

**HOUSE COMMITTEE ON COMMERCE**

**SUBCOMMITTEE ON TELECOMMUNICATIONS AND TRADE**

April 10, 1997 Hearing Room 343

8:15 AM Tapes 50 - 51

**MEMBERS PRESENT:**

Rep. Jim Hill, Chair

Rep. Ron Adams

Rep. Tom Whelan

**MEMBER EXCUSED:**

Rep. Eldon Johnson

Rep. Cynthia Wooten

**STAFF PRESENT:**

Julie Neburka, Administrator

Coben Tistadt, Administrative Support

**MEASURE/ISSUES HEARD:**

HB 3046 - Public Hearing

HB 2002 - Public Hearing

HB 2060 - 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 50, A		
004	Chair Hill	Calls meeting to order at 9:01 AM. Opens public hearing on HB 3046.
<u>HB 3046 - PUBLIC HEARING</u>		

038	Benjamin Peek	GST Internet, Inc. Notes the large amount of traffic currently on the internet. Talks of public and electronic private signatures. States that currently it isn't legal to sign documents electronically
086	Peek	Notes the federal government's ability to decrypt suspicious documents. States that there will be several certification authorities and that the bill allows the state to approve those authorities. Notes the implications for economic development.
136	Peek	Continues testimony.
149	Rep. Adams	Asks about the one company which can currently "cross-match" public and private signatures.
162	Peek	Specifies Northern Telcom and mentions its authorization.
167	Rep. Adams	Asks if the companies that want the bill are in the audience.
168	Peek	Answers that they are not. Asks Rep. Adams if he uses E-mail.
169	Rep. Adams	Answers yes.
170	Peek	Mentions possibility of sending E-mail "in a secure manner."
171	Chair Hill	Asks if "encryption technology" is the only product capable of being exported to other countries.
173	Peek	Answers yes.
177	Rep. Whelan	Asks if digital signatures would be as secure as presenting photo I.D.
182	Peek	Answers yes.
187	Rep. Whelan	Asks if there is a code word.
189	Peek	Answers that one invents a code word for public and private signatures, and that the public signature is available to the public but not even the certification authority knows the private signature.
201	Rep. Whelan	Asks if this is the "Good Security" project.
203	Peek	Answers that the project is doing the equivalent of the certification authority but that there is no current process to determine identity. States that it is an academic project.
215	Rep. Whelan	Asks how it would be used.
218	Peek	Responds that items would be purchased over the internet. Describes the process.
245	Chair Hill	Notes implications for international trade. Notes that a similar bill failed in the Oregon Senate in the '95 session.
269	Rep. Adams	Asks if the legislation is modeled after other states.
270	Chair Hill	Answers yes, that it is modeled after California and Utah. Notes that without the bill there would no legal recourse.
305	Frank Brawner	Oregon Bankers' Association and the Independent Community Banks of Oregon. Introduces Aboo Balgamwalla.
322	Aboo Balgamwalla	Manager of Technology Planning at US Bank. Submits written testimony (EXHIBIT A). Supports the bill.

360	Brawner	Expresses enthusiasm for the -2 amendments.
367	Balgamwalla	States that an electronic signature does not preclude the use of a written signature.
380	Rep. Adams	Mentions individuals capable of "cracking" barriers to access of information systems, i.e. "hackers."
398	Balgamwalla	States that hacking is a exploitation of weaknesses in implementation. Notes that in the bill certification would have an expiration, and that there are opportunities to update signatures to meet changing technology.
TAPE 51, A		
015	Brawner	Mentions the slowness of obtaining hard copies. States that the bill begins a process which will change and which isn't inflexible.
032	Balgamwalla	States that this system is not different than that used by the federal government.
041	Rep. Adams	Asks if Mr. Brawner's opinion represents all banks in Oregon.
045	Brawner	Notes that smaller banks in some instances have "moved ahead" in this area. States that in the future business will be conducted in this manner. Adds that the bill allows private-public partnerships to participate as well as solely private enterprise.
059	Balgamwalla	Notes that if an individual is uncomfortable with the process he/she doesn't have to use it. Cites his own use of the process.
069	Rep. Whelan	Asks how much a digital signature would cost.
071	Balgamwalla	Answers that currently there are three levels of signatures with different costs, ranging from \$24 to \$300. States that the costs are bound to decrease.
091	Rep. Adams	Asks how they publicize which authorities are certified.
102	Balgamwalla	States that with each use of the signature the certification could be invoked as well as the certification authority.
115	Rep. Adams	Repeats the question.
118	Brawner	States that if you don't have the appropriate "keys" you can't proceed.
135	Balgamwalla	States that the receiver of the signature is responsible to verify the signature with the certification authority. Notes that those not certified will be kept track of.
148	Chair Hill	States that the bill reflects the fact that the internet is worldwide and that there are currently many uncertified authorities.
164	Brawner	Expresses his association's hope that the bill moves forward, adding that personally he might not use the digital signature.
170	Rep. Adams	Asks about the -1 amendments (EXHIBIT B).
173	Chair Hill	Answers that the -1 amendments includes language by the Secretary of the State.
185	Brawner	Adds that the -2 amendments (EXHIBIT C) are very practical.
197		

	<b>Sgt. Michael Ramsby</b>	<b>Criminal Division of the Oregon State Police Department. Expresses desire to discuss the fraudulent use of digital signatures.</b>
<b>220</b>	<b>Chair Hill</b>	<b>Closes public hearing on HB 3046. Opens public hearing on HB 2002.</b>
<b><u>HB 2002 - PUBLIC HEARING</u></b>		
<b>230</b>	<b>Julie Neburka</b>	<b>Briefly explains the bill.</b>
<b>241</b>	<b>Scott Corwin</b>	<b>Office of the Speaker. Mentions signals assisted by the program provided at low costs, primarily to rural areas.</b>
<b>279</b>	<b>Stephen Donnell</b>	<b>Resident of La Grande. Submits written testimony and materials (EXHIBIT D). Mentions federal actions intended unsuccessfully to drive down the costs of cable television. States that they can't reach signals from over 500 miles. Discusses VHF equivalents. States that the federal government will be selling channels 52 to 69. Wants the removal of VHF equivalent prohibitions.</b>
<b>329</b>	<b>Donnell</b>	<b>Discusses proposed changes in present legislation. Suggests that he and Mr. Dewey could discuss the merits of the case.</b>
<b>365</b>	<b>Rep. Adams</b>	<b>Asks about the mileage limit.</b>
<b>368</b>	<b>Donnell</b>	<b>Refers to statutes being repealed (EXHIBIT E). Describes a present situation of flux, and the aims of federal legislation. States that those not served by cable have to pay for services. Notes prices and that they will have to increase. States that unless they raise sufficient revenue they will have to cease the service, mentioning budget constraints.</b>
<b>420</b>	<b>Donnell</b>	<b>States that the FCC doesn't allow public commercial television to serve Ontario because of its different time zone.</b>
<b>TAPE 50, B</b>		
<b>030</b>	<b>Mike Dewey</b>	<b>Oregon Cable Association. Remarks that the net effect of the bill is to charge cable subscribers. Questions which signals are going to be "picked up." Expresses ambivalence toward removing prohibitions against VHF equivalents. States that people will be charged without being allowed a vote. Predicts that "spot-beaming" of local channels will be an attractive alternative for the region.</b>
<b>076</b>	<b>Rep. Whelan</b>	<b>Asks about VHS being spot-beamed.</b>
<b>086</b>	<b>Dewey</b>	<b>Mentions Mr. Murdock's recent purchase of such capacity and the consequences for receiving local signals. States that it will be a good business in the future.</b>
<b>097</b>	<b>Rep. Adams</b>	<b>Asks how the signal gets to remote areas.</b>
<b>100</b>	<b>Dewey</b>	

		Answers that the signal is microwaved through a series of translator sites. Adds that broadcasters want expanded broadcasts due to advertising benefits.
116	Rep. Adams	Asks if the \$50 is collected through property taxes.
118	Dewey	Answers that they levy taxes.
123	Donnell	Answers that they take the assessor's tax rolls to determine which properties are receiving the signals. Notes that the property owner has the option not to pay. States that they send a request for payment, and that those not paying are placed on delinquent tax rolls.
162	Rep. Adams	Asks of the impacts of Measure 47 on the process.
170	Donnell	Answers that that issue is undecided.
179	Rep. Adams	Asks when the state pays.
192	Donnell	Describes a program for low-income individuals which relieves property tax obligations.
197	Rep. Whelan	Asks how the assessor determines who receives the signal.
201	Donnell	States that assessors have extensive knowledge of their residents' houses.
206	Rep. Adams	Asks about cable companies receiving the signal who don't pay for it.
212	Dewey	Answers that they do access the signal. Remarks that cable companies don't pay to receive broadcast signals.
224	Rep. Adams	Asks how they are outside the district if they receive the signal.
225	Dewey	Answers that there will people outside the district who receive the signals.
233	Donnell	Answers that only members of a district can be charged for the signal.
235	Dewey	States that he has heard that Mr. Donnell wants the authority to charge cable customers outside the district.
239	Chair Hill	Closes public hearing on HB 2002. Opens work session on HB 2060.
<b><u>HB 2060 - WORK SESSION</u></b>		
260	Denise McPhail	Portland General Electric. Submits written testimony and proposed amendments (EXHIBIT F). States that the amendments broaden the authority of the cities in order to tax energy providers. Mentions pilots giving customers a choice to use investor-owned facilities.
310	McPhail	Continues testimony. Expresses concern over "a single rate" and its relationship to in lieu of taxes. Asks for the limit on rates to be lifted from municipal utilities.
360	McPhail	

		<b>Continues testimony. Requests that municipal utilities not become "a universal tax source" for counties as well as cities. Discusses payments for pavement damage.</b>
<b>388</b>	<b>Jim Anderson</b>	<b>Pacificorp. Supports PGE's amendments. States that permit fees should reflect true costs.</b>
<b>420</b>	<b>Chair Hill</b>	<b>Asks about the opinion of natural gas companies.</b>
<b>426</b>	<b>McPhail</b>	<b>Answers that they support the bill and the amendments.</b>
<b>436</b>	<b>Rep. Adams</b>	<b>Asks why they are talking about HB 3685.</b>
<b>450</b>	<b>Chair Hill</b>	<b>Answers that it was easier for PGE to address their concern with another bill. Adjourns meeting at 10:35 AM.</b>

**Submitted By, Reviewed By,**

**Coben Tistadt, Julie Neburka,**

**Administrative Support Administrator**

**EXHIBIT SUMMARY**

**A - HB 3046, written testimony, Aboo Balgamwalla, 3 pp.**

**B - HB 3046, LC amendments, staff, 2 pp.**

**C - HB 3046, LC amendments, staff, 2 pp.**

**D - HB 2002, written testimony and materials, Stephen Donnell, 3 pp.**

**E - HB 2002, ORS statutes, Stephen Donnell, 4 pp.**

**F - HB 2060, written testimony and LC amendments, Denise McPhail, 8 pp.**