

HOUSE COMMITTEE ON GENERAL GOVERNMENT

May 7, 1997 Hearing Room D

1:00 P.M. Tapes 98 - 99

MEMBERS PRESENT:

Rep. Dan Gardner, Vice-Chair

Rep. Jim Hill

Rep. Bob Montgomery

Rep. Kurt Schrader

Rep. Liz VanLeeuwen

Rep. Tom Whelan

MEMBER EXCUSED:

Rep. Ken Strobeck, Chair

STAFF PRESENT:

Jeri Chenelle, Administrator

Annetta Mullins, Administrative Support

MEASURE/ISSUES HEARD:

HB 3429 - Work Session

HB 3615 - Work Session

HB 2033 - Work Session

HB 2011 - Work Session

HB 3064 - Work Session

HB 2987 - Work Session

HB 2384 - 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 98, A		
003	Vice Chair Gardner	Calls meeting to order at 1:08 p.m. and opens the work session on HB 3429.
HB 3429 - WORK SESSION		
005	Jeri Chenelle	Reviews provisions of HB 3429.
012	Rep. Lane Shetterly	Introduces retired Court of Appeals Judge Warden, and explains that Judge Warden represents a class of retired judges who are seeking an increase and more equitable treatment under the Public Employees Retirement System (PERS) for their benefits.
039	Retired Judge John C. Warden	Testifies in support of HB 3429:
		* retired after 28 years of service at the end of 1988
		* member of a committee of the Judicial Conference, senior judges, who have retired
		* some judges make themselves available for pro-tem work, but are not required to
052		* since 1991 two separate classes of retired judges have been created: Plan A benefits under subparagraph of ORS 238.535; were figured on length of service at 2.8125 percent of final average salary for the last 36 months for each year of service for the first 16 years, equaling 45 percent of final average salary
		* judges had to serve at least 16 years, except if they had reached the age of 70 they could retire at the end of 12 years
078		* in 1991 Plan B was added to allow judges to retire at age 60; benefit was three percent for each year for the first 16 years, and at 1.75 percent for the years after
		* the Plan A judges got 2.8125 percent for the first sixteen years and 1.67 percent for the years after
088		* the Plan B judge would be 48 percent of final average salary after sixteen years and would get a little more than the Plan A judges for each year after that
		* not many opted for Plan B because the difference was not that much greater and in order to avail themselves, even if they retired at age 60, they had to serve at least seven weeks pro tem, without additional pay, for five years; the Plan A judges did not have to serve after they retired, but if they did serve, they got paid
106		* 1995 Plan B benefit went from 3 percent for sixteen years to 3.75 percent for the first sixteen years; the Plan B judge gets sixty percent of final average salary after sixteen years instead of the 45 percent for Plan

		A judges, and for every year over the sixteen years, they got two percent additional instead of 1.67 percent
		* for a Plan A judge to get up to the maximum amount allowable, sixty-five percent of final average salary, he/she would have to serve a total of twenty-eight years; for a Plan B judge to get up to the maximum amount, they would have to serve twenty three and one-half years to receive the maximum seventy five percent of final average salary
		* judges who retired under Plan B before that time were entitled to the additional benefits after the 1965 legislation; no one opts to retire under Plan A because the benefits are better under Plan B
		* B gets 60 percent of annual salary, instead of 45 which Plan A judges got
125		* gives example of two judges who retires October 31, 1996: a Plan B judge would receive a retirement benefit of a little over \$4,100 per month, if he retired under Plan A, he would get about \$3,100 with sixteen years service--45 percent of final average salary--the Plan B judge gets sixty percent of final average salary
141		* asks for equity; a recalculation to raise it from 45 percent to 50 percent for the first 16 years
154		* reviews benefit statistics for retired judges (EXHIBIT A)
		Issues discussed:
204		* two retirement systems prior to 1991
218		* rationale for level of benefits
221	McDonnal	Explains rational for judges' retirement benefits was to attract attorneys to the bench.
		Issues discussed:
246		* choices available at time of previous retirements
268		* how many retired judges would be affected by the legislation
		* whether the legislation is retroactive
279	McDonnal	Comments that the Public Employee Retirement System (PERS) board does not take a position on HB 3429; if the legislature chooses to do whatever it chooses to do, so long as the fund is made whole, the board will go along with it.
300	Rep. Schrader	Comments he has a concern about changes and administrative costs.
320	McDonnal	Responds this would be a small group; the administrative costs are reflected in the fiscal statement (EXHIBIT B).
		Issues discussed:
340		* whether judges had an option to change to Plan B
410		* reason for the \$480,000 increased employer contribution in Legislative Fiscal Analysis
TAPE 99, A		

036	Rep. Schrader	Comments he will be a no vote on the bill.
050	Cindy Robert	Roger Martin Associates, submits HB 3429-1 amendments (EXHIBIT C) and explains that in 1995 a bill was passed that took care of a problem which affected only three judges at the time, and the amendments address the same problem for two of those judges who did not take advantage of the opportunity; the amendment extends the service buy-back cutoff (SB 82, 1995 Session) from January 1, 1997 to February 1, 1999.
093	Vice-Chair Gardner	Notes the committee does not have the impact statements on the amendments and will need to consider the bill at a later time, closes the work session on HB 3429, and opens the work session on HB 3615.
<u>HB 3615 - WORK SESSION</u>		
116	Ken Keudell	Administrator, Construction Contractors Board (CCB), testifies in opposition to HB 3615 (EXHIBIT E).
149	Keudell	Continues presentation.
		Issues discussed:
164		* costs of bonds
178		* credit worthiness of contractors
		* last increase in bonding requirement was 1990
219		* customers may request contractors obtain performance bond
230		* registration and requirements of contractors
259		* whether increasing bonding requirements are within relating to clause
265	Rep. Prozanski	Explains the relevance of the HB 3615-1 amendment (EXHIBIT D) to the relating to clause.
297	Rep. Prozanski	Comments on points of Keudell's statement:
		* 50 percent will be unable to qualify for the bond; increased costs would be \$300 to \$400 per year for the bond
		* if contractors cannot qualify to have someone underwrite their work, questions whether they should be in business representing themselves as contractors
		* "registration" gives wrong impression as compared to someone being licensed and qualified to do the work
325		* most complaints from constituents have been because of concerns of the work being performed and the lack of ability or effectiveness of the board in pursuing the complaints
		* asks why the board is not protecting the consumers; believes the board does not have the number of people needed to enforce the actions
351		* if 50 percent of contractors will not be able to qualify, there is need for task force or group

380		* would like more information from the performance audit
394		* questions why statistics were not used for more current period
393		Issues discussed:
420		* whether the HB 3615-1 amendments eliminate requirement for building inspector
TAPE 98, B		
011	Rep. Prozanski	Explains why the HB 3615-1 amendments were drafted.
027	Rep. Hill	Asks what Section 6 of the original HB 3615 means.
030	Rep. Prozanski	Explains it was an attempt to try to bring some type of compliance and performance of work.
039	Rep. Montgomery	Asks where the -1 amendments come from.
	Prozanski	Responds the amendments come from his office after working with the requester of the original bill and speaking with Chair Strobeck; it was decided to limit it to the one portion of the proposed amendments that was never drafted by Legislative Counsel.
050	Steve Kafoury	Oregon Remodelers Association, testifies in opposition to the amendments to HB 3615, and suggests the groups work together to come up with an agreement soon to an increase in the bond that would not put an unreasonable number of people out of work.
078	Rep. Montgomery	Asks if Kafoury is saying somewhere between \$10,000 and \$50,000 would be reasonable.
	Kafoury	Responds affirmatively.
		Issues discussed:
083		* whether the CCB can provide an estimate for a bonding requirement based on cases
098		* bonding of inexperienced people
122	Fred VanNatta	Oregon Building Industry Association, submits statement and testifies in opposition to the HB 3615 (EXHIBIT F).
		* notes differences between the statistics he has provided and those provided by Mr. Keudell
159	VanNatta	* the issue on the bond is not the cost; it is the amount of assets one has to have
		* bond ought to protect the consumer, not keep people out of the construction business
194	Vice Chair Gardner	Suggests Rep. Prozanski work on the bill.
	Rep. Whelan	Tells of constituent's concern, and asks if the board can tell the consumer how many complaints there are.

216	Keudell	Explains the type of information the agency gives to inquirers.
250	Keudell	Continues explaining how the agency provides information.
		Discussion is held on how the agency handles complaints and actions against contractors.
299	Vice Chair Gardner	Closes the work session on HB 3615 and opens the work session on HB 3064.
<u>HB 3064 - WORK SESSION</u>		
328	Rep. Schrader	Comments the committee held a hearing and has been waiting for input from the counties; the letter from the Association of Oregon Counties indicates they have no opposition (EXHIBIT G).
341	Jeri Chenelle	Administrator, reviews provisions of the bill.
345	Rep. Hill	MOTION: Moves HB 3064 to the floor with a DO PASS recommendation.
351		VOTE: 6-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 1 - Rep. Strobeck
	Vice Chair Gardner	The motion CARRIES. REP. SCHRADER will lead discussion on the floor.
360	Vice Chair Gardner	Closes the work session on HB 3064 and opens the work session on HB 2033.
<u>HB 2033 - WORK SESSION</u>		
368	Jeri Chenelle	Reviews provisions of HB 2033.
380	Rep. Montgomery	MOTION: Moves HB 2033 be sent to the floor with a DO PASS recommendation.
390	Rep. VanLeeuwen	Asks if there was agreement on changing the makeup of the board.
393	Fred McDonnal	Public Employee Retirement System (PERS), responds there is no change in the structure of the PERS board. Explains that after the 1995 session the board was expanded to 11 members, but as an unintended consequence, the PERS retiree had to be a person who had been employed in local government and had been represented by a labor union; prior to that the PERS retiree could have been from any one of the eight public sector member positions, and this makes that retiree to be appointed from any one of the eight positions.
		VOTE: 6-0

425		AYE: In a roll call vote, all members present vote Aye. EXCUSED: 1 - Rep. Strobeck
	Vice Chair Gardner	The motion CARRIES. REP. WHELAN will lead discussion on the floor.
432	Vice Chair Gardner	Closes the work session on HB 2033 and opens the work session on HB 2011.
TAPE 99, B		
<u>HB 2011 - WORK SESSION</u>		
011	Jeri Chenelle	Administrator, reviews provisions of HB 2011 and the -2 amendments (EXHIBIT H).
021	Rep. Montgomery	MOTION: Moves to ADOPT HB 2011-2 amendments dated 04/29/97.
027		VOTE: 6-0 EXCUSED: 1 - Rep. Strobeck
	Vice Chair Gardner	Hearing no objection, declares the motion CARRIED.
029	Rep. Montgomery	MOTION: Moves HB 2011 to the floor with a DO PASS AS AMENDED recommendation.
031		VOTE: 6-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 1 - Rep. Strobeck
	Vice Chair Gardner	The motion CARRIES. REP. VANLEEUVEN will lead discussion on the floor.
036	Vice Chair Gardner	Closes the work session on HB 2011 and opens the work session on HB 2987.
<u>HB 2987 - WORK SESSION</u>		
040	Jeri Chenelle	Administrator, reviews provisions of HB 2987 and the -2 amendments (EXHIBIT I) and the -3 amendments (EXHIBIT J).
		Issues discussed:
047		* whether the subject employees have full time jobs and carry guns
		* position of PERS board

		* allows retirement after 25 years of service
081		* whether district attorneys can retire as policemen
081	Rep. Hill	Announces he will also be a no vote.
086	Vice Chair Gardner	Closes the work session on HB 2987 and opens the work session on HB 2384.
<u>HB 2384 - WORK SESSION</u>		
092	Jeri Chenelle	Administrator, reviews provisions of HB 2384.
094	Vice Chair Gardner	Reports on working group on HB 2384 and the -1 amendments (EXHIBIT K) .
128	Rep. Montgomery	MOTION: Moves to ADOPT HB 2384-1 amendments dated 03/18/97.
130		VOTE: 5-0 EXCUSED: 2 - Rep. VanLeeuwen, Strobeck
	Vice Chair Gardner	Hearing no objection, declares the motion CARRIED.
132	Rep. Montgomery	MOTION: Moves HB 2384 to the floor with a DO PASS AS AMENDED recommendation.
140		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Rep. VanLeeuwen, Strobeck
	Chair	The motion CARRIES. REP. GARDNER will lead discussion on the floor.
147	Vice Chair Gardner	Closes the work session on HB 2384 and adjourns the meeting at 2:41 p.m.

Submitted By, Reviewed By,

Annetta Mullins, Jeri Chenelle,

Administrative Support Administrator

EXHIBIT SUMMARY

A - HB 3429, retiree statistics, Judge Warden, 6 pp

B - HB 3429, Legislative Fiscal Analysis, staff, 1 p

C - HB 3429, HB 3429-1 amendments, Cindy Robert, 2 pp

D - HB 3615, HB 3615-1 amendments, Rep. Prozanski, 3 pp

E - HB 3615, prepared statement, Ken Keudell, 9 pp

F - HB 3615, prepared statement, Fred VanNatta, 2 pp

G - HB 3064, letter, Association of Oregon Counties, 1 p

H - HB 2011, HB 2011-2 amendments, Rep. Strobeck, 1 p

I - HB 2987, HB 2987-2 amendments, Rep. Strobeck, 1 p

J - HB 2987, HB 2987-3 amendments, Rep. Strobeck, 1 p

K - HB 2384, HB 2384-1 amendments, Rep. Gardner, 1 p