

HOUSE COMMITTEE ON TRANSPORTATION

April 14, 1997 Hearing Room HR D

8:30 AM Tapes 80 - 81

MEMBERS PRESENT:

Rep. Bob Montgomery, Chair

Rep. Tim Josi

Rep. Jane Lokan

Rep. Lonnie Roberts

Rep. Larry Rep. Wells

MEMBER EXCUSED:

Rep. Mike Lehman, Vice-Chair

Rep. Bill Markham

STAFF PRESENT:

Janet Adkins, Policy Analyst

Julie Havel, Administrative Support

MEASURE/ISSUES HEARD:

HB 2098 Public Hearing

HB 3146 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 80, A (Tape #79 not used)		
005	Chair Montgomery	Calls meeting to order at 8:33 am and opens public hearing on HB 2098.

<u>HB 2098 - PUBLIC HEARING</u>		
007	Janet Adkins	Committee Administrator, explains provisions of HB 2098.
019	Betsy Johnson	Oregon Department of Transportation (ODOT) Aeronautics Manager, testifies in favor of HB 2098 (EXHIBIT A).
070	Rep. Wells	Asks for update on the proposal to move the Aeronautics Division to a different area of state Government, and requests an overview of her department. Asks whether there is a controversy regarding the aeronautics division.
073	Johnson	States in some people's eyes there is a controversy, and explains history of division. States the Aeronautics section in Oregon pre-dates the Federal Aviation Administration by seven years, and became established in 1921. In 1972, Aeronautics became a division of ODOT. In 1993, it was taken completely into ODOT and became a three-layer-deep "section" inside ODOT. States Aeronautics is completely funded by user fees, and many constituents felt ODOT's structure did not provide sufficient autonomy for an agency they were paying for. Adds some constituents felt that aeronautics advocacy has been muted, but ODOT feels strongly that multi-modalism is represented by having all modes of transportation modes inside ODOT. Gives brief history of SB 438.
101	Rep. Wells	Asks what the controversy is regarding SB 1113.
103	Johnson	Explains history of SB 1113 and states there were many different interest groups whose views were represented, and a compromise is still being worked on.
125	Rep. Wells	Asks what is going to happen to SB 438.
127	Johnson	States she does not know, it will be up to the policy makers of the legislature to decide how that reporting structure should occur.
131	Rep. Josi	Asks what the status is of SB 438.
133	Johnson	States she believes it has passed out of Senate Transportation and has been assigned to the Transportation Subcommittee on Ways and Means.
135	Rep. Josi	Asks what the vote count was.
136	Johnson	States with the exception of Sen. Yih, all members voted aye.
140	Rep. Roberts	Asks about language line 9 page one, and whether the new language now suggests a non-refundable fee of \$75.00.
142	Marilyn Lorange	Office Manager, Aeronautics section, states the new language suggests the fee was refundable in the past.
158		Discussion held on issue of whether the fee was refundable at one time.
165	Johnson	States she is speculating the fee may have been refundable, and explains the reasons why it no longer is.
175	Chair Montgomery	States he does not agree with it because it represents a fee that folks in

		Eastern Oregon have to pay a penalty to live there.
179	Rep. Lokan	Asks if pilot groups will find a problem with this bill.
181	Johnson	States the bill has been widely discussed by pilot groups and does not believe it will cause a lot of opposition because it is a fee for service that reflects their actual costs.
185	Chair Montgomery	Asks how many planes are registered in Oregon.
188	Lorance	States there are approximately 4500.
196	Chair Montgomery	Asks how many airports are opened each year.
198	Johnson	States about eight new ones open each year, and explains generally they are privately owned, private use airports.
216	Rep. Wells	Asks how difficult it is to meet the criteria to open the airport.
220	Johnson	States it is possible that they do not meet the criteria, but most are pretty certain their site will be approved prior to the actual site visit. States there might be a problem with heliports in congested areas where noise is a factor, but the applicants work with the aeronautics division, which helps them find a more suitable site.
235	Rep. Wells	Asks how long it takes for them to inspect a site, and if it is a one-day job.
237	Johnson	States yes, that is correct.
238	Rep. Wells	Asks if SB 438 were to pass, how will that affect this bill.
240	Johnson	States she assumes it would vest these powers with the new Department of Aviation and there would be no other change.
245	Chair Montgomery	States they have not received information from revenue yet, so they cannot go into a work session at this time, and asks if Johnson has any idea of how much revenue this will generate.
240	Johnson	Explains for the portion of the biennium 1997-99, it would generate \$17,141 and for the full biennium 1999-2001, it would generate \$19,590.
261	Chair Montgomery	Closes public hearing on HB 2098 and opens public hearing on HB 3146.
<u>HB 3146 - PUBLIC HEARING</u>		
268	Janet Adkins	Committee Administrator, explains provisions of HB 3146.
278	Rep. Richard Devlin	District 24, testifies in favor of HB 3146 and offers proposed amendments (EXHIBITS B & C).
322	Rep. Roberts	Refers to language on page one lines 5 and 6 and asks who the "certified motor vehicle safety inspector" would be and if that person already exists

		or if that position would have to be created.
358	Rep. Devlin	Explains ODOT would train and certify the inspectors, who in turn, would work at private facilities as private employees.
346	Rep. Roberts	Asks what type of program ODOT has set up to train these inspectors.
357	Rep. Wells	Asks for explanation of salvage title and how it works.
360	Rep. Devlin	Explains an ODOT person could better answer the previous two questions.
364	Rep. Devlin	Gives brief explanation of proposed amendments and states they are largely housekeeping amendments with a few exceptions.
TAPE 81, A		
004	Rep. Roberts	Asks what type of vehicles they are talking about.
006	Rep. Devlin	Explains it usually means totaled vehicles with substantial frame or structural damage, or those which have received severe damage which compromises the safety of the vehicle.
008	Rep. Roberts	Asks for and receives clarification of the definition of "totaled."
020	Bob Amy	Auto Body Specialists, testifies in favor of HB 3146 (EXHIBIT D).
057	Rep. Wells	Asks if the buyer has to declare what he or she intends to do with the car.
061	Amy	Explains no, a person could actually buy two or three cars and put together a car from the parts of all three. Adds there is a Federal Bill that will be re-entered in the House that deals with this issue on the Federal level.
073	Rep. Roberts	States if it is, the bill he is referring to probably will deal with interstate trafficking. Asks for clarification that there is still a need for this despite the other bill in the House.
076	Amy	States yes, because they need to establish a system that will level the playing field for consumers and allow them to get access to the true history of the car.
089	Rep. Roberts	States he had a bill like this some sessions ago, and asks if there isn't a way for someone who is good at repairing cars can get around this and successfully hide the fact that a vehicle has been wrecked.
093	Amy	States there are trained inspectors who can look for safety problems.
110	Rep. Roberts	Re-phrases question, and asks if inspectors can't be fooled by someone devious who is putting a piece of garbage back together. Uses example of million dollar art piece that looks authentic but turns out to be a fraud.
134	Amy	States if they have an eye for what they're looking for, they can prevent this, because they know what to look for.
147	Chair Montgomery	States he does not want the person buying the car to have to pay the fee.

153	Rep. Lokan	Asks if the car does not pass the inspection, what impact this bill would have.
157	Amy	States the salvage buyer takes that into consideration, and if they know they had these conditions up front, they will be more likely to be honest about whether it can really be repaired, or whether it should be junked.
172	Rep. Lokan	Asks follow up question about who it is that will be having to meet the standard.
181	Amy	States is should be done by the seller, because once the buyer has bought the car, he or she has essentially "bought" the problem, so they need to know they must meet a standard before the car can be sold, so it should be done by the re-builder of that automobile prior to sale.
188	Chair Montgomery	States it sounds to him like the car should be inspected before and after the sale.
190	Rep. Wells	Comments on the seriousness of this problem and uses hypothetical situation to illustrate his point.
201	Brian Doherty	Insurance Auto Auctions, testifies in opposition to HB 3146, and states he does not believe the proposed amendments address his group's concerns. Explains this bill has also been proposed in the state of Washington and has failed to pass there. States if it is indeed the issue of unsafe or defective vehicles being out on the roads, they should look into that, and they are adamantly opposed to bypassing the branding, they believe that should not be allowed to happen.
214	Doherty	States according to ODOT statistics, the average number of vehicles in accidents that listed mechanical defects as a cause, were 1.16 percent, and the majority were brake, tire and light problems, not structural damage.
243	Doherty	States the average age of a car in this country is nine years old, and explains typical situations which cause insurance companies to declare vehicles a total loss and hence, a "salvage title." Adds he believes they are over-addressing this issue, because an insurance company can declare a car a total loss even if it only has minor fender damage, because the cost to fix it exceeds the value of the car.
264	Doherty	States he is concerned that the costs will be exorbitant compared with the value of these cars, and it will create an economic competition in this area, which will create the have and have-nots in this industry.
276	Rep. Wells	Asks if Doherty believes the biggest problem when it comes to buying cars is mechanical, or if he believes it is safety-related problems.
283	Doherty	States he cannot answer that in terms of a percentage, but states he believes the cars that go through a salvage auction yard range from vehicles that have had substantial damage to vehicles that have had no damage whatsoever that were found after the period in which the insurance company had to pay off their insured. Adds for these cars, they must obtain a "re-built" title from the Department of Motor Vehicles (DMV).
		States in his experience, the mechanical issue has always been more of a

298	Rep. Wells	concern to him rather than safety, because of the costs associated with having to get it fixed to keep it running.
331	Doherty	States he believes most of the vehicles that have substantial damage are being sold to auto wrecking yards where they use them for parts, and if someone is a backyard enthusiast or rebuilder, he doesn't think they would want to start with something that is four feet shorter than it was to start with.
322	Rep. Lokan	States the costs of the examination would send the car back to the junkyard, and asks if there has been any discussion about the fee.
343	Chair Montgomery	States they hope to have a revenue impact statement regarding the fees.
351	Doherty	States there is a federal bill in Congress that addresses this issue in much more detail, that would probably pre-empt the state's bill if it passes.
370	Doherty	States he will send pictures of these types of cars around to each member's offices.
387	Wanda Wahus	Executive Director, Oregon Independent Auto Dealers Association, testifies in favor of HB 3146 (EXHIBIT E) .
TAPE 80, B		
022	Wahus	Tells members about personal experience seeing a man putting together cars from parts of other cars.
037	Chair Montgomery	Asks why they can't consider color-coding the titles, and have the titles remain a certain color if they have been totaled.
040	Wahus	States she believes that has been discussed by DMV in the past, but that idea has not ever come to fruition.
045	Paul Gustafson	Independent appraiser and Oregon Consumer League member, testifies in favor of HB 3146, and states he sees private people who have no experience buying these vehicles, taking them out and "fixing" them, and selling them privately, and they are a mess and unsafe. States he has a videotape to show some examples of these.
076	Chair Montgomery	Suggests they hear from everyone else testifying first and then see how much time is left.
087	Rep. Wells	Asks how much he charges to inspect a vehicle.
094	Gustafson	States right now it's \$250 for a total inspection in the tri-county area.
100	Chair Montgomery	Asks if he can tell if it can be fixed properly with that inspection.
109	Gustafson	States yes, with a professionally trained eye.
116	Wayne Ivie	Safety Standards Coordinator, Oregon Department of Transportation, states he is neutral on the issue, but outlines some concerns with the bill (EXHIBIT F) .

157	Chair Montgomery	Asks if the title indeed is in some form of code which is not obvious to the average consumer that it is a salvage vehicle.
160	Ivie	Explains there is a spot on the title itself that states it is a salvage or reconstructed vehicle, but it may not be in bold letters.
176	Rep. Wells	Asks for clearer definition of how a car earns a "salvage title."
180	Ivie	Explains.
192		<p>Discussion on held on intricacies of salvage titles:</p> <ul style="list-style-type: none"> * who owns the vehicle * how salvage titles work when the car is only insured for liability vs. if it has full coverage * when the cars meet the definition with regard to insurance companies * when they meet the definition if the owner decides to fix a wrecked car themselves.
234	Kelly Taylor	Department of Transportation, states she will get more details for the committee, and explains the process of how a car receives a salvage certificate using a pink certificate which then becomes a purple document.
285	Stefan Kapsch	Oregon Consumer League member, but states he is testifying as a private citizen in favor of HB 3146. States he has a "sophisticated layman's knowledge" of this issue, and this is indeed a very serious problem. Shares his personal experiences with the problem of being sold a very unsafe "lemon" that had been wrecked and put back together with a cutting torch and grinder.
350	Kapsch	Continues testimony, explaining he believes people are de-frauded everyday in this state with regard to this issue, and the problem is the consumer has absolutely no way to tell when the repairs are being done well and when they are not.
TAPE 81, B		
004	Kapsch	States one of the problems is you don't actually get the title until days after the sale, and therefore may not know it is a branded title until they receive it after their check has cleared.
017	Bernadette Price	Private citizen, testifies in favor of HB 3146 and shares personal experience involving her car, which was rear-ended six months after she purchased it (EXHIBIT G) .
049	Rep. Wells	Asks for and receives clarification on details of Price's experience.
067	Chair Montgomery	Outlines issues he feels still need to be addressed in this bill:
	Chair	Closes public hearing on HB 3146, asks to begin video tape, and adjourns

086	Montgomery	meeting at 10:04am.
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Submitted By, Reviewed By,

Julie Havel, Janet Adkins,

Administrative Support Policy Analyst

EXHIBIT SUMMARY

A - HB 2098, written testimony, Betsy Johnson, 2pp.

B - HB 3146, written testimony, Rep. Devlin, 2pp.

C - HB 3146, proposed -1 amendments, Rep. Devlin, 2pp.

D - HB 3146, written testimony and newspaper article, Bob Amy, 3pp.

E - HB 3146, written testimony, Wanda Wahus, 1p.

F - HB 3146, written testimony, Wayne Ivie, 1p.

G - HB 3146, photo, Bernadette Price, 1p.