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**SENATE COMMITTEE ON BUSINESS, LAW, AND GOVERNMENT**

**February 10, 1997 Hearing Room A**

**1:00 P.M. Tapes 40 - 43**

**MEMBERS PRESENT: Senator Neil Bryant, Chair**

**Senator Randy Miller, Vice-Chair Senator Kate Brown Senator Gene Derfler Senator Randy Leonard Senator David Nelson**

**STAFF PRESENT:**

**Jan Nordlund, Administrator**

**Donna Arens, Administrative Support**

**MEASURES HEARD:**

**SB 94 - Public Hearing and Work Session**

**SB 99 - Public Hearing and Work Session**

**SB 112 - Public Hearing and Work Session SB 113 - Public Hearing**

**SB 139 - Public Hearing Introduction of committee bills**

**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.**

<b>Tape/#</b>	<b>Speaker</b>	<b>Comments</b>

<b>TAPE 40, A</b>		
005	Chair Bryant	Opens meeting at 1: 05
<b>SB 94 - PUBLIC HEARING</b>		
007	Chair Bryant	Opens public hearing on SB 94
022	Lewis Littlehailes	Insurance Division, Department of Consumer and Business Services, gives testimony ( <b>EXHIBIT A</b> ) concerning life settlements (also referred to as viatical settlements)
072	Littlehailes	Continues testimony
074	Chair Bryant	Asks question regarding face value of policies
078	Littlehailes	Gives examples of what life settlement contracts are paying nationally
089	Chair Bryant	Comments that he has letter stating that average pay out is s 74 percent of face value
093	Littlehailes	Explains that percentage would vary according to life expectancy on each policy
097	Sen. Nelson	Questions why life expectancy changes percentages
101	Littlehailes	Explains that there is a scale to determine percentages
109	Chair Bryant	States that life settlement went into effect in 1995 and passed Senate without opposition, and remarks that the committee would like to see the report that is due March 1
116	Littlehailes	Comments that there will be a report by all licensed providers
126	Doug Zeh	Oregon HIV Advocacy Center, explains why he believes life settlement contracts are important to people in latter stages of HIV and discusses fair settlements, guidelines, and the mandatory disclosure statement
176	Zeh	Continues testimony
204	Chair Bryant	Comments on independent insurance companies
209	Zeh	Discusses involvement of third party and accelerated benefits
216	Chair Bryant	Comments on discounts on accelerated benefits
229	Sen. Leonard	Asks question on amount of the settlement
230	Chair Bryant	Answers that it is outlined in a rule what the discount will be
241	Sen. Brown	Questions if other states regulate these viatical settlements
247	Littlehailes	Replies that other states do regulate this

252 Chair Bryant Closes public hearing and opens work session on SB 94		
<b><u>SB 94 - WORK SESSION</u></b>		
254	Sen. Brown	<b>MOTION: Moves SB 94 to the floor with a DO PASS recommendation.</b>
	Chair Bryant	<b>Hearing no objection, declares the motion CARRIED.</b>  <b>SEN. NELSON will lead discussion on the floor.</b>
<b><u>SB 99 - PUBLIC HEARING</u></b>		
264	Chair Bryant	Opens public hearing on SB 99
272	Lewis Littlehailes	Insurance Division, Department of Consumer and Business Services, summarizes purpose of SB 99, gives testimony ( <b>EXHIBIT B</b> )
322	Littlehailes	Continues testimony and discusses his opinion on need for emergency clause
<b><u>TAPE 41, A</u></b>		
009	Sen. Leonard	Comments that he is not sure that requirements are met for proposed emergency clause
014	Littlehailes	Discusses cost of preparing reports
020	Sen. Leonard	States question regarding retired persons exemptions and existing businesses
028	Littlehailes	Explains that existing business means existing policies
036	Lana Butterfield	SAFECO Insurance company, submits testimony ( <b>EXHIBIT C</b> )
040	Chair Bryant	Closes public hearing and opens work session on SB 99
<b><u>SB 99 - WORK SESSION</u></b>		
040	Sen. Leonard	<b>MOTION: Moves to AMEND SB 99 on page 3, line 29, by deleting "business" and inserting "policies".</b>
	Chair Bryant	<b>Hearing no objection, declares the motion CARRIED.</b>
052	Sen. Leonard	<b>MOTION: Moves SB 99 to the floor with a DO PASS AS AMENDED recommendation.</b>
	Chair Bryant	<b>Hearing no objection, declares the motion CARRIED.</b>  <b>SEN. LEONARD will lead discussion on the floor.</b>
<b><u>SB 112 - PUBLIC HEARING</u></b>		

064	Chair Bryant	Opens public hearing on SB 112
070	Lucinda Potter	Executive Director, Oregon State Mortuary and Cemetery board, gives testimony ( <b>EXHIBIT D</b> )
118	Chair Bryant	Questions why prohibition exists
130	Potter	Explains that the board is the regulatory body and does not sell the plans
145	Chair Bryant	Closes public hearing and opens work session on SB 112
<b><u>SB 112 - WORK SESSION</u></b>		
	<b>Sen. Leonard</b>	<b>MOTION: Moves SB 112 to the floor with a DO PASS recommendation.</b>
	<b>Chair</b>	<b>Hearing no objection, declares the motion CARRIED.</b>  <b>SEN. NELSON will lead discussion on the floor.</b>
<b><u>SB 113 - PUBLIC HEARING</u></b>		
153	Chair Bryant	Opens public hearing on SB 113
154	Lucinda Potter	Executive Director, Oregon State Mortuary and Cemetery Board, gives testimony ( <b>EXHIBIT E</b> )
181	Chair Bryant	Questions if there are complaints about first call companies
183	Potter	Comments on recent complaint about first call company independently charging consumers
205	Chair Bryant	Questions what an immediate disposition company is
206	Potter	Explains that an immediate disposition company is a company that contracts out to other facilities to perform low-cost funeral services for the public
217	Sen. Leonard	Comment regarding Potter's definition of immediate disposition companies
229	Potter	Answers that immediate disposition companies are generally not doing first calls
241	Sen. Leonard	Question regarding employee licensing
243	Potter	Explains that companies, not employees, would be licensed
275	Sen. Miller	Question regarding what is included in the cost of licensing fees
280	Potter	Comments that licensing fees include issuance of licenses, background check, directory of licensees, and newsletters published by board
314	Chair Bryant	Questions how fee was determined

316	Potter	Comments that fee is the same as fee for crematoriums and immediate disposition companies
337	Chair Bryant	Closes public hearing on SB 113
<b><u>SB 139 - PUBLIC HEARING</u></b>		
348	Chair Bryant	Opens public hearing on SB 139
370	Cam Birnie	Administrator; Transportation, Purchasing, and Print Services Division, Oregon Department of Administrative Services (DAS), gives testimony ( <b>EXHIBIT F</b> )
<b><u>TAPE 40,B</u></b>		
001	Birnie	Continues testimony
051	Birnie	Continues testimony
071	Chair Bryant	Question on current contracts
072	Birnie	Explains price agreements or "blanket agreements" with DAS
092	Chair Bryant	Comments on contract prices
119	Birnie	Reviews SB 139 by section by section
169	Sen. Derfler	Question on changes in section 3 of bill
171	Dianne Lancaster	Assistant Administrator, State Office for Services to Children and Families, discusses requirement for annual report by DAS to Legislative Assembly concerning use of personal service contracts by state agencies
182	Birnie	Discusses review threshold on personal service contracts by Justice Department
213	Suzanne Townsend	Department of Justice, expresses concerns with use of resources and focusing use of limited resources on contracts that have the most risk and where they can add the most value
232	Sen. Derfler	Comments on Attorney General's office reviewing contracts
236	Birnie	Discusses reviewing of contracts
248	Sen. Derfler	Comments on computer programs
255	Birnie	Continues discussing SB 139
286	Lancaster	Remarks on concordance of SB 139
291	Birnie	Continues discussing SB 139
311	Lancaster	Discusses exemptive process of certain public contracts
346	Birnie	Discusses emergency contracting
<b><u>TAPE 41, B</u></b>		
001	Birnie	Continues discussing SB 139
031	Chair Bryant	Question regarding cost savings

033	Sen. Brown	Questions what to do about people without computers
034	Birnie	States that computer centers have been set up throughout Oregon at libraries and chambers of commerce for free use by the public
084	Birnie	Continues discussing SB 139
101	Sen. Leonard	Asks for example of personal service contract
104	Lancaster	Answers that a personal service contract can include anything professional or artistic in nature and could include computer programming, but does not include trade services
164	Sen. Leonard	Question regarding exclusions
170	Lancaster	Discusses exclusions
195	Sen. Leonard	Discusses proposed language on line 33, page 3
245	Sen. Leonard	Questions how many personal service contracts can be let to one individual
248	Lancaster	Answers that there is no limit
273	Sen. Leonard	Questions who is the local contract review board
278	Birnie	Answers that there is a definition of public contract review board in ORS 279, and typically it is the county board of commissioners
283	Chair Bryant	Comments that any public entity can petition the county commission to become a local review board
286	Sen. Leonard	Notes that computer has to be on-line to receive electronic notification of bidding
300	Birnie	Discusses electronic bidding via on-line computers
342	Pat Ehrlich	Association of Oregon Counties (AOC), gives testimony in support ( <b>EXHIBIT G</b> )
356	David Barenburg	League of Oregon Cities (LOC), makes favorable comments on SB 139
372	Michael Hutchens	Director of Purchasing, Portland Public Schools, in support of sections of 7, 8, 9, 11 and 12 of SB 139
383	Chair Bryant	Asks witnesses to comment on use of electronic advertising
369	Hutchins	States that Portland Public Schools are currently not using electronic advertising because it is an additional cost for this agency under present situation
<b>TAPE 42,A</b>		
		Comments that LOC is asking for cities to report use of

001	Barenburg	electronic advertising
007	Ehrlich	Comments that AOC used Vendor Information Program (VIP) to make purchases through DAS
015	Chair Bryant	Addresses Sen. Leonard's concern about builders and buyers who do not have access to a modem
025	Sen. Leonard	Question for Hutchens regarding audits for school districts
027	Hutchens	Replies that auditors are hired by the school board and selected by request for proposal process
039	Al Nunez	Governor's Advocate for Minorities, Women, and Emerging Small Businesses, gives favorable testimony on SB 139, and has interest in sections 8(1)(d), 10, 11(1)
073	Sen. Leonard	Questions if there are any statistics for minority, women, and small business contracts
074	Nunez	Replies that no one has kept a record of how much business women and minority vendors receive from the state
111	Gail Ryder	Director of Government Affairs, Oregon Newspapers Publishing Association, gives testimony ( <b>EXHIBIT I</b> ), opposed on section 11 of SB 139
161	Ryder	Continues testimony
182	David Douthwaite	Government Relations Manager, Associated General Contractors (AGC), gives testimony ( <b>EXHIBIT J</b> )
232	Douthwaite	Continues testimony
260	Sen. Derfler	Comments on ability for small company to operate without computer
271	Douthwaite	Comments that most companies have computers, but some do not have electronic mail or communications
290	Sen. Miller	Question about section 11, purpose of newspaper advertising
293	Douthwaite	Answers that the purpose of newspaper advertising is to make people who are interested in doing the work aware that the work is available, so if they want to bid they may do so
297	Sen. Miller	Questions if bids are required to be done electronically
302	Douthwaite	States that he believes that is what language states
303	Sen. Miller	Questions if it would be cost-effective for potential bidders to be notified
309	Douthwaite	Answers that concern is over new members who would be excluded from market because they did not know what was available
325	Sen. Miller	Comments regarding \$50,000 threshold for public

		improvement contracts
342	Douthwaite	Feels that \$50,000 threshold should be reduced and that electronic advertising be phased in
367	Tim Nesbitt	Oregon Public Employees Union (OPEU), expresses concerns about impact on personal service contracts
<b>TAPE 43,A</b>		
001	Nesbitt	Continues testimony, raises question about impact on group of employees called client-employed providers (C.E.P.'s)
034	Shawn Miller	Associated Builders and Contractors (ABC), expresses concern over section 7 and 11 of SB 139, and comments that ABC would support phase-in of electronic advertising
071	Gary Wright	Local 290 Plumbers and Pipefitters, states that he also has concern over section 11 of SB 139
089	Miller	Comments that language does not state exception on section 11 of SB 139
103	Chair Bryant	Calls Cam Birnie back to stand to inquire about 6 new positions requested in fiscal analysis
109	Cam Birnie	Explains position descriptions
143	Chair Bryant	Question about personal service contracts and \$50,000 threshold
148	Birnie	Comments they would advertise through VIP and through trade publication when public improvement contract exceeds \$50,000
165	Sen. Derfler	Questions if DAS would still ask for 6 full-time employees if SB 139 did not pass
168	Birnie	Answers that DAS would not need 6 full-time employees if SB 139 did not pass, and discusses agency manager accountability for contracts
210	Sen. Miller	Questions reason for bold language on section 11
216	Birnie	Discusses modifications in section 11
217	Sen. Leonard	Comments that personal service contracts do not require approval of Attorney General's office
238	Chair Bryant	Closes public hearing on SB 139, opens work session to discuss committee bills
<b>INTRODUCTION OF COMMITTEE BILLS</b>		
241	Chair Bryant	<b>MOTION: Moves LC 1840 dated 12/19/96 BE INTRODUCED as SB 488.</b>
	Chair Bryant	<b>Hearing no objection, declares the motion CARRIED.</b>



245	Chair Bryant	<b>MOTION: Moves LC 2221 dated 1/27/97 BE INTRODUCED as SB 487.</b>
	Chair Bryant	<b>Hearing no objection, declares the motion CARRIED.</b>
249	Chair Bryant	Notes that LC 1840 was requested by the Certified Public Accountant's Association, and LC 2221 was requested by Rob Douglas
255	Chair Bryant	Notes that Sen. Miller indicates "aye" vote on SB 99 and adjourns meeting at 2:46

**Submitted By, Reviewed By,**

**Donna Arens, Jan Nordlund,**

**Administrative Support Administrator**

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### **EXHIBIT SUMMARY**

**A - SB 94, Written testimony, Insurance Division, Department of Consumer and Business Services, 2 p.**

**B - SB 99, Written testimony, Insurance Division, Department of Consumer and Business Services, 3 p.**

**C - SB 99, Written testimony, SAFECO Insurance Company, 2 p.**

**D - SB 112, Written testimony, Oregon State Mortuary and Cemetery Board, 2 p.**

**E - SB 113, Written testimony, Oregon State Mortuary and Cemetery Board, 1 p.**

**F - SB 139, Written testimony, Transportation, Purchasing & Print Services Division, Oregon Department of Administrative Services, 2 p.**

**G - SB 139, Written testimony, Association of Oregon Counties, 1 p.**

**H - SB 139, Written testimony, Governor's Office, 1 p.**

**I - SB 139, Written testimony, Oregon Newspaper Publishers Association, 4 p.**

**J - SB 139, Written testimony, Associated General Contractors, 3 p.**

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