discussion on the floor.
360	Vice-Chair Wooten	Opens work session on SB 371.
<u>SB 371 - WORK SESSION</u>		
362	Rep. Hill	MOTION: Moves SB 371 to the floor with a DO PASS recommendation.
365		VOTE: 9-0

		AYE: In a roll call vote, all members present vote Aye.
	Chair	The motion CARRIES. REP. WOOTEN will lead discussion on the floor.
386	Chair Johnson	Opens work session on SB 369.
<u>SB 369 - WORK SESSION</u>		
387	Rep. Hill	MOTION: Moves SB 369 to the floor with a DO PASS recommendation.
390	Rep. Adams	Asks who came up with the \$50 fine.
393	Schwoch	Answers that it was a mutual decision
400	Lindholm	Adds that there are generally warnings before fines are imposed.
410	Rep. Hill	Asks if the bill would override city ordinances.
420	Schwoch	Answers no.
430		VOTE: 9-0 AYE: In a roll call vote, all members present vote Aye.
	Chair	The motion CARRIES. REP. WOOTEN will lead discussion on the floor.
TAPE 49, A		
010	Chair Johnson	Thanks the witnesses. Opens public hearing on SB 527.
<u>SB 527 - PUBLIC HEARING</u>		
016	John Powell	State Farm Insurance and Northwest Pacific Insurance. Mentions work with Sen. Trow, noting agreement. States that the bill protects those needing low-powered motorized vehicles for mobility.
033	Rep. Whelan	Asks if the vehicle-owners PIP didn't cover.
034	Powell	Answers that motorized vehicles were excluded from the definition of pedestrian.
043	Rep. Adams	Asks who wrote the original definition of pedestrian.
047	Powell	Answers lawyers.
050	Vice-Chair Wooten	Opens work session on SB 527.

<u>SB 527 - WORK SESSION</u>		
054	Rep. Adams	MOTION: Moves SB 527A to the floor with a DO PASS recommendation.
060		VOTE: 9-0 AYE: In a roll call vote, all members present vote Aye.
	Chair	The motion CARRIES. REP. WHELAN will lead discussion on the floor.
066	Chair Johnson	Opens public hearing on HB 3102.
<u>HB 3102 - PUBLIC HEARING</u>		
077	Lynn Partin	Legislative Policy Analyst for the Housing and Community Services Department. Mentions the -2 amendments (EXHIBIT F). States that the bill attempts to remove impediments to the purchase of mobile home parks by tenant associations. States that there have been no parks purchased by such associations. Expresses hope that the bill will effectuate these purchases.
118	Sample Lindholm	Executive Director of Manufactured Home Communities. Supports the bill. States that tenants should be capable of purchasing parks.
126	Frank Burleson	Residents Association. Supports the bill, noting that there hasn't been a feasible mechanism for purchasing parks.
141	Rep. Taylor	Asks how the bill deals with tenant associations not receiving non-profit status due to the requirement that non-profit organizations benefit people who aren't members of the organization.
147	Partin	Answers that the bill establishes a third party who would perform property management representing the tenants.
156	Rep. Adams	Asks how many tenants must express interest in purchasing parks.
163	Partin	Answers that it isn't specified.
169	Chair Johnson	Opens work session on HB 3102.
<u>HB 3102 - WORK SESSION</u>		

175	Rep. Whelan	MOTION: Moves to ADOPT HB 3102-2 amendments dated 5/12/97.
177	Rep. Adams	Clarifies that the -2 amendments have become the entirety of the bill.
180	Partin	Further clarifies that the bill is the -1 amendments amended by the -2 amendments. States that the -1 amendments corrected an implicit requirement that unavailable tenants receive notification of sales.
184	Rep. Beyer	States that he hasn't seen the -1 amendments. Notes that an amendment can't amend an amendment
188	Partin	Demurs.
196		VOTE: 9-0
	Chair	Hearing no objection, declares the motion CARRIED.
199	Rep. Whelan	MOTION: Moves HB 3102 to the floor with a DO PASS AS AMENDED recommendation.
200		VOTE: 9-0 AYE: In a roll call vote, all members present vote Aye.
	Chair	The motion CARRIES. REP. WHELAN will lead discussion on the floor.
206	Chair Johnson	Announces that the -29 amendments for HB 2060 will be moved into a "gutted" HB 3500 and that that bill will be heard in H-170 in the afternoon.
221	Rep. Adams	Asks how long the meeting will run.
225	Chair Johnson	Answers that schedules can be accommodated. Opens public hearing on SB 75.
<u>SB 75A - PUBLIC HEARING</u>		
246	Elizabeth Buys	Administrator for the State Board of Clinical Social Workers. Submits letter written to Sen. Fisher (EXHIBIT G). States that the bill: <ul style="list-style-type: none"> * corrects an error in the board's law * more clearly defines "unprofessional conduct" and "impaired professional" * strengthens the board's disciplinary authority * provides confidentiality in the complaint process

267	Jeff Watkins	Representing the Oregon Chapter of the National Association of Social Workers. Supports the bill. States that the bill will help the board "weed out bad apples."
276	Chair Johnson	Asks if there are amendments.
278	Julie Neburka	Committee Administrator. Answers no.
281	Rep. Adams	Inquires as to the number of a similar bill heard in committee
288	Rep. Wooten	Responds SB 404.
289	Chair Johnson	Opens work session SB 75A.
<u>SB 75A - WORK SESSION</u>		
292	Rep. Montgomery	MOTION: Moves SB 75A to the floor with a DO PASS recommendation.
304		VOTE: 9-0 AYE: In a roll call vote, all members present vote Aye.
	Chair	The motion CARRIES. REP. TAYLOR will lead discussion on the floor.
306	Chair Johnson	Opens public hearing on SB 125.
<u>SB 125A - PUBLIC HEARING</u>		
326	Cecil Monroe	Administrator of the Division of Corporate Securities with the Department of Business and Consumer Services. Introduces the -A10 and the -A11 amendments (EXHIBITS H and I).
339	Ken Sherman Jr.	Oregon Bankers Association. States that the -A10 amendments amend ORS 709 clarifying the ability of a trust company to conduct transactions using electronic and digital signatures. Mentions another bill authorizing the use of digital signatures and a court case in Utah dealing with the ability of trust companies to use said signatures.
364	Rep. Hill	Cites work with Mr. Brawner on the -A10 amendments, stating that the amendments prevent the problems faced in Utah.
374	Rep. Adams	Asks about the status of HB 3046.
379	Rep. Hill	Answers that it is in the Senate.

381	Sherman	States that the -A11 amendments require disclosure of automatic teller fees. Notes that the US Congress may act in this area and, to avoid conflicts, the amendments have been written to be duly flexible.
TAPE 48, B		
003	Rep. Floyd Prozanski	State Representative, House District #40. Expresses satisfaction with the -A11 amendments, mentioning time constraints and potential conflicts.
013	Rep. Adams	Asks if the -A3 and the -A4 amendments can be disregarded.
017	Rep. Prozanski	Answers yes.
019	Rep. Devlin	Notes work with Mr. Brawner and the OBA's and the savings and loans institutions' support. States that he won't pursue "limitation" at this time.
032	Rep. Hill	Asks if there is a requirement to disclose charges imposed by one's own bank.
041	Rep. Prozanski	Answers that in his interpretation there is not.
054	Don Fordhis	Government Relations Officer for US Bankcorp. States that the technology doesn't exist to disclose the charges made by the customer's bank.
062	Rep. Devlin	Clarifies that the bill speaks only to surcharges.
066	Fordhis	States that the language of the bill is consistent with their intent.
069	Rep. Hill	Reiterates question for clarification.
071	Fordhis	Reiterates answer.
072	Frank Brawner	Oregon Bankers Association. States that the bill deals exclusively with access fees.
073	Rep. Hill	Mentions cash advancements on credit cards and their relation to ATM fees.
087	Rep. Adams	States that the -A3 amendments were very specific, noting that customers can be charged by two banks.
093	Rep. Prozanski	Answers that that is the current situation.
105	Rep. Adams	Asks if the technology capable of providing disclosure of surcharges is available.
113	Fordhis	Answers yes.
121	Rep. Prozanski	States that this "industry standard" already exists and that they are merely codifying existing standards. Mentions possible federal regulation in the area.
131	Rep. Hill	Asks if 90 days is sufficient to re-program.
139	Sherman	Answers yes.

142	Rep. Devlin	Adds that some banks haven't been disclosing this information.
154	Rep. Hill	Asks if the surcharge has to be stated separate from withdrawals.
158	Sherman	Answers yes.
166	Rep. Adams	Asks why banks need to charge fees when ATMs save them money.
190	Fordhis	Notes that the number of tellers hasn't declined with the advent of ATMs.
196	Sherman	Notes that there has been an increase in availability.
207	Fordhis	States that "branch use" hasn't declined. Mentions growing consumer demand for convenient access.
230	Rep. Adams	States that he has stopped using tellers.
245	Fordhis	Admits that that has been his experience as well.
251	Vice-Chair Wooten	Expresses profound displeasure with the -A11 amendments, noting that customers can still be charged twice.
268	Laura Culberson	Oregon State Public Interest Group. States that the amendments are necessary yet insufficient. Talks of the need for disclosure prior to the commencement of the transaction. Requests amendments to the -A11 amendments.
328	Rep. Adams	Asks how the fees are distributed.
333	Culberson	Answers that portions go to the ATM owner, the ATM network, and the customer's bank. Reports that banks made \$2 billion from original network access fee in 1995.
349	Rep. Adams	Questions the statement made that the technology isn't available to disclose the customer bank fee.
368	Fordhis	Responds, noting that ATMs don't know if there are sufficient funds in the user's account.
382	Rep. Adams	Asks if Mr. Fordhis agrees that the three entities cited by Ms. Culberson share the fee.
390	Fordhis	Answers yes.
400	Rep. Adams	Asks for the amount of the general fee.
410	Culberson	Answers 75 cents to \$1.25 access fee, adding that surcharge fees average \$1.50.
TAPE 49, B		
004	Chair Wooten	Asks how the amendments represent compromise or progress.
016	Brawner	Comments that all banks disclose. States that disclosure stickers are difficult to maintain. States that there is not a double charge. Notes that ATMs

		provide greater access. Mentions maintenance and investment costs.
050	Chair Wooten	Asks why it is progress to codify that which is already being done.
054	Brawner	Answers that it places the disclosure requirement in law.
059	Rep. Devlin	States that disclosure is much less than universal. Talks of a memo from Cecil Monroe stating that limitations would apply only to state banks. States that a limitation measure would require a lengthy debate on the floor and that he didn't feel he had reliable information.
079	Rep. Prozanski	Notes limitations due to the time in the session. Suggests getting as much legislation in this area as is realistic.
095	Chair Wooten	Requests to poll the members' opinions.
099	Rep. Montgomery	Suggests deciding the issue during the interim.
116	Rep. Adams	States that the -A11 amendments are sufficient. Expresses displeasure with the banks' "double speak." States that the banks aren't "losing their butt."
138	Rep. Hill	Abridges Rep. Adam's comment.
149	Vice- Chair Wooten	Opens work session on SB 125A.
<u>SB 125A - WORK SESSION</u>		
155	Rep. Adams	MOTION: Moves to ADOPT SB 125-11 amendments dated 5/27/97.
153	Rep. Devlin	States that he has worked on the issue for 5 months. Urges support for the amendment.
160		VOTE: 9-0
	Chair	Hearing no objection, declares the motion CARRIED.
163	Rep. Hill	MOTION: Moves to ADOPT SB 125A-10 amendments dated 5/27/97.
164	Rep. Hill	Declares a potential conflict of interest.
166	Rep. Montgomery	Asks if digital signatures will eliminate the "notary republic."
168	Rep. Hill	Answers no.
173		VOTE: 9-0
	Chair	Hearing no objection, declares the motion CARRIED.

175	Rep. Hill	MOTION: Moves to ADOPT SB 125A-8 amendments dated 5/13/97 (EXHIBIT J).
178		VOTE: 9-0
	Chair	Hearing no objection, declares the motion CARRIED.
180	Rep. Devlin	MOTION: Moves SB 125A to the floor with a DO PASS AS AMENDED recommendation.
185		VOTE: 7-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Beyer, Adams
	Chair	The motion CARRIES. REP. DEVLIN will lead discussion on the floor.
200	Chair Johnson	Opens public hearing on SB 1106.
<u>SB 1106 - PUBLIC HEARING</u>		
208	Ken Sherman Jr.	Legal Counsel for the Oregon Bankers Association. Submits and reads written testimony and section-by-section analysis (EXHIBIT K).
258	Sherman Jr.	Continues reading testimony.
308	Sherman Jr.	Continues.
314	Rep. Taylor	Asks how the bill accommodates the request that care be given prior to billing. Suggests that the multiple notices of liens anticipate future charges.
334	Sherman Jr.	Describes the "uniform commercial code." States that current law requires a "true statement of demand" be included in notices, noting that "continuing care" would require multiple notices.
364	Rep. Adams	Asks about the UCC's financing statement.
366	Sherman Jr.	Responds in detail.
416	Sherman Jr.	Continues reading testimony.
TAPE 50, A		
020	Rep. Adams	Asks how a care facility acquires a legal description of a distant property.
025	Sherman	Responds that the property is typically the residence of the individual.
030	Rep. Adams	Asks if disclosure of address is required.

033	Sherman	Believes that there is not a requirement but that it is regularly disclosed.
037	Margaret Carley	Oregon Health Care Association. Supports the bill. Mentions additional amendments proposed by the Office of the Ombudsman and the Oregon Law Center. States that the amendments ensure that the liens won't be filed before it is billed nor before contracted services are rendered. States that the bill requires the release of the lien 20 days after notification of eligibility for Medicaid.
060	Chuck Sheketoff	Attorney with the Oregon Law Center. Describes proposed amendments correcting errors in legislation from the previous session.
090	Chair Johnson	Comments that the committee will wait for Legislative Counsel to draft the amendments before the committee takes action.
094	Sheketoff	Continues describing amendments.
110	Putman	Asks if there is a confidentiality conflict with long-care facilities meeting the requirement by providing written material relating to Medicaid eligibility.
115	Sheketoff	Answers that the long-care facility has to provide a written summary of Medicaid eligibility to the client.
124	Carley	Clarifies that the material is simply general information and is nothing confidential.
132	Chair Johnson	Asks the witnesses to confer with staff on the drafting of the amendments.
136	Rep. Adams	Asks if all the interested parties are in agreement.
138	Sheketoff	Answers yes.
140	Rep. Montgomery	Asks why changes to the bill weren't made in the Senate.
141	Sheketoff	Answers that Meredith Cote who was handling the bill for the coalition was out of town on the day of the Senate committee meeting.
152	Chair Johnson	Opens public hearing on HB 2149.
<u>HB 2149 - PUBLIC HEARING</u>		
170	Patricia Schwoch	Secretary Treasurer of Manufactured Homeowners of Oregon. Submits the written testimony of Sample Lindholm (EXHIBIT L) Agrees that there is a need for a list of manufactured home parks in Oregon, mentioning the high demand for such information. Questions the counties' estimated costs of producing the list. Supports the bill and opposes the amendments.

237	Frank Burleson	The Coalition of Residents' Associations. Opposes the amendments removing mandate that the Ombudsman office provide an annual listing of mobile home parks and floating home arenas. Notes the usefulness of an annual list. States that there is a \$3 tax imposed on all mobile home residents to finance the Ombudsman office. Questions why software in place can't be used to tabulate the six or eight items in the directory.
295	Rep. Taylor	Recalls previous testimony stating that the \$3 tax went to the Ombudsman.
298	Burleson	Agrees.
307	Gil Riddell	Association of Oregon Counties. States that with Measure 50 the counties can no longer shoulder unfunded mandates. Mentions upcoming cuts, noting that the directory serves a narrow portion of the general population.
338	Rep. Taylor	Asks about the residents' associations remarks that if they weren't available to answer questions the burden would go to the counties.
340	Riddell	Responds they are prepared to accept that responsibility.
346	Rep. Devlin	Refers to page 2 of the bill. Suggests changing the content of the report to include "A" and "C" but not "B" nor "E" and omit telephone numbers, operators, and managers. Asks if the AOC would still oppose the bill.
367	Riddell	Answers that that would make the amount of required data more reasonable, but maintains that the AOC would expect compensation for any mandate.
380	Rep. Adams	Asks if the Ombudsman's could charge the state for their information.
387	Riddell	Responds that they haven't in the past. Notes that the bill mandates the information be provided free of charge.
404	Rep. Adams	Suggests that they could add "shall provide information to the mobile home parks for an appropriate fee." Opines that the Ombudsman has sufficient funds to produce the directory.
TAPE 51, A		
004	Riddell	States that with both Rep. Devlin's and Rep. Adam's suggestion the AOC could accept the bill.
007	Rep. Hill	Asks if the county assessors have this information.
009	Riddell	Answers that their information would be limited to what Rep. Devlin suggested. Notes that Measure 50

		will cut appraisal staff who would normally provide the information.
017	Rep. Hill	States that, to the best of his knowledge, the cuts are coming because of changes in the way they appraise property and not because of cuts in revenue.
020	Riddell	States that both factors play a role.
033	Rep. Hill	Asks for Rep. Devlin to repeat his suggestion.
038	Rep. Devlin	Responds.
043	Rep. Hill	Asks if the information is readily available today.
046	Riddell	Responds that the address of the owners is on the tax records, and that the name and address of the park and available spaces are on the appraisal inventory.
050	Chair Johnson	Suggests that staff work with Rep. Devlin to establish a \$20 fee to be paid by the Ombudsman office for the directory.
053	Riddell	Clarifies that the -2 amendments establish an appropriate fee which would vary from county to county.
060	Rep. Hill	Invokes the Public Records Statute procedure, questioning why the information can't be provided free of charge.
066	Rep. Montgomery	Asks if every manufactured home pays the \$3.00 fee.
074	David Sheelar	Oregon Mobile Home Park Ombudsman. Answers only those assessed as personal property.
083	Rep. Adams	Suggests setting a maximum and a minimum fee limit.
089	Chair Johnson	Opens public hearing on SB 677.
<u>SB 677 - PUBLIC HEARING AND WORK SESSION</u>		
099	John Powell	State Farm Insurance Company. States that the bill allows insurers to advertise in foreign languages without that language becoming subject to binding legal interpretation. States that such advertisements will note that insurance policies will be drafted in English and that, in the case of disputes, English will be used. Notes expanding mediums in foreign languages. Submits letter from the president of MANA, a national Latina Organization (EXHIBIT M).
135	Rep. Hill	Asks if there is sufficient language already in statute regulating use of foreign language in advertisements.

137	Powell	Answers yes.
154	Rep. Adams	MOTION: Moves SB 677 to the floor with a DO PASS recommendation.
155		VOTE: 8-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 1 - Wooten
	Chair	The motion CARRIES. REP. BEYER will lead discussion on the floor.
155	Chair Johnson	Opens public hearing on SB 721A.
<u>SB 721A - PUBLIC HEARING</u>		
165	Dave Nelson	Oregon Life Underwriters' Association. States that the bill was negotiated with DCBS and the Senate.
169	Joel Ario	Consumer Protection Manager for the Insurance Division. Supports the bill.
177	Rep. Adams	Asks if the bill dictates that insurance agents paid solely on commission need not obtain an insurance consultant license.
183	Nelson	Answers yes.
190	Rep. Adams	Asks if it possible for anyone to sell insurance.
192	Ario	Answers that there are two required licenses: an insurance agent license and an insurance consultant license. States that to sell insurance an individual has to have one or the other. States that the bill addresses the reality of business management consultants giving advice regarding insurance packages.
200	Chair Johnson	Asks Mr. Ario if he agrees with that testimony.
202	Ario	Answers yes.
226	Rep. Taylor	Asks if an account executive giving advice on retirement would need insurance licensing.
228	Nelson	Answers that account executives should already be licensed under current law.
238	Rep. Taylor	Asks what would happen if that account executive lived in another state.
241	Ario	Answers that the licensing requirement would still exist.
250		Opens work session on SB 721A.

	Chair Johnson	
<u>SB 721A - WORK SESSION</u>		
260	Rep. Devlin	MOTION: Moves SB 721A to the floor with a DO PASS recommendation.
262		VOTE: 8-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 1 - Wooten
	Chair	The motion CARRIES. REP. DEVLIN will lead discussion on the floor.
271	Chair Johnson	Calls a recess until 4:00 p.m.
PLEASE NOTE The remaining portions of Tape 50 (Side B) and Tape 51 (after the recess on side A at 271) were not used. After the recess, the meeting recording begins with Tape 52, A.		
TAPE 52, A		
016	Chair Johnson	Opens meeting at 4:04 p.m. Opens work session on HB 3500.
<u>HB 3500 - WORK SESSION</u>		
026	Rep. Montgomery	Asks why they are "gutting and stuffing" the bill.
028	Chair Johnson	Answers that HB 2060 doesn't have sufficient support.
032	Rep. Hill	Adds that the relating to clause of HB 3500 is somewhat broader than that of HB 2060.
038	Rep. Hill	MOTION: Moves to adopt the -29 amendments of HB 2060 dated 5/22/97 (EXHIBIT N) into HB 3500.
043	Rep. Adams	Asks what happens to HB 3500.
045	Chair Johnson	Answers that it is completely replaced by the -29 amendments.

046	Rep. Adams	Asks about the -2 amendments to HB 3500 (EXHIBIT O).
047	Chair Johnson	Answers that those a different set of amendments, relating to satellite issues.
054		VOTE: 5-3 AYE: 5 - Adams, Beyer, Hill, Montgomery, Johnson NAY: 3 - Devlin, Taylor, Wooten EXCUSED: 1 - Whelan
	Chair	The motion CARRIES.
070	Chair Johnson	States that they will start with an explanation of the amended bill and then move to testimony.
082	Rep. Adams	Explains that initially they attempted to include every utility in the bill, but the -29 amendments deal solely with energy and telecommunications providers. States that the amendments keep the cities' revenues intact, keep the franchise fee structure, allow for the move to energy deregulation, and create the first "small step" towards what will be a new reality by next session, namely, significant deregulation of both industries.
145	Rep. Devlin	Asks if the bill now includes both the HB 2060-29 amendments and the HB 3500-2 amendments.
152	Chair Johnson	Answers that the -2 amendments are not yet adopted, but that that is the intention.
158	Julie Neburka	Committee Administrator. Gives a section-by-section review of -29 amendments.
184	Rep. Adams	Identifies three areas relating to electricity deregulation: local distribution, transmission, and generation. Talks of unbundled elements and "layers of expense." Notes that the cities' billing structure will change.
210	Rep. Hill	Relates testimony received in the subcommittee to the effect that to establish a sufficient nexus it is necessary to tax the consumer as there are providers located out of state.
228	Neburka	Continues on section 2.
260	Rep. Devlin	Asks if it is the intention of the bill to include cable, electricity, and telephone services.
264	Chair Johnson	Answers yes.
270	Neburka	

		Mentions that the utilities are currently dealt with in different sections of statute. Continues on section 2, subsection 5.
320	Neburka	Continues on sections 3, 4, and 5.
370	Rep. Beyer	Asks about "double fees."
372	Neburka	Answers that the application of franchise fees to wireless providers could result in customers paying twice.
387	Rep. Adams	States that cable and energy companies will be moving into the telecommunications industry, and that they could pay franchise fees on both services despite only using "one set of wires."
TAPE 53, A		
002	Rep. Hill	States that wireless companies pay franchise fees through land-line connections and so imposing an additional general franchise fee on wireless service would result in a double fee.
010	Neburka	Continues on section 6.
050	Rep. Adams	States that some of the local governments are becoming creative in issuing fees due to Measure 50. States that they are creating application and contract statements with which it is difficult to comply.
064	Neburka	Continues on section 7.
074	Rep. Whelan	Asks if the bill sets a 5% limit on franchise fees.
075	Chair Johnson	States that the telecommunications' limit is 7%.
076	Neburka	Answers that telecommunications' limit is 7% and energy's is 5%.
077	Rep. Adams	States that those limits are in current statute.
079	Neburka	Continues on sections 8, 9, 10, and 11.
107	Rep. Adams	Mentions that after an alternative provider has been approved by the Public Utilities Commission there have been extensions made of the sixty-day period in which the company and the cities are to come to an agreement. States that the situation hurts open competition and that section 11 addresses that issue.
120	Rep. Hill	Mentions that negotiations have taken months. Notes 7% limit but that the cities also negotiate for "in kind services."
149	Rep. Whelan	Asks if the fact that local governments only meet occasionally was considered when deciding the sixty-day limit.
155	Rep. Hill	Responds that he believes sixty days is adequate.
159	Neburka	Continues on section 12.

170	Rep. Adams	Asks for a further explanation of section 3(a).
178	Neburka	Responds that the subsection reaffirms that the customer is the nexus for levying the tax.
188	Rep. Adams	Notes that it says "provider's cost" and not "customer's cost."
190	Neburka	Responds that its the customer's cost and the energy provider's use of the right of way.
194	Rep. Beyer	States that power deregulation and telecommunications deregulation are two separate issues. Questions whether the bill is needed.
214	Chair Johnson	Responds that initially the committee intended to take on the entire franchise fee issue. States that HB 3500 could provide separate treatment for the different industries. Notes that some companies provide services bridging the different industries necessitating that they look at the issue as a whole.
234	Rep. Hill	States that power deregulation is a misnomer and what they are dealing with is pilot projects. States that currently cities can only tax distribution and that they will lose money on the pilot projects unless the legislature acts in this area. States that current statute prevents the PUC from taxing alternative energy providers participating in the pilot projects. States that the bill will allow cities to impose this tax.
255	Chair Johnson	Adds that leadership requested that the cities be held "harmless" for the first year.
268	Rep. Beyer	Notes that power deregulation legislation is in jeopardy.
271	Rep. Wooten	States that HB 2821 allows cities to deal with franchise fee issues equitably.
277	Rep. Hill	States that pilot projects will occur regardless of the outcome of power deregulation legislation.
283	Rep. Devlin	Notes the cities' objection to the inclusion of cable television in the bill. Notes the concern about the sixty-day period allotted for negotiations. Questions whether new legislation would secure franchise fees as a "long-term funding source." Mentions concerns over what is allowed in federal law beyond franchise fees, citing requirements for public access and public communication networks. Mentions concern with regulation of cable television regarding programs.
326	Rep. Adams	States that telecommunications deregulation didn't work very well. Mentions that some have managed to by-pass local providers and thus avoid paying franchise fees. Mentions unfair competitive advantages that result. States that the "global intent"

		is to keep cities whole. States that if there aren't pilot projects than he doesn't see a problem.
399	Rep. Devlin	Asks about the sixty-day limit for negotiations with cable television.
408	Rep. Adams	States that cable television isn't in the -29 amendments.
410	Chair Johnson	Notes that cable might still be added to the bill.
420	Rep. Devlin	Asks if the amendments allow counties to impose right of way fees.
430	Rep. Adams	Answers no.
TAPE 52, B		
006	Rep. Wooten	Asks whether estimates of the effect of the -29 amendments on cities have been made by the Legislative Revenue.
010	Chair Johnson	Answers no.
011	Neburka	Adds that the bill has a subsequent referral to the Revenue Committee and that they intend to deal with the numbers there.
013	Rep. Wooten	Asks if the leadership doesn't care about keeping the cities whole after one year's time.
016	Chair Johnson	Believes that the leadership anticipated a short-term solution.
020	Rep. Wooten	Notes that the committee doesn't know if the cities will be whole without an estimate from Legislative Revenue.
025	Chair Johnson	Agrees.
030	Rep. Hill	States that the bill won't affect existing contracts and will keep the cities whole.
044	Jane Cummins	League of Oregon Cities. Submits written material (EXHIBIT P). States that HB 3500 inaccurately states that it was proposed by the league.
057	Sarah Hackett	League of Oregon Cities. States that the bill reflects what deregulation will mean for utilities but not for cities. States that the bill will result in a substantial loss in revenue to cities both from energy and from telecommunications. Mentions Measure 50.
078	Rep. Adams	States that his intention has been to keep cities whole and not just for one year.
087	Chair Johnson	

		Notes that at the time of the leadership's request they didn't know much about how franchise fees fit into the cities' tax structure.
098	Rep. Montgomery	Asks if the Senate has had any involvement in this issue.
100	Chair Johnson	Answers no.
101	Cummins	Refers to section 3(a), noting that it is confusing and that it might limit the cities' authority. Expresses concern with having the fees collected by providers and billing entities which are out-of-state. Mentions a court case ruling that it is unlawful to require an out-of-state entity collect taxes.
120	Rep. Hill	Asks staff for a letter from legislative counsel on the issue.
129	Cummins	Responds that their counsel had a different interpretation.
142	Rep. Hill	Asks what would happen to the cities if the power deregulation bill doesn't pass.
150	Cummins	States that the league doesn't feel HB 3500 is the answer.
162	Cummins	States that they have language to submit.
164	Hackett	Mentions possible loss of revenue resulting from the telecommunications' sections. Notes an implicit requirement to treat companies with a certificate yet not providing services as if they were a local exchange provider. States that a long-distance provider could apply for a certificate and thereby be treated as a local exchange carrier.
183	Chair Johnson	States that the cities shouldn't receive a franchise fee when the company isn't providing service.
185	Hackett	Responds that there is compensation to cities for other kinds of telecommunications use. Notes that long-distance carriers are currently paying cities for running lines through the community.
204	Chair Johnson	Asks if the amendments delete that requirement.
206	Hackett	Answers yes.
208	Chair Johnson	Adjourns meeting at 5:15 p.m.

Submitted By, Reviewed By,

Coben Tistadt, Julie Neburka,

Administrative Support Administrator

EXHIBIT SUMMARY

- A - SB 368, written testimony, Pat Schwoch, 1 p.**
- B - SB 369, newspaper article, Frank Burleson, 2 pp.**
- C - SB 368, written testimony, Linda Sample Lindholm, 1 p.**
- D - SB 369, written testimony, Linda Sample Lindholm, 1 p.**
- E - SB 371, written testimony, Linda Sample Lindholm, 1 p.**
- F - HB 3102, LC amendments, staff, 2 pp.**
- G - SB 75A, letter, Elizabeth Buys, 1 p.**
- H - SB 125A, LC amendments, staff, 1 p.**
- I - SB 125A, LC amendments, staff, 1 p.**
- J - SB 125A, LC amendments, staff, 2 pp.**
- K - SB 1106, written testimony and section-by-section analysis, 6 pp.**
- L - HB 2149, written testimony, Linda Sample Lindholm 1 p.**
- M - SB 677, letter, John Powell, 1 p.**
- N - HB 3500, LC amendments, staff, 13 pp.**
- O - HB 3500, LC amendments, staff, 6 pp.**
- P - HB 3500, written testimony, Jane Cummins, 1 p.**