

HOUSE COMMITTEE ON COMMERCE

SUBCOMMITTEE ON BUSINESS

March 20, 1997 Hearing Room 357

8:30 A.M. Tapes 24 - 25

MEMBERS PRESENT:

Rep. Roger Beyer, Chair

Rep. Richard Devlin

Rep. Bob Montgomery

Rep. Jackie Taylor

MEMBER EXCUSED:

STAFF PRESENT:

Keith Putman, Administrator

Timaree Whitty, Administrative Support

MEASURE/ISSUES HEARD:

HB 2472 Public Hearing

HB 2695 Public Hearing

SB 83 Public Hearing and Work Session

SB 94 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 24, A		
003	Chair Beyer	Opens meeting at 8:34 a.m. Opens public hearing on HB 2472.
<u>HB 2472</u> <u>PUBLIC</u> <u>HEARING</u>		
009		Committee Administrator reviews provisions of the bill.

	Keith Putman	
012	Rep. Mike Fahey	State Representative, District #17 gives testimony in support of HB 2472.
039	Frank Brawner	President, Oregon Banker's Association gives testimony in opposition of HB 2472. Comments he doesn't believe this bill is a solution to the problem.
089	Rep. Taylor	Asks if we could use a different definition and address the mortgage companies rather than the banks.
091	Brawner	Responds a regulated company no matter what type must have the mortgage loans that they make eligible for sale to the secondary market, and this secondary market is not required to have an Oregon presence. Therefore, these companies do not have to comply with Oregon law because they are not Oregon based. Also, it is likely the comptroller would preempt this law as well.
118	Rep. Montgomery	Comments there seems to be no problem to solve at the present time.
129	Dave Barrows	President, Oregon League of Financial Institutions gives testimony in opposition of HB 2472. Comments financial institutions in Oregon do sell their loans out of state to people who make no loans in this state. This bill offers a solution that doesn't address the problem.
149	Ray Gribling	Representative of Oregon Mortgage Bankers Association gives testimony in opposition of HB 2472.
173	Rep. Devlin	Asks if it is true that anytime a mortgage instrument is transferred the borrower is notified in a relatively prompt fashion.
180	Gribling	Responds this may be true. Comments the mortgage banker may sell the loan but still continue to service the account. In which case, the borrower would continue to go to the local mortgage banker for information.
189	Barrows	Responds federal law requires notification of mortgage transfers, both from the institution that sells the loan and the institution that purchases it.
221	Brawner	Comments local mortgage bankers continue to manage the loan and provide information to the consumer after it has been sold. Points out the lender could possibly be the federal government.
260	Putman	Asks if a large amount of loans are sold to individuals who are not considered financial institutions.
262	Brawner	Responds affirmatively. Comments he does not see how these out-of-state individual investors could be required to have an 800 number.
293	Chair Beyer	Closes public hearing on HB 2472. Opens public hearing on HB 2695.

<u>HB 2695</u>		
<u>PUBLIC</u>		
<u>HEARING</u>		
295	Keith Putman	Committee Administrator reviews provisions of the bill.
311	Emily Cedarleaf	Executive Director, Multifamily Housing Council of Oregon gives testimony in support of HB 2695 (EXHIBIT A).
375	Chair Beyer	Asks why a manager of an apartment complex needs a real estate license.
385	Cedarleaf	Responds a manager is not required to have a real estate license if his employer is paying workman's compensation or the manager of the property is also the owner. All other property managers are required to have a real estate license.
TAPE 25, A		
008	Scott Taylor	Oregon Real Estate Commissioner gives testimony on HB 2695 (EXHIBIT B).
043	Chair Beyer	Asks why a property manager needs a real estate license.
045	Taylor	Responds these people are managing other people's money and need to be made accountable.
060	Shawn Miller	Representative, Oregon Rental Housing Association gives testimony in support of HB 2695 (EXHIBIT C).
079	Dolf deVos	General Manager, Forrest P. Bowman and Company, Inc. gives testimony in support of HB 2695.
123	Chair Beyer	Closes public hearing on HB 2695.
128	Rep. Montgomery	Comments for the record he may have a conflict of interest concerning this bill because he holds a real estate license.
132	Chair Beyer	Opens public hearing on SB 83.
<u>SB 83</u>		
<u>PUBLIC</u>		
<u>HEARING</u>		
142	Keith Putman	Committee Administrator reviews provisions of the bill.
150	Cheri Tebeau-Harrell	Certification Manager, Office of Minority, Women and Emerging Small Business gives testimony in support of SB 83(EXHIBIT D).
181	Rep. Montgomery	Asks why the bill eliminates Oregon from its language.
183	Putman	Responds it is a matter of style from Legislative Counsel.
192	Chair Beyer	Asks what the Office of Minority, Women and Emerging Small Business actually does.
193	Tebeau-Harrell	Responds they certify firms interested in participating in targeted contracting opportunities in the state.
200		

	Cynthia Myers	Manager, Office of Civil Rights, Department of Transportation discusses possible amendment to SB 83. This amendment would eliminate the current informal panel review process for disadvantaged business enterprises appealing certification denials. Instead all appeals would go directly to the U.S. Department of Transportation.
233	Chair Beyer	Asks if the U.S. Department of Transportation has local offices to go to or would they need to go out of state to submit an appeal.
234	Myers	Responds they could file through the local office of the Federal Highway Administration, which would be forwarded to U.S. Department of Transportation.
244	Rep. Montgomery	Asks why this was not caught in the Senate and did this arise after the pre-session filing.
246	Myers	Responds the Department of Transportation is closely linked to the Office of Minority, Women and Emerging Small Business, so we felt it was a reasonable attachment to this bill. Comments this amendment is in the best interest of both departments.
265	Chair Beyer	Asks if you tried to amend this in the Senate.
266	Myers	Responds no.
277	Cheri Tebeau-Harrell	Comments this issue just came up after the Senate hearing. The Federal Highway Administration did some department auditing and recommended removing the informal review panel Cynthia Myers discussed previously.
283	Chair Beyer	Asks if they have a proposed written amendment.
285	Myers	Responds they do not have it at this time.
286	Putman	Comments per their discussion yesterday he has written record of their proposed amendment.
306	Richard Whelan	Disadvantaged Enterprise Field Coordinator, Civil Rights Division, Oregon Department of Transportation comments the amendment would read beginning on Page 3, Line 23: "Any business enterprise that is refused certification as a disadvantaged business enterprise or denied recertification as such, or whose certification is revoked" remove remainder of sentence on Lines 24 through 26. Insert language, "appeal directly to the United States Department of Transportation.
340	Chair Beyer	Closes public hearing on SB 83. Opens work session on SB 83.
<u>SB 83 WORK SESSION</u>		
351	Chair Beyer	Asks Committee Administrator to request proposed amendment be drafted by Legislative Counsel.
352	Chair Beyer	Closes work session on SB 83. Opens public hearing on SB 94.
TAPE 24, B		

SB 94
PUBLIC
HEARING

002	Lewis Littlehailes	Program Executive, Insurance Division, Department of Consumer and Business Services gives testimony in support of SB 94(EXHIBIT E).
060	Littlehailes	Continues with testimony.
070	Chair Beyer	Asks why these viatical settlements are only good for terminal people.
076	Littlehailes	Responds it is illegal to buy and sell policies under their code, basically to preserve proper transactions of the insurance. Purchasing a viatical settlement is an exception because the person is terminally ill with a need for cash shown.
098	Rep. Montgomery	Asks if these are paid up policies.
100	Littlehailes	Responds not necessarily. Sometimes these policies are purchased by a viatical company that continues to pay the premiums as necessary.
102	Rep. Montgomery	Referring to written testimony, page two points out settlement figures which shows an approximate \$170,000 profit(EXHIBIT E). Asks for clarification.
117	Littlehailes	Responds this is what these private insurance companies do.
124	Rep. Montgomery	Asks if he were the policy holder would he have access to the settlement money before his death, or would his family receive the money upon his death.
126	Brian Boe	Representative of Viaticus, Inc. responds the transaction you are referring to is covered in regulation, the condition must be verified terminal, and the discount percent of face value is also covered by regulation according to life expectancy.
133	Rep. Montgomery	Asks how voluntary suicide would be covered.
142	Rep. Taylor	Asks if most insurance companies exclude suicide.
146	Boe	Responds affirmatively. Comments these viatical settlements include what is called exceledated death benefits. Under exceledated death benefits a person can access a part of the value over a period of time in the remaining portion of their life to have cash available for medical expenses, cost of living, and other needs during this difficult time.
181	Chair Beyer	Asks why can't someone not terminally ill buy viatical settlements.
196	Rep. Taylor	Comments she feels it is important to continue this type of regulation.
217	Elaine Day	Insurance Division comments there have been abuses to these viatical settlements.

235	Rep. Montgomery	Asks if Magic Johnson would be considered terminal with his diagnosis of HIV positive.
240	Boe	Responds this strays into a medical realm that is difficult for them to comment on given the whole progression of the HIV diagnosis. The Insurance Division's administrative rules covering this diagnosis are quite thoughtful in terms of the conditions covered by the insurance companies. Comments that many life insurance policies provide holders with opportunities to borrow against their policies, which would enable them to use some of the value they have invested.
268	Chair Beyer	Requests copies of both existing and proposed administrative rules covering this issue be provided to the committee.
273	Littlehales	Comments terminal is a prediction that is required to be made by a physician.
289	Rep. Devlin	Asks what would happen if an individual who has received proceeds from their policy then proved to have been inaccurately diagnosed as terminal.
295	Boe	Responds if the prediction of terminal is inaccurate the consumer would not be penalized. The insurance company would not collect the proceeds from the policy in the period of time they originally anticipated.
305	Rep. Devlin	Asks if people may avail themselves to this possibility given the nature of expenditures they may have to make and the choice between having the funds from the insurance policy versus liquidating non-liquid assets.
312	Boe	Responds affirmatively.
317	Rep. Montgomery	Asks if this is just an issue of regulating an activity that is already in practice.
322	Littlehales	Responds this has been considered an underground activity.
350	Putman	Asks if this does not pass will the sales of viatical settlements be considered illegal.
352	Littlehales	Responds affirmatively.
366	Doug Zeh	Representative, Oregon HIV Advocacy Center gives testimony in support of SB 94.
TAPE 25, B		
000	Zeh	Continues with testimony.
106	Chair Beyer	Closes public hearing on SB 94. Requests Committee Administrator acquire a copy of the 1995 law concerning this issue.
113	Chair Beyer	Adjourns meeting at 10:01 p.m.

Submitted By, Reviewed By,

Timaree Whitty, Keith Putman,

Administrative Support Administrator

EXHIBIT SUMMARY

A - HB 2695, written testimony, Emily Cedarleaf, 1 p.

B - HB 2695, written testimony, Scott Taylor, 1 p.

C - HB 2695, written testimony, Shawn Miller, 1 p.

D - SB 83, written testimony, Cheri Tebeau-Harrell, 2 pp.

E - SB 94, written testimony, Lewis Littlehales, 2 pp.