

HOUSE COMMITTEE ON TRANSPORTATION

June 17, 1997 Hearing Room C

8:30 A.M. Tapes 131 - 132

MEMBERS PRESENT:

Rep. Bob Montgomery, Chair

Rep. Mike Lehman, Vice-Chair

Rep. Steve Harper

Rep. Tim Josi

Rep. Jane Lokan

Rep. Lonnie Roberts

Rep. Larry Wells

STAFF PRESENT:

Keith Putman, Administrator

Annetta Mullins, Administrative Support

MEASURE/ISSUES HEARD:

SB 1220 - Public Hearing and Work Session

SB 139-B - Public Hearing and Work Session

SB 974-A - Public Hearing

SB 867-A - 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 131, A | | |
| 003 | Chair Montgomery | Calls meeting to order at 8:31 a.m. and opens the public hearing on SB 1220. |
| <u>SB 1220 - PUBLIC</u> | | |

| <u>HEARING</u> | | |
|----------------------------------|------------------|---|
| 009 | Keith Putman | Administrator, reviews provisions of SB 1220. |
| 013 | Sen. Vern Duncan | Testifies in support of SB 1220: |
| | | * foundation has been needed for a long time |
| | | * because of history of Capitol Building, it is important |
| | | * foundation would be under Legislative Administration; the Speaker and President would both be involved |
| 029 | Rep. Harper | Asks if there is a fiscal impact. |
| 031 | Sen. Duncan | Explains the foundation, if it should receive money, would be able to appropriate it; there is no state money involved. |
| | | Issues discussed: |
| 041 | | * responsibility for renovation and repair of Capitol Building |
| | | * clarifying language on page 1 of the bill |
| 057 | Chair Montgomery | Closes the public hearing and opens the work session on SB 1220. |
| <u>SB 1220 - WORK SESSION</u> | | |
| 059 | Rep. Josi | MOTION: Moves SB 1220 to the floor with a DO PASS recommendation. |
| | | VOTE: 4-0 |
| | | AYE: In a roll call vote, all members present vote Aye. |
| | | EXCUSED: 3 - Lehman, Lokan, Roberts |
| | Chair Montgomery | The motion CARRIES. |
| | | REP. JOSI will lead discussion on the floor. |
| 070 | Chair Montgomery | Closes the work session on SB 1220 and opens the public hearing on SB 867-A. |
| <u>SB 867-A - PUBLIC HEARING</u> | | |
| 072 | Keith Putman | Administrator, reviews provisions of SB 867-A. |
| 078 | Rep. Dennis Luke | Testifies in support of SB 867-A: |
| | | * Bend-LaPine School District has been working on this for about three years |
| | | * there are more restrictions on schools than local governments; schools would like the opportunity to self-insure and save money |
| | | |

| | | |
|-----|---------------|---|
| 094 | John Whitty | Crook-Deschutes Educational Service District, comments he represents six districts in central Oregon and testifies in support of SB 867-A: |
| | | * districts have been looking at self-insurance for the districts on a regional basis for about three years |
| | | * districts have come to conclusion there is opportunity to save money and do a better job of providing insurance benefits for the employees in the region |
| | | * cities, counties and special districts can self-insure; does not understand why school districts were left off the list |
| | | * are anxious to self-insure because the six districts spend about \$13 million for insurance premiums for employees at about \$400 to \$450 per month per employee |
| | | * believes the savings can be 40 percent of the premiums by self-insuring |
| | | * believes they can do as good a job by using reinsurers and the other safeguards provided in SB 867-A as anyone can in administering an insurance program |
| | | * has heard no opposition to the bill |
| | | * technical changes by the Insurance Division have been made in the bill |
| | | * some entities like the Oregon Education Association provide insurance benefits and have an interest in this not passing |
| | | * many employees pay out-of-pocket for insurance each month and this would save some money |
| | | Issues discussed: |
| 140 | | * whether other self-insured groups have proven a cost savings |
| 152 | Laurie Wimmer | Oregon Education Association (OEA)/Oregon Association of Classified Employees, testifies in opposition to SB 867-A (EXHIBIT A). |
| | | Issues discussed: |
| 216 | | * whether the state would have a responsibility if a school district should get in trouble |
| 222 | | * track experience from cities and counties |
| 237 | | * whether there are national statistics on school district self-insurers |
| 254 | Rob Rayfield | Kipp & Company, an insurance broker, presents materials and testifies in support of SB 867-A (EXHIBIT B). |
| 281 | | * bill is a way of freeing up some potential funds for education |
| | | * would bring public schools in line with other public entities in Oregon |
| 288 | | * bill outlines safeguards |
| | | * self-funding is designed so that the public entities take a small self- |

| | | |
|--------------------|--------------|---|
| | | insured retention on a per-employee and on an overall basis; primary portion of the risk is assumed by reinsurers |
| 302 | | * references letters in packet from SAFECO on experience by schools in other states and other public entities |
| | | Issues discussed: |
| 309 | | * whether the schools could contract with anyone they want |
| | | * whether small employers have difficulty self insuring |
| 351 | | * how insurance premiums are set, and role of reinsurer |
| 390 | | * administrative personnel |
| 398 | | * risk to employees and taxpayers |
| TAPE 132, A | | |
| 002 | Chris Dudley | Executive Director, Oregon School Boards Association, and executor for insurance trust programs, testifies as being neutral on SB 867-A: |
| | | * association has sponsored a group health insurance program which districts can take advantage of for over 20 years; is insured coverage, not self-insured coverage |
| | | * ninety-seven cents of every dollar paid in premium is paid out as some kind of benefit to employees; overall costs are about seven percent |
| | | * with the changes made on the Senate side there are safeguards in SB 867-A |
| | | * would be concerned if the premium volume is lowered |
| | | * SB 867-A may put the association in good position because if school districts try this and get hurt, they still have the insured facility to back up to |
| | | * if a school district should have a bad experience, the taxpayers are going to end up paying it over time if they stay self-insured because the amount that will be paid for the reinsurance will be actuarially based |
| 030 | | * the association has a truly pooled situation; any district in the state pays the same amount |
| | | Issues discussed: |
| 034 | | * whether there are efforts nationwide for self-insurance by school districts |
| | | * whether losses fluctuate |
| 056 | | * number of employees to qualify |
| 088 | Peggy Anet | Health Insurance Association of America, testifies in opposition to SB 867-A (EXHIBIT C). |
| 125 | Anet | Continues presentation |
| 179 | Rep. Josi | Comments this just gives the districts the opportunity to look at self-insurance. |
| | | Comments there is no clamor from school districts for this, but there is |

| | | |
|---|---------------------|---|
| 194 | Rep. Lehman | from insurance agents. |
| 209 | Chair Montgomery | Closes the public hearing on SB 867-A and opens the public hearing on SB 139-A. |
| <u>SB 139-B - PUBLIC HEARING</u> | | |
| 218 | Keith Putman | Administrator, reviews provisions of SB 139-B. |
| 230 | Cam Birnie | Transportation, Purchasing and Print Services Division, Department of Administrative Services (DAS), testifies in support of SB 139-B: |
| | | * bill has been through Ways and Means; the fiscal impact is now zero |
| | | * program will be done by limited duration positions and a wise use of the ending balance of the current biennium |
| | | * have been alerted by several audits from Secretary of State's Audit Division and appearance before the Joint Legislative Audits Committee relating to personal services contracting process |
| 251 | | * DAS and the Justice Department have a tail-end involvement in the process, but have no stake in the selection, only after the contract has been signed |
| 268 | | * reviews SB 139-B section by section (EXHIBIT C, page 2) |
| 287 | | * defines "personal service contract", and gives examples |
| 300 | | * continues review section by section |
| | | Issues discussed: |
| 312 | | * unequal access to information because everyone is not on the internet |
| 350 | | * whether language allows a contract without competitive bidding |
| 380 | | * whether there will be bias toward vendors |
| 415 | | * Section 10, Minority, Women & Emerging Small Businesses |
| TAPE 131, B | | |
| 018 | Susan Townsend | Oregon Department of Justice, testifies in support of SB 139-B: |
| | | * believes bill will result in better contracting practices, better contracts for state agencies, and better value for the state |
| 023 | Chair Montgomery | Closes the public hearing and opens the work session on SB 139-B. |
| <u>SB 139-B - WORK SESSION</u> | | |
| | | Issues discussed: |
| 025 | | * whether contracts can be broken up to be less than the minimum |
| 032 | Rep. Lehman | MOTION: Moves SB 139-B to the floor with a DO PASS recommendation. |

| | | |
|---------------------------------------|-------------------------|--|
| | | |
| 034 | | VOTE: 7-0 AYE: In a roll call vote, all members present vote Aye. |
| | Chair Montgomery | The motion CARRIES. REP. WELLS will lead discussion on the floor. |
| 036 | Chair Montgomery | Closes the work session on SB 139-B and opens the public hearing on SB 974-A. |
| <u>SB 974-A - WORK SESSION</u> | | |
| 045 | Keith Putman | Administrator, reviews provisions of SB 974-A. |
| 071 | Rep. Dennis Luke | Testifies in opposition to SB 974-A: |
| | | * even general contractors are not licensed |
| | | * should question what expertise the Construction Contractors Board has for licensing, and how the tests will be set up |
| 082 | | * being able to pass a test and being able to pick out defects in a house are two different things |
| | | Issues discussed: |
| 085 | | * whether other states license inspectors |
| 100 | Carl Crump | Owner, Certified Inspections, submits statement and testifies in support of parts of SB 974-A (EXHIBIT E). |
| 102 | Chair Montgomery | Asks Mr. Crump by whom he is certified. |
| 102 | Crump | Responds he has eight certifications. |
| 111 | Crump | Reviews prepared statement (EXHIBIT E). |
| 166 | Don Crawford | National Association of Home Inspectors, the Oregon Real Estate Inspectors Association, and the Oregon Remodelers Association, testifies in support of SB 974-A: |
| | | * it is a good bill and is something the real estate industry and the home inspection industry have finally been able to decide on something that is win-win for everyone, particularly the consumer |
| 176 | | * bill will permit the Construction Contractors Board to create a program of competency testing and continuing education for inspectors |
| | | Issues discussed: |
| 183 | | * whether or not the home inspectors support the bill |
| 187 | | * SB 974-A3 amendments |
| 217 | Debra | Oregon Remodelers Association, asks that Mr. Crawford speak to the |

| | | |
|-----|--------------|--|
| | Kafoury | SB 974-A3 amendments (EXHIBIT F). |
| 220 | Crawford | Explains that the -A3 amendments remove the \$500 repair limit by home inspectors, and that it is important to understand this is a home inspection licensure bill, not a pest control operator's licensure bill, etc. Adds that the inspection industry frowns upon anyone performing work on homes they inspect; it is a conflict of interest and goes against their code of ethics. |
| 237 | Dan Lubbers | Inspections Unlimited, testifies in opposition to SB 974-A (EXHIBIT G): |
| | | * has been doing inspections for the last eight years and has been involved with registering and licensing home inspectors |
| | | * the bill is licensing for the sake of licensing--the fee is not known, the guidelines for the tests are not known--it seems to be an emergency that has to be solved |
| | | * inspection is a profession; those doing the bad jobs can and are being taken care of |
| 265 | | * other kinds of protection that can be done under registration is needed and would still give the industry the ability to self-regulate |
| 270 | | * does not believe the Construction Contractors Board can produce a test unless there is a building code for existing structures |
| | | Issues discussed: |
| 282 | | * unlicensed contractors/licensed inspectors |
| 309 | | * definition of "home inspector" |
| 323 | | * most lenders require a pest and dry rot and roof inspections; those have been cut out of the bill because they have powerful lobbyist |
| 328 | | * training of witness |
| 350 | Genoa Ingram | Oregon Association of Realtors, testifies in support of SB 974-A: |
| | | * association has spent approximately seven years working on this legislation |
| | | * a number of organizations represent the home inspection profession |
| | | * have not been able to get all factions to agree on what testing requirements ought to be |
| | | * this is enabling legislation for the Construction Contractors Board to set up a licensing and pre-education program, and allows them to work with the industry to develop testing and minimum competency standards |
| | | * work group was formed on the Senate side |
| | | * National Home Inspectors Association does have a model test for building inspectors |
| | | * did not feel it prudent to create a new board for the inspectors, but did expand the Construction Contractors Board to include one home |

| | | |
|--------------------|---------------------|---|
| | | inspector |
| | | * people want to know the inspector has some sort of education and competency requirements that would allow them to make informed decisions |
| 421 | | Issues discussed: |
| | | * title insurance |
| 436 | Ingram | Adds that the bill provides for a surety bond which the inspectors do not have now. |
| 442 | Chair Montgomery | Asks how much it costs to be licensed as a contractor. |
| 443 | Ken Keudell | Administrator, Construction Contractors Board, submits prepared statement (EXHIBIT H) and explains requirements and costs to become a contractor. |
| TAPE 132, B | | |
| | | Issues discussed: |
| 025 | | * competency of contractor and inspection by building officials |
| 045 | | * consumer expectation that registered contractor is competent |
| 070 | | * whether this bill would have an impact on a contractor inspecting a property for purposes of giving a potential buyer a bid to fix it up |
| 077 | Terry Witt | Director, Oregonians for Food and Shelter, testifies in support of SB 974-A: |
| | | * one member is member of the Oregon Pest Control Association |
| | | * there are about 50 businesses throughout the state that deal with structural pest control work |
| 085 | | * got involved in the issue in 1991 when the term "inspect" was added to the general definition |
| | | * have worked with the Construction Contractors Board both legislatively and through the rules process to come to a fair and reasonable understanding as to where their people are with the Construction Contractors Board |
| | | * there is no fear in working with Ken Keudell and the Construction Contractors Board |
| | | * the general practice seemed to be that those who wanted to do home inspections went to the Department of Agriculture and obtained a license as a pest applicator or pest operator; the training does nothing in an inspection |
| 118 | | * supports differentiation between a pest control operator license and a home inspector license |
| 150 | Chair Montgomery | Closes the public hearing on SB 974-A, announces that the bill will be rescheduled for tomorrow morning, and adjourns the meeting at 10:04 a.m. |

Submitted By, Reviewed By,

Annetta Mullins, Keith Putman,

Administrative Support Administrator

EXHIBIT SUMMARY

A - SB 867, prepared statement, Laurie Wimmer, 2 pp

B - SB 867, prepared materials, Bob Rayfield, 16 pp

C - SB 867, prepared statement, Peggy Anet, 2 pp

D - SB 139, prepared outline, Cameron Birnie, 2 pp

E - SB 974, prepared statement, Carl Crump, 1 p

F - SB 974, SB 974-A3 amendments, Don Crawford, 1 p

G - SB 974, prepared statement, Dan Lubbers

H - SB 974, prepared statement, Ken Keudell, 2 pp