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

**March 17, 1997 Hearing Room HR A**

**1:00 PM Tapes 106 - 109**

**MEMBERS PRESENT:**

**Sen. Neil Bryant, Chair**

**Sen. Randy Miller, Vice-Chair**

**Sen. Kate Brown**

**Sen. Randy Leonard**

**Sen. David Nelson**

**MEMBER EXCUSED:**

**Sen. Gene Derfler**

**STAFF PRESENT:**

**Jan Nordlund, Administrator**

**Vicki Champ, Administrative Support**

**MEASURE/ISSUES HEARD:**

**SB 391 Public Hearing**

**HB 2071 Public Hearing and Work Session**

**SB 650 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.**

<b>Tape/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>Tape 106, A</b>		
010	Chair Bryant	Opens the meeting at 1:16 p.m. and opens public hearing on SB 391.
<b><u>SB 391 PUBLIC HEARING</u></b>		
021	Chair Bryant	Explains SB 391. Refers to a fax submitted by Cecil Monroe ( <b>EXHIBIT A</b> ). States there are about 23-24 state chartered credit unions and the rest are federal and refers to the phrase "common bond." Discusses some of the history of SB 391.  States the options the committee has in dealing with SB 391.
065	Chair Bryant	Lists the public testimony submitted prior to the meeting ( <b>EXHIBIT B</b> ).
081	Steve Rodeman	Vice President & General Counsel, Oregon Credit Union League, presents and explains ( <b>EXHIBIT C</b> ).
135	Rodeman	Continues presentation of testimony.
154	John McLaughlin	President/CEO, Wood Products Credit Union. Supports SB 391. Explains how the credit union has helped communities.
178	Eldon Hoekstra	President/CEO, Crown Federal Credit Union. Presents ( <b>EXHIBIT D</b> ) in support of SB 391.
229	Chair Bryant	States Monroe says it takes about 2,000 people to make a viable credit union.
235	Rodeman	Explains that 500 are needed to charter a new credit union.
243	Sen. Nelson	Asks for an explanation of the issue of taxation.
248	Rodeman	Discusses the difference between credit unions and banks; credit unions are cooperative non-profit organizations.
268	Sen. Nelson	Asks if members pay taxes on dividends.
270	Rodeman	Explains the taxes on dividends.
273	Chair Bryant	Asks about the sizes of credit unions.
277	Rodeman	States the average range is \$35-\$50 million in assets.
298	Sen. Nelson	Refers to fax received from Monroe referencing mutual funds.
303	Rodeman	Explains Monroe's references.
317	Chair Bryant	Comments that credit unions have experienced growth.
330		Discussion of credit unions which are chartered by the state.

349	Rodeman	Comments on his presented testimony.
<b>TAPE 107, A</b>		
010	Arlene Foss	Volunteer, Portland Teachers Credit Union (PTCU). Presents ( <b>EXHIBIT M</b> ) in support of SB 391. Explains the hours she and other volunteers put into the credit union.
027	Chair Bryant	Asks what defines membership in PTCU.
028	Foss	Explains members can be anyone who is non-profit and involved in education.
050	Greg McClarren	Volunteer, Mid Oregon Federal Credit Union. Presents ( <b>EXHIBIT N</b> ) in support of SB 391. Explains his good personal experiences with credit unions. States people want options and freedom of choice.  Explains the types of loans which credit unions make and banks do not.
085	Carolyn Strong	Volunteer, Chair of the Board, First Technology Federal Credit Union. Presents ( <b>EXHIBIT E</b> ) in support of SB 391. Comments that the credit union meets the specific needs of its technological members.
125	Pamela Pifher	Director of Legislative Affairs, Oregon Credit Union League. Presents ( <b>EXHIBIT F</b> ) in support of SB 391. Clarifies issues of taxation, following "banking" regulations, and common bonds.
180	Pifher	Comments on recent polls which showed support for credit unions.
205	Robert Burns	President/CEO, Multnomah County Employees Credit Union. Presents ( <b>EXHIBIT G</b> ) in support of SB 391. Explains electronic funds transfers and taxation.
260	Frank Brawner	Oregon Bankers Association (OBA). Presents ( <b>EXHIBIT H</b> ) in opposition to SB 391.
300	Cheri J. Folk	Chair, OBA and President, Bank of Astoria. Presents ( <b>EXHIBIT I</b> ) in opposition to SB 391. Discusses common "bond" versus "bonds", and cites examples of how the bank has helped local communities.
360	Folk	Continues presentation and discusses taxes.
410	Folk	Discusses government subsidies and continues testimony.
<b>TAPE 106, B</b>		
010	Folk	Finishes presenting testimony.
058	Sen. Leonard	Asks about exact tax figures.
064	Brawner	Explains the report will be updated later in the spring.
080		Discussion of the report for the economic forecast.
093	Chair Bryant	Asks about growth rate and the Community Reinvestment Act.
096	Folk	States the annual growth rate was about 5-6% for Bank of Astoria.
106	Brawner	States he will provide further information.
112	Chair Bryant	Asks about the subsidy and the "free for all" in Astoria that Folk

		mentioned in her testimony.
123	Folk	Responds no formal studies have been done, yet she has witnessed people choosing to take their investments elsewhere.
135	Sen. Brown	Asks if the Bank of Astoria would make loans for less than \$500.
141	Folk	States loans have been made for less than \$1,000 but not as low as \$500.
148	Sen. Nelson	Asks what the market share of credit unions was in 1982.
153	Brawner	Explains the market share of credit unions has increased rapidly.
155	Victor L. Bartruff	President and Chief Executive Officer, West Coast Bancorp, and President, Independent Community Banks of Oregon. Presents <b>(EXHIBIT J)</b> in opposition to SB 391. Discusses the bank's efforts in helping the local economy.
200	Bartruff	Continues presentation of testimony and discusses taxes.
238	Chair Bryant	Asks if the Bank of Astoria is a community bank.
239	Bartruff	States it is.
240	Patricia Moss	Executive Vice President, Bank of the Cascades and OBA Board Member. Presents <b>(EXHIBIT K)</b> in opposition to SB 391. Explains the banks are involved in the communities and states the credit unions should pay taxes.
302	Moss	Explains choice is not a problem, as long as the rules are the same. States that credit unions should be treated like banks.
345	Chair Bryant	Asks what the growth has been for the Bank of the Cascades from 1992-1996.
346	Moss	Responds about 15-20% per year and the loss of business has been due to credit unions which can offer higher investment rates.
372	Sen. Nelson	Asks about profit versus non-profit organization of banks versus credit unions.
374	Moss	States that credit unions benefit the owners.
378	Sen. Nelson	Comments that owners pay taxes.
379		Discussion of taxes and dividends, how they are paid and who pays them.
<b>TAPE 107, B</b>		
004		Discussion continues on taxes for credit unions.
019	Sen. Brown	Asks about the difference between community and non-community banks.
021	Brawner	States that it is unclear. Discusses the various types of banks in Oregon.
042	Sen. Brown	Restates that community banks are not necessarily small banks.
044	Brawner	Defines community banks as less than \$400 million in assets. Reads parts of <b>(EXHIBIT H)</b> .
		Continues to present testimony concerning common bonds and polls

091	Brawner	taken on the subject of credit unions.
141	Brawner	States no one will be harmed if no action is taken. Concludes presentation of testimony.
188	Brawner	Shows the committee a chart of a Eugene credit union and bank.
200	Chair Bryant	Asks about Monroe's fax.
204	Brawner	Responds to the information in the fax.
215	Sen. Nelson	Asks about growth of industries.
221	Brawner	States he will provide the information.
226	Dave Barrows	Oregon League of Financial Institutions. Opposes SB 391.
228	John Larsen	Liberty Federal Bank. Opposes SB 391. Explains credit unions should be subject to the same constraints as other financial institutions if they expect to have the same customer base and level of power.
276	Chair Bryant	Asks about the number of state chartered savings and loans.
283	Larsen	Responds he is uncertain.
286	Chair Bryant	Explains Monroe will be at a future hearing and others will also be invited back for further questions and discussion of SB 391. Closes public hearing on SB 391 and opens public hearing on HB 2071.
<b><u>HB 2071 PUBLIC HEARING</u></b>		
304		Discussion of HB 2071.
344	Rep. Carolyn Oakley	House District 36. Supports HB 2071. Explains the content and history of HB 2071.
375	Sen. Leonard	Asks who voted nay on the House floor.
378	Rep. Oakley	States Rep. Corcoran voted nay.
380	Sen. Brown	Asks for explanation of the emergency clause.
384	Rep. Oakley	States that licenses expire June 30th and must be renewed by July.
391	Jack Roberts	Commissioner, Oregon Bureau of Labor and Industries. Supports HB 2071. Clarifies reasons for the emergency clause.
420	Roberts	Explains more of the background of HB 2071 and the consumer protection clauses.
<b><u>TAPE 108, A</u></b>		
034	Doug Jarmor	Oregon Association of Temporary Staffing Services. Supports HB 2071.
055	Sen. Brown	Acting as chair, closes public hearing on HB 2071 and calls a recess at 3:03 p.m. to wait for a full quorum.
057	Chair Bryant	Reconvenes at 3:15 p.m. and opens work session on HB 2071.
<b><u>HB 2071 WORK SESSION</u></b>		

058	Sen. Leonard	<b>MOTION: Moves HB 2071A to the floor with a DO PASS recommendation.</b>
	Chair Bryant	<b>Hearing no objection, declares the motion CARRIED.</b>  <b>SEN. LEONARD will lead discussion on the floor.</b>
060	Sen. Bryant	Closes work session on HB 2071 and opens work session on SB 650.
<b><u>SB 650 WORK SESSION</u></b>		
062		Staff submits SB 650 proposed-11 amendments ( <b>EXHIBIT L</b> ).
063	Chair Bryant	Reads and clarifies SB 650-11 proposed amendments.
092	Sen. Brown	Asks who was at the work group to prepare the amendments.
094	Chair Bryant	Explains who was at the meeting. Explains the changes created by these amendments.
151	Sen. Leonard	States the amendments prohibit a teacher from filing a grievance.
163	Chair Bryant	Asks for questions relating to section 3 of SB 650-11.
166	Sen. Brown	Asks about "substantial evidence" in section 1 of SB 650.
173		Discussion of the definition and of the burden of proof.
195	Sen. Leonard	Expresses concern that the amendments do not have the input of public testimony.
204	Chair Bryant	Explains the amendments are in response to previous public testimony. Lists specific changes.
224	Sen. Brown	Asks about evaluation processes.
227	Chair Bryant	States the districts will develop their own evaluation processes.
250	Chris Dudley	Oregon School Board Association. Comments on evaluations.
256	Sen. Leonard	Asks what procedural rights a teacher has.
260	Dudley	Explains plans of assistance.
283	Sen. Leonard	States the teacher has no procedural appeal.
289		Discussion of appeal procedures and plans of assistance.
343	Sen. Leonard	States it does not appear the teacher gets the right to grieve.
369	Sen. Brown	Asks about page 3, lines 36-38 of SB 650. States that unfounded allegations will still be seen as allegations if they are in personnel files.
400	Chair Bryant	Explains other changes in the amendments.
420		Discussion of terminology.
438	Chair Bryant	Explains other changes.
463		Discusses prohibited subjects and bargaining.
<b>TAPE 109, A</b>		

047	Chair Bryant	Explains school boards would need to bargain.
059	Sen. Brown	Asks for a restatement of this section.
076	Chair Bryant	Explains page 16, line 9, other related measures and the other changes in SB 650-11.
100	Sen. Leonard	Asks if the emergency clause is necessary.
105	Sen. Brown	Asks about the repeal of the licensure requirements.
118	Ozzie Rose	Confederation of Oregon School Administrators. States he hopes that SB 181 will address the same issue in a different manner.
126	Sen. Brown	States concern about incentives for teachers to need licensing in Oregon. Asks about accepting non-licensed teachers.
146	Rose	States he does not expect non-licensed teachers will be used in a large number of cases. Expects most districts will use licensed teachers.
174	Sen. Brown	Asks what incentives licensed teachers would have to remain.
177	Rose	Responds good schools would be a major reason they would remain.
179	Chair Bryant	Comments he will delete section 41.
184	Sen. Leonard	Comments on the differences between teachers at different grade levels.
193	Rose	States fingerprinting would still be required.
199	Chair Bryant	Comments on the emergency clause.
211	Rose	Discusses page 1, line 13 of proposed-11 amendments.
227	Chair Bryant	Explains non-extension.
232		Discussion of specific language.
254	Sen. Brown	Asks if other states have rolling contracts.
258	Rose	States opinion that no other state has rolling contracts for all employees.
277	Dudley	Discussion of fair dismissal appeals process.
340	Sen. Leonard	Asks about school districts changing their minds on decisions.
360	Chair Bryant	Suggests language change from "any" to "the first" on line 13, page 1 of SB 650-11.
363	Chair Bryant	<b>MOTION: Moves to AMEND SB 650-11 amendments on page 1, in line 13, to delete "any" and insert "the first."</b>
	Chair Bryant	<b>Hearing no objection, declares the motion CARRIED.</b>
372	Chair Bryant	<b>MOTION: Moves to AMEND SB 650 by deleting section 41.</b>
	Chair Bryant	<b>Hearing no objection, declares the motion CARRIED.</b>
380	Sen. Brown	Asks for an exact definition of review.
384	Chair Bryant	Responds a review is not a formal hearing.
391	Chair Bryant	<b>MOTION: Moves to ADOPT SB 650-11 amendments dated 3/17/97, as amended.</b>

	Chair Bryant	<b>VOTE: 4-1</b> <b>AYE: 4 - Brown, Miller, Nelson, Bryant</b> <b>NAY: 1 - Leonard</b> <b>EXCUSED: 1 - Derfler</b>
	Chair Bryant	<b>The motion CARRIES.</b>
398	Chair BRYANT:	<b>MOTION: Moves SB 650 be sent to the floor with a DO PASS AS AMENDED recommendation.</b>
		<b>VOTE: 3-2</b> <b>AYE: 3 - Miller, Nelson, Bryant</b> <b>NAY: 2 - Brown, Leonard</b> <b>EXCUSED: 1 - Derfler</b>
	Chair Bryant	<b>The motion CARRIES.</b>  <b>SEN. DERFLER and SEN. BRYANT will lead discussion on the floor.</b>
403	Chair Bryant	Closes work session on SB 650 and adjourns meeting.

Submitted By, Reviewed By,

Vicki Champ Jan Nordlund

Administrative Support Administrator

Transcribed By,



**Jennifer Peck,**

**Administrative Support**

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**EXHIBIT SUMMARY**

**A - SB 391, public testimony submitted prior to meeting, staff, 2 pp**

**B - SB 391, letters submitted prior to meeting, staff, 5 pp**

**C - SB 391, written testimony, charts, research and a letter, Steve Rodeman, 26 pp**

**D - SB 391, written testimony, Eldon A. Hoekstra, 2 pp**

**E - SB 391, letter and written testimony, Carolyn Strong, 2 pp**

**F - SB 391, written testimony, Pamela K. Pifher, 8 pp**

**G - SB 391, written testimony, Robert Burns, 3 pp**

**H - SB 391, written testimony, news article, charter, and proposed amendments, Frank E. Brawner, 46 pp**

**I - SB 391, written testimony and charter, Cheri J. Folk, 15 pp**

**J - SB 391, written testimony and bylaws, Victor L. Bartruff, 10 pp**

**K - SB 391, written testimony and statistics, Patricia Moss, 6 pp**

**L - SB 650, proposed-11 amendments, staff, 4 pp**

**M - SB 391, written testimony, Arlene Foss, 2 pp**

**N - SB 391, written testimony Gregory R. McClarren, 2 pp**

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