

HOUSE COMMITTEE ON COMMERCE

SUBCOMMITTEE ON TELECOMMUNICATIONS AND TRADE

April 3, 1997 Hearing Room 343

8:15 AM Tapes 42 - 44

MEMBERS PRESENT:

Rep. Jim Hill, Chair

Rep. Ron Adams

Rep. Eldon Johnson

Rep. Tom Whelan

Rep. Cynthia Wooten

STAFF PRESENT:

Jim Stembridge, Administrator

Coben Tistadt, Administrative Support

MEASURE/ISSUES HEARD:

HB 2060 - Public Hearing

HB 2901 - Work Session

HB 2004 - Work Session

SB 122 - Public Hearing and Work Session

SB 212 - Public Hearing and Work Session

SB 213 - Public Hearing and 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 42, A		
006	Chair Hill	Opens public hearing on SB 122.

<u>SB 122 - PUBLIC HEARING</u>		
015	Jim Steinbridge.	Committee Administrator. Gives brief overview of the bill.
025	Julie Jackson	Oregon Lottery. Discusses industry standards requiring certified public accountants.
033	Chair Hill	Asks if the professional representative of the CPA could be a receptionist.
035	Jackson	Answers no.
044	Chair Hill	Closes public hearing on SB 122, opens work session on SB 122.
<u>SB 122 - WORK SESSION</u>		
049	Rep. Adams	Asks how many hearings were held in the senate committee.
053	Jim Steinbridge	Answers that there was one public hearing and one work session.
066	David Hooper	Oregon State Lottery. Reports that the CPA must witness drawings, and that only two firms would bid with that requirement.
077	Rep. Whelan	Asks what a CPA does at a lottery drawing.
085	Hooper	Responds that the CPA certifies that procedures have been followed and performs accounting functions..
087	Rep. Whelan	Asks if those activities can be performed without a CPA.
090	Hooper	Answers yes and that it has been done in the past.
106	Rep. Adams	MOTION: Moves SB 122 to the full committee with a BE ADOPTED recommendation.
108		VOTE: 4-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 1 - Wooten
	Chair	The motion CARRIES. Rep. Adams will carry the bill.
111	Chair Hill	Opens public hearing on HB 2060.
<u>HB 2060 - PUBLIC HEARING</u>		
116	Paula Manley	Executive Director of Tualatin Valley Community Access. States that they are a non-profit center serving 16 rural and suburban communities.

122	Sheela Maxwell	Post-Polio Coordinator for the Easter Seals Society of Oregon.
123	Alan Bushong	Director of Capital Community Television and Chair for the Alliance for Community Media.
125	Manley	States that the program provides important community services. Notes the tremendous opportunity for non-profit groups, public agencies, and volunteer organizations to leverage resources. States that the program provides individuals access to television, promoting dialogue and civic participation.
170	Manley	Gives brief history of community access television. States that the bill could "rob" the program. Notes that the communities served are often non-English speaking communities. States that the program allows elected officials to talk to their constituents.
230	Manley	Continues on the merits of the program, mentioning recent expansions.
246	Rep. Adams	Asks about the program's funding.
251	Manley	Answers that the program is funded through the cable franchising agreement between TCI and Metropolitan Area Community Commission.
262	Rep. Johnson	Notes that the witness is asking tax payers to pay for the program.
280	Manley	Answers that its not a tax everyone pays, noting that it uses only a small portion of franchise fees. Refers to studies finding 85% of the population feel it is worth the money.
295	Rep. Johnson	Remarks that he didn't realize he was subsidizing this program. States that people who want it should pay for it. Asks if funding the program is right for the general public.
313	Manley	Notes that funding is negotiated at the local level.
316	Rep. Adams	States that the program consistently invites political candidates to be interviewed, and that it is a rare opportunity for the public to see the candidates. States that the program does provide a service, that it is professionally done, and that it is well-received.
350	Rep. Whelan	Echoes Rep. Adam's support. Asks if who pays would be decided at the local level.
362	Manley	Replies that community needs assessments have been done. Mentions that ethnic minorities are not served by regular television programs. Mentions distance-learning programs.
389	Chair Hill	States that he is a card-carrying member of the program.
395	Manley	Reports that the program uses 1.75% of the franchise fees collected. Adds that that determination was made locally.
410	Chair Hill	Notes that channels have inherent value to cable providers.

415	Manley	Agrees. States that that value changes over time, mentioning fiber which expands capacity.
422	Chair Hill	Asks if the program "touches" the institutional network.
TAPE 42, A		
003	Manley	Answers that there are programs which do not, but that some do and are cost-effective. Describes volunteers taping political forums providing election information.
015	Rep. Whelan	Notes a diminishing amount of public access programming.
019	Manley	Agrees that there are diminishing public access "spaces." Mentions that the internet is becoming commercialized as well.
024	Alan Bushong	Opposes the bill for three reasons: 1) it eliminates local decision-making, 2) because a franchise fee is rent in which the "owners" are denied the opportunity to determine the value of the property, and 3) the program benefits the community tremendously for a small price.
074	Bushong	Continues stating opposition.
103	Rep. Adams	Asks if TCI is going into telecommunications.
108	Bushong	Answers that they have built a system which could provide telephone service, but that he is not sure.
111	Rep. Adams	Asks if TCI provides data or other channels to government.
113	Bushong	Answers that TCI provides "dark fiber" to local governments and four channels.
118	Rep. Adams	Asks if the dark fiber is for channels.
122	Bushong	Answers that it is for data transmission.
123	Rep. Adams	Asks if cable could compete in telecommunications.
125	Bushong	Answers that it could with government customers in voice and data.
127	Rep. Johnson	Asks if the "city" requested he testify.
128	Bushong	Answers that they did not.
139	Rep. Johnson	States that "things" must change, that the system should find a way to be self-supporting, and that they shouldn't subsidize a service that not everyone uses.
145	Bushong	Responds that the program creates a public space, similar to a street or a park. Emphasizes the importance of communication capabilities.
153	Rep. Wooten	Appreciates public access programming. Asks for figures relating to the total money allotted the programs through franchise fees.
165	Bushong	Replies that he is not prepared to answer that.
166	Manley	

		Answers that her program is funded at a relatively high level compared with others, at 69 cents per subscriber.
170	Chair Hill	Asks for figures relating to TVCA's budget.
172	Manley	Answers that their budget for this year is \$800,000, but that most program's budgets are significantly less than that.
175	Rep. Johnson	Asks who is a subscriber.
182	Manley	Answers a subscriber to the residential cable system.
183	Rep. Wooten	Asks for statewide numbers.
185	Manley	Answers the she will provide those.
191	Rep. Wooten	Specifies that she wants the total dollar amounts given to community access programs via cable providers' franchise fees.
193	Maxwell	States that the Easter Seals Society has produced between 50-60 educational programs directed to polio survivors. States that the programs have dispersed a great deal of information, placing tapes in libraries and sending programs to surrounding areas. States that "we" need community access.
250	Rep. Johnson	Asks if they used the space for fund-raising.
252	Maxwell	Answers no.
253	Manley	Notes that they are not allowed.
262	Bushong	States that an agreement disallows fund-raising. Asks to be involved in changes to the bill.
273	Rep. Adams	Asks about information provided by Eric Ruona.
278	Chair Hill	Responds that it contains the legislative counsel's opinion on this matter. Closes public hearing on HB 2060, opens public hearing on SB 212.
<u>SB 212 - PUBLIC HEARING</u>		
293	Stembridge	Gives brief overview of the bill.
344	Mark Huston	Submits written testimony and written materials (EXHIBIT A). States that a local government resolution is needed to support the Oregon Business Development Fund. Discusses limits on loans amount and statutory requirements.
395	Huston	Gives testimony relating to specific sections of the bill.
440	Rep. Whelan	Asks for the standard qualifying individuals as disabled.
TAPE 42, B		
004	Huston	Mentions work with the Commission for the Blind and the Disabilities Commission. States that those decisions are

		made locally. States that individuals have to meet 2 of 3 requirements and that being disabled is only 1 of the requirements.
012	Rep. Whelan	Asks if there have been instances where disability was used as a "front."
015	Huston	Answers no not to his knowledge. Adds that most companies qualify in all three areas
021	Rep. Adams	Asks if the Oregon Economic Development Department has additional dollars to fund this program.
024	Huston	Answers that there are earnings in revolving amounts.
036	Rep. Adams	Asks who approves the loans over \$50,000.
038	Huston	Mentions that the Finance Committee made up of bankers and business individuals oversees the fund in total. States that that committee authorized the director of the OEDD to approve loans over \$50,000.
053	Rep. Adams	Asks how many loans were over \$50,000.
060	Huston	Answers that a "ballpark" estimate is 50 % over \$100,000.
066	Chair Hill	Asks if the loans are not guaranteed by a bank.
070	Huston	Answers that they aren't but are subordinated to a bank.
072	Rep. Adams	Asks what "counties exceeding the 20% limit" means.
074	Huston	Mentions the program's intention that costs be spread throughout the state, and the resultant requirement that no more than 20% of the total loans originate in one county. Notes that small businesses are exempt from that requirement. Adds that there hasn't been a problem with that limitation.
096	Rep. Adams	Asks if the state could have all the \$500,000 loans provided jointly by the state and federal government.
100	Huston	Answers that there is the possibility to be jointly funded, but that in practice the financing is provided in partnership with banks.
110	Rep. Adams	States that the witness' answer that it has never happened is not a good enough answer to pass the bill.
114	Chair Hill	Asks why in Section 2 they are raising a limitation that they are never used.
118	Huston	Expresses his desire for consistency throughout the bill, and that the recommendation reflected inflation.
130	Rep. Wooten	Interjects that OEDD programs are working well and that raising the limits is not a "threat of misuse of the program." Notes that businesses want flexibility and that the limitation doesn't relate to property taxes.
150	Frank Brawner	Oregon Banker Association. Assures that the limitation would never be used. Notes that 100% of the applications are referrals from banks trying to find a way to make loans

		which they have turned them down. Adds that recommendations come from the finance committee, and that expanding the limits is practical according to the finance committee.
174	Rep. Adams	Asks with whom the finance committee is associated.
176	Brawner	Answers the OEDD.
180	Huston	Describes the membership of the committee.
183	Rep. Adams	States that he likes the idea of an oversight committee. Notes that there a lot of loans currently overseen by the committee which wouldn't be seen under the bill.
194	Brawner	Assures Rep. Adams that all the loans will be overseen.
204	Chair Hill	Opens work session on SB 212.
<u>SB 212 - WORK SESSION</u>		
214	Rep. Adams	Discusses changes proposed by the bill.
219	Huston	Mentions that the bill is supported by small business development centers.
230	Rep. Adams	Asks if the changes are to create consistency in the program's rules.
232	Huston	Answers yes.
235	Rep. Adams	MOTION: Moves SB 212 to the full committee with a DO PASS recommendation.
236		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye.
	Chair	The motion CARRIES. Rep Wooten will carry the bill.
241	Chair Hill	Opens public hearing on SB 213.
<u>SB 213 - PUBLIC HEARING</u>		
243	Mark Huston	OEDD. Submits written testimony and materials (EXHIBIT B and C). Gives brief overview of the Oregon Credit Enhancement Fund.
293	Huston	Talks of the effects of the bill.
329	Huston	Summarizes hand-outs.
349	Brawner	States that the program is nationally renown and is creating jobs. Talks of the program's expansion into the import-export business.
399	Brawner	States that Washington and California are ahead in this area. Notes that import/export ventures are risky.
TAPE 43, B		

005	Brawner	Mentions successful export ventures.
029	Rep. Adams	Asks if exporting means shipping merchandise out of the state or out of the country.
031	Huston	Answers out of the country.
033	Rep. Adams	Notes that in this area the free enterprise system often won't make loans.
048	Brawner	Mentions regulatory system. Reports that 100% of the loans in the Credit Enhancement program were not bankrupt, noting that none of the loans would have been made without the program. Talks of Congress reducing like programs. Expresses desire for an export office in the state.
087	Rep. Adams	Warns that it is a difficult step entering the export business. Asks if the state can handle it with existing staff.
095	Rep. Wooten	Talks about her bill which creates a division for export finance. States that the department is fearful of funding cuts, but that they have someone with the expertise and when additional funds are available they are planning on doing it.
126	Brawner	Notes implications of passing the bill.
130	Chair Hill	Closes public hearing on SB 213A, opens work session on SB 213A.
<u>SB 213A - WORKSESSION</u>		
134	Rep. Wooten	MOTION: Moves SB 213A to the full committee with a DO PASS AS AMENDED recommendation.
136	Rep. Adams	Notes that this bill is only a starting point.
139		VOTE: 4-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 1 - Johnson
	Chair	The motion CARRIES.
155	Chair Hill	MOTION: Requests unanimous consent that the rules be SUSPENDED to allow REP. WOOTEN to BE RECORDED as voting AYE on the moving of SB 122 to the full committee with a DO PASS recommendation.
	Chair	Hearing no objections, declares the motion CARRIED.
164	Chair Hill	Opens work session on HB 2001.
<u>HB 2901 - WORKSESSION</u>		
170	Jacqueline Zimmer	Oregon Association of Agencies on Aging. Submits written testimony (EXHIBIT D). Requests the committee not adopt the -1 amendments, stating that the current system is self-

		supporting and that it provides an important service. Mentions current cost savings. Describes the current system and problems with the voucher system.
220	Zimmer	Continues discussing problems with the voucher system.
255	Chair Hill	Asks if savings are dependent upon the bill.
260	Alan Willis	Answers that the savings were specific to moving to the voucher program.
262	Chair Hill	Asks Mr. Bauer if he has problems with moving the sunset date.
264	Gary Bauer	Oregon Independent Telephone Association. Answers no.
275	Rep. Adams	Notes that access to "these capabilities" is important. Shares concerns addressed in the bill. States that he would remove verbiage establishing a voucher system. Supports extending the sunset but not removing it entirely.
302	Rep. Whelan	Asks of the effects of removing the amendments.
323	Rep. Hill	MOTION: Moves to ADOPT conceptual amendments to HB 2901 eliminating previous amendments and changing the sunset date to 4 years.
	Chair	The motion CARRIES.
333	Rep. Adams	MOTION: Moves HB 2901 to the full committee with a DO PASS AS CONCEPTUALLY AMENDED recommendation.
343		VOTE: 3-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Johnson, Wooten
	Chair	The motion CARRIES. Rep. Adams will lead discussion on the floor.
352	Chair Hill	Opens work session on HB 2004. Closes work session on HB 2004. Adjourns meeting at 10:08 AM.

Submitted By, Reviewed By,

Coben Tistadt, Jim Stembridge,

Administrative Support Administrator

EXHIBIT SUMMARY

A - SB 212, written testimony, Mark Huston, 2 pp.

B - SB 213, written testimony, Mark Huston, 2 pp.

C - SB 213, written materials, Mark Huston, 14 pp.

D - HB 2001, written testimony, Jacqueline Zimmer, 1 p.