

HOUSE COMMITTEE ON COMMERCE

SUBCOMMITTEE ON BUSINESS

March 25, 1997 Hearing Room 357

8:30 A.M. Tapes 26 - 27

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 2794 Public Hearing and Work Session

HB 2302 Work Session

HB 2858 Public Hearing

HB 2795 Public Hearing

HB 2785 Work Session

HB 2328 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 26, A		
004	Chair Beyer	Opens meeting at 8:31 a.m. Opens public hearing on HB 2794.

<u>HB 2794</u>		
<u>PUBLIC</u>		
<u>HEARING</u>		
006	Keith Putman	Committee Administrator reviews provisions of the bill.
008	Frank Brawner	President, Oregon Bankers Association gives testimony in support of HB 2794 (EXHIBIT A).
043	Rep. Montgomery	Asks why the state has the right to determine when a bank can be open and when it can be closed. Comments banks are private enterprise and the state should not have this control.
050	Brawner	Responds this is just what this bill will provide; a bank or savings and loan company will be able to be open whenever it chooses. Basically all this bill does is put into statute what is practiced today.
062	Chair Beyer	Closes public hearing on HB 2794. Opens work session on HB 2794.
<u>HB 2794</u>		
<u>WORK</u>		
<u>SESSION</u>		
063	Rep. Montgomery	MOTION: Moves HB 2794 to the full committee with a DO PASS recommendation.
		VOTE: 4-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Beyer	The motion CARRIES. REP. TAYLOR will lead discussion in full committee.
068	Chair Beyer	Closes work session on HB 2794. Opens work session on HB 2302.
<u>HB 2302</u>		
<u>WORK</u>		
<u>SESSION</u>		
074	Keith Putman	Committee Administrator reviews provisions of the bill and amendments.
095	Chair Beyer	Asks for explanation of fiscal impact showing deficit.
097	Putman	Responds the Department of Justice will save some money by not having to hire process servers.
102	Mark Gardner	Representative, Department of Justice responds this is correct.
110	Rep. Devlin	MOTION: Moves to ADOPT HB 2302-1 amendments dated 03/12/97.
112	Rep. Taylor	Asks if the attorney fee cap has been deleted.
115	Chair Beyer	Responds it has been deleted.

		VOTE: 4-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Beyer	The motion CARRIES.
121	Rep. Devlin	MOTION: Moves HB 2302 to the full committee with a DO PASS AS AMENDED recommendation.
		VOTE: 4-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Beyer	The motion CARRIES. REP. DEVLIN will lead discussion in full committee.
129	Chair Beyer	Closes work session on HB 2302. Opens public hearing on HB 2858.
<u>HB 2858</u> <u>PUBLIC</u> <u>HEARING</u>		
135	Keith Putman	Committee Administrator reviews provisions of the bill.
145	Dave Barrows	Representative for Self Storage Facility Association gives testimony in support of HB 2858.
167	Kevin Howard	Owner and manager of self service storage facilities gives testimony in support of HB 2858. Comments the need for the bill is to regulate and define the delinquency procedures for both the landlord and the tenant in this self service storage relationship. Comments the current law is confusing to not only the attorneys but most definitely the tenants.
192	Barrows	Comments that close to 40 states have already implemented this type of legislation.
202	Carlos Kaslow	Representative, Self Storage Association gives testimony in support of HB 2858. Comments this bill is confined to commercial self storage.
264	Rep. Montgomery	Asks why there is an emergency clause on this bill.
268	Barrows	Responds their thinking was if we are going to make this change let's do it and move forward. Comments if there is a concern with the clause they would be willing to delete it.
277	Rep. Montgomery	Asks if Washington, California and Idaho are included in the 40 states that have already implemented this legislation.
280	Kaslow	Responds affirmatively.

284	Chair Beyer	Asks for clarification on Subsection 3 of the bill.
289	Barrows	Responds the language in Subsection 3 will remain the same until after the word "lien" in line 11, before the period. We propose to add the words "except for a lien or security interest which has been perfected prior to the attachment of the lien created by this section."
297	Chair Beyer	Asks for clarification on the 15 day notice referenced on Page 3, line 3.
302	Kaslow	Responds this is in addition to the 30 day notice requirement. The 30 day demand period must be allowed to expire before they are in a position to advertise for sale. Comments this is a second requirement on top of sending the notice to the customer.
309	Chair Beyer	In reference to Page 1, Section 2, Subsection 6, asks if oral agreements are always open to litigation.
313	Kaslow	Responds because these agreements are on a month-to-month basis, an oral agreement can be entered into; however, this practice is not used in the industry.
328	Chair Beyer	Asks about the language in Section 5 in reference to \$100 or less, or \$100 or greater. Comments he feels this seems to be a gray area.
341	Kaslow	Responds if the value of the property is less than \$100 it relieves the storage operator of the publication requirement. Any additional requirements, such as publication, adds cost to the lien which will ultimately be paid by the customer.
373	Rep. Taylor	Asks if boxes are unlocked in an investigation to determine market value of the property.
384	Barrows	Responds a detailed investigation into the storage containers would not be made; the boxes would remain locked.
	Kaslow	Comments this is not always the case, but that it is up to the operator of the storage unit. In most instances they do not open the boxes.
390	Putman	Asks if there is a statement regarding no obligation to open and list the contents of these locked boxes.
392	Barrows	Responds affirmatively. Comments this language doesn't require nor prohibit the opening of locked boxes.
TAPE 27, A		
006	Putman	Asks if it is their intent to have the committee delete the word "oral" on page 1, line 20.
009	Barrows	Responds affirmatively.
016	Paul Cosgrove	Representative, Oregon Financial Services Organization gives testimony in support of HB 2858.
022	Chair Beyer	Asks Committee Administrator to request amendments be drafted by Legislative Counsel. Closes public hearing on HB 2858. Opens public hearing on HB 2795.

<u>HB 2795</u>		
<u>PUBLIC</u>		
<u>HEARING</u>		
030	Keith Putman	Committee Administrator reviews provisions of the bill.
039	Frank Brawner	President, Oregon Bankers Association gives testimony on HB 2795 (EXHIBIT B).
063	Philip Gentry	Deputy District Director for US Small Business Administration gives testimony on HB 2795 (EXHIBIT B).
142	Gentry	Continues with testimony.
186	Rep. Montgomery	Asks if Rhode Island is the only state currently practicing this program
188	Gentry	Responds affirmatively.
194	Chair	Asks how they can determine new jobs created from this legislation from jobs created anyway.
200	Gentry	Responds banks must affirm that these are loans that they would not otherwise make, which means the financing for new small business would not be available and therefore new jobs would not be created.
205	Chair Beyer	Asks if the banks are currently doing this without the tax credit.
208	Gentry	Responds affirmatively. Comments he believes there is a direct correlation between the cost of the guarantee fee and the amount of financing that is made available to small businesses through this program.
217	Brawner	Comments there are loans not being made today because of the fee.
230	Rep. Taylor	Asks what the risk factor is for the state.
248	Gentry	Responds the only risk would be with the tax dollars.
258	Rep. Montgomery	Requests a list of specific jobs that will be created.
266	Gentry	Responds he doesn't have a listing of jobs.
276	Mark Huston	Manager of Business Finance, Oregon Economic Development Department comments he can provide a listing of jobs created with this legislation. Proceeds with testimony in support of HB 2795 (EXHIBIT C).
364	Huston	Continues with testimony.
384	Brawner	Comments the first bank that implemented the capital access program is the Bank of Astoria, which has made an estimated 400 loans to small businesses in Oregon.
TAPE 26, B		
003	Rep. Taylor	Asks if the fee amounts shown in the statistics for the capital access program and credit enhancement fund are estimated to continue to be the same or greater.

008	Gentry	Responds they see an increase in the ten to twenty percent range for these programs.
013	Chair Beyer	Asks if it is correct in estimating an approximate two million dollar cost to the state for this bill.
015	Gentry	Responds affirmatively.
033	Rep. Montgomery	Requests a list of specific jobs to be created from these programs. In reference to the Governor's budget not supporting this bill, asks if the Department of Economic Development supports it.
040	Huston	Responds he will provide a list of companies involved with both programs. This proposal was not included within the department's consideration of the Governor's budget. Officially, as department staff we can only support the Governor's budget and the priorities that are within that budget.
053	Brawner	Comments he would like to remind everyone that this is going to produce revenue for the state as it produces jobs.
057	Rep. Montgomery	Comments we need to know where the Governor stands on this before moving it any further.
063	Chair Beyer	Asks what is value added agriculture and value added wood products.
067	Huston	Responds this refers to raw products for both the agriculture and wood products industries. We ship these products out of state without doing additional processing to them. The concept was to target those businesses with the credit enhancement fund set aside for these two industries.
078	Brawner	Comments secondary wood products is better terminology than value enhanced wood products.
092	Chair Beyer	Closes public hearing on HB 2795. Opens work session on HB 2785.
<u>HB 2785</u> <u>WORK</u> <u>SESSION</u>		
102	Keith Putman	Committee Administrator reviews provisions of the bill and the -1 amendments and proposed -2 amendments.
151	Rob Bovett	Representative, Lincoln County Sheriff's Office and the Oregon State Sheriff's Association gives testimony in support of HB 2785 and proposes -2 amendments (EXHIBIT D).
191	Rep. Taylor	Asks if the intent is to group together all unclaimed property.
194	Bovett	Responds affirmatively.
201	Putman	Asks if they have sign off on this amendment from the Division of State Lands.
205	Bovett	Responds affirmatively. Comments both the Division of State Lands and the Oregon Bankers Association have no objection to this amendment.
211	Putman	

		Asks if he is satisfied that the language drafted from Legislative Counsel is appropriate.
212	Bovett	Responds affirmatively.
217	Frank Brawner	President, Oregon Bankers Association comments they are in agreement with -2 amendments.
225	Marcella Easley	Representative of Division of State Lands, on behalf of Paul Cleary, gives testimony in support of HB 2785 and -1 and -2 amendments (EXHIBIT E).
241	Chair Beyer	Comments due to the significant change from the proposed -2 amendments he is not prepared to move the bill today and will reschedule another public hearing and work session at a later date. Closes work session on HB 2785. Opens work session on HB 2328.
<u>HB 2328</u> <u>WORK</u> <u>SESSION</u>		
250	Keith Putman	Committee Administrator reviews provisions of the bill and amendments.
276	Rep. Devlin	MOTION: Moves to ADOPT HB 2328-3 amendments dated 03/11/97.
		VOTE: 4-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Beyer	The motion CARRIES.
283	Rep. Devlin	MOTION: Moves HB 2328 to the floor with a DO PASS AS AMENDED recommendation.
		VOTE: 4-0 AYE: In a roll call vote, all members present vote Aye.
	Chair Beyer	The motion CARRIES. REP. DEVLIN will lead discussion in full committee.
296	Chair Beyer	Closes work session HB 2328. Adjourns meeting at 9:47 a.m.

Submitted By, Reviewed By,

Timaree Whitty, Keith Putman,

Administrative Support Administrator

EXHIBIT SUMMARY

A - HB 2794, written testimony, Frank Brawner, 11 pp.

B - HB 2795, written testimony and comprehensive report, Philip Gentry, 97 pp.

C - HB 2795, written testimony and newsletter, Mark Huston, 6 pp.

D - HB 2785, written testimony, Rob Bovett, 1 p.

E - HB 2785, written testimony, Marcella Easley, 2 pp.