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SENATE COMMITTEE ON BUSINESS, LAW, & GOVERNMENT

March 24, 1997 Hearing Room A

1:00 P.M. Tapes 117-120

MEMBERS PRESENT:

Sen. Neil Bryant, Chair

Sen. Randy Miller, Vice-Chair

Sen. Gene Derfler

Sen. Randy Leonard

Sen. David Nelson

MEMBER EXCUSED: Sen. Kate Brown

STAFF PRESENT:

Brian Krieg, Administrator

Vicki Champ, Administrative Support

MEASURES/ISSUES HEARD:

SB 127 Work Session

SB 487 Public Hearing and Work Session

HB 2214 Public Hearing and Work Session

SB 544 Public Hearing and Work Session

HB 2083 Public Hearing and Work Session

HB 2108 Public Hearing and Work Session

HB 2238 Public Hearing and 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 117, A		
003	Chair Bryant	Calls meeting to order at 1:13 PM, opens work session on SB 127.
<u>SB 127 WORK SESSION</u>		
005	Chair Bryant	Invites Cecil Monroe to summarize SB 127 amendments.
014	Cecil Monroe	Administrator, Division of Finance and Corporate Securities, provides summary of SB 127 amendments (EXHIBIT A).
036	Chair Bryant	Asks if revisions have narrowed the scope of the bill.
045	Monroe	Responds affirmatively.
053	Chair Bryant	Requests section analysis.
056	Monroe	Provides section by section summary.
065	Chair Bryant	Questions scope of language in section 4.
068	Monroe	Responds that Western Union is not exempt.
069	Chair Bryant	Questions the definition of money sender business, is Western Union this type of business.
073	Monroe	Responds affirmatively.
113	Sen. Derfler	Comments on section 1 of the amendments. Questions if legitimate businesses will be effected.
122	Monroe	Responds that the department's position is not to interfere with business practices, but for compliance.
134	Sen. Derfler	Requests reassurance from division that legitimate businesses will not be harmed.
136	Monroe	Responds affirmatively.
137	Chair Bryant	Questions who this bill is directed toward.

143	Monroe	Responds that businesses that sell checks, cash checks, and send money by any other means will have to be licensed.
157	Chair Bryant	Comments that those businesses are already licensed.
160	Monroe	Notes that there are some businesses that cash checks and are not licensed.
167	Sen. Nelson	Requests an example of who is cashing checks that is not licensed. Questions if these businesses are conducting an illegal service.
169	Monroe	Responds that there are several businesses on Lancaster that advertise check chasing that are not licensed. Notes that federal agencies need a state law on 'money transmitting' in order to monitor if any of these businesses are conducting illegal activities.
213	Sen. Bryant	MOTION: Moves to ADOPT the amendments offered by the Division of Finance and Corporate Securities to SB 127.
219	Sen. Derfler	Comments in support of SB 127.
224	Chair Bryant	Hearing no objection, declares the motion CARRIED.
228	Sen. Bryant	MOTION: Moves SB 127 to the floor with a DO PASS AS AMENDED recommendation.
257		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 1 - Brown
	Chair Bryant	The motion CARRIES. SEN. BRYANT will lead discussion on the floor.
258	Chair Bryant	Closes work session on SB 127.
<u>SB 487</u> <u>PUBLIC</u> <u>HEARING</u>		
263	Chair Bryant	Opens public hearing on SB 487.
286	Ron Gould	Partner, Deloitte & Touche, provides testimony in support of SB 487 (EXHIBIT B).
330	Chair Bryant	Questions the effective date of the bill, January 1, 2000.
334	Gould	Responds affirmatively. Notes that this requirement needs to be phased in.
343	Dr. Raymond Johnson	Certified Public Accountant (CPA), Professor at Portland State University, provides testimony in support of SB 487 (EXHIBIT C).
460	Chair Bryant	Questions if the year 2000 accountants in Oregon will not be able to practice in Washington if this bill is not passed.

468	Johnson	Responds affirmatively.
TAPE 118, A		
020	Johnson	Continues testimony.
038	Chair Bryant	Comments on the educational requirement being placed in statute. Questions if higher education could address this issue within the graduation requirements.
045	Johnson	Responds that that is a possibility, however, if an accountant moves from state to state they will have to prove their educational background in each state.
053	Sen. Nelson	Questions if the Oregon Association of Independent Accountants are licensed practicing accountants.
055	Johnson	Responds affirmatively. Notes that this bill does not alter the educational requirements for public accountants.
062	Sen. Miller	Questions if individuals can continue education to obtain this certificate.
066	Johnson	Responds affirmatively.
070	Sen. Leonard	Questions what the opposing arguments are.
075	Gould	Responds that cost, conversion of the higher education system, and enough time for conversion into the new requirement.
084	Sen. Miller	Questions how many individuals/organizations are in support of this change.
104	Johnson	Responds that approximately 88 percent of the Oregon CPA's voted in support of this bill.
108	Gould	Comments that the states that have adopted this requirement represents 48 percent of CPA's in the country.
121	Karen DeLorenzo	Administrator, State Board of Accountancy, provides testimony in support of SB 487 and -2 amendments (EXHIBIT D).
126	Chair Bryant	Questions if this bill was introduced in the 1995 legislative session.
127	DeLorenzo	Responds affirmatively. Notes that the bill was withdrawn.
135	Robert L. Gordon	Public accountant, Bend, provides testimony on SB 487 (EXHIBIT E), notes concerns.
176	Chair Bryant	Questions if Mr. Gordon would like to see the year 2000 extended.
178	Gordon	Responds affirmatively.
179	Chair Bryant	Questions a recommended extension date.
180	Gordon	Responds at least 2001.
193	Chair Bryant	Questions if the witness would request any additional changes.
199	Gordon	Responds that language in HB 3330 would be acceptable in SB 487.
220	Charlene Van Cleef	Member, Oregon Association of Independent Accountants, provides testimony in support of SB 487 with proposed changes.
		Public accountant, Portland, member Oregon Association of

241	Jim Aldrich	Independent Accountants. Provides testimony in support of SB 487, notes concerns about allowing the smaller accounting firms to maintain operations.
267	Joyce Funkhouser	Legislative chair, Oregon Association of Independent Accountants, provides testimony in support of HB 3330 and HB 3331 are compromise bills for the CPA's and PA's.
290	Stephen Kafoury	Representing University of Phoenix, private for profit university, provides testimony and submits proposed amendments (EXHIBIT F).
333	Chair Bryant	Questions language in the proposed amendments.
338	Kafoury	Responds that the State Board of Accountancy is supportive.
361	Sen. Miller	Questions the importance of having a degree before taking the CPA exam. Would Oregonians be threatened if individuals passed the exam without a higher education.
378	Kafoury	Responds that national standards are increasing and it is in the best interest of Oregon to remain competitive.
410	Ted Hughes	Representing Oregon Association of Independent Accountants, requests placing HB 3330 language within section 2 of HB 487.
434	Sen. Miller	Questions if the proposed educational requirement is for accounting credits only.
460	Hughes	Responds that the new requirements would be determined by the board.
474	Chair Bryant	Recess public hearing on SB 487, opens public hearing on HB 2214.
HB 2214		
PUBLIC		
HEARING		
TAPE 117, B		
052	Rep John Watt	District 50, summarizes and testifies in support of HB 2214.
091	Sen. Derfler	Questions how this bill will change government operations.
095	Rep. Watt	Responds that this bill will allow legislators to have more information and receive it in a more timely manner. Notes that this report would be extremely helpful to freshmen members.
118	Chair Bryant	Comments that the Governor's office has requested that the members' term be extended from two to four years.
121	Rep. Watt	Responds that this topic is open for discussion.
138	Chuck Smith	Director of Debt management, Oregon State Treasury, provides testimony in support of HB 2214 (EXHIBIT G).
185	Sen. Miller	Questions how this report will impact the legislative process.
196	Smith	Responds that this report would expand and create a systematic reporting mechanism.
222	Chair Bryant	Notes that funding will be out of the Treasurer's office.

224	Smith	Responds that it is a budgeted item, it is currently before Ways and Means Committee.
235	Chair Bryant	Closes public hearing on HB 2214.
<u>HB 2214</u> <u>WORK</u> <u>SESSION</u>		
236	Chair Bryant	Opens work session on HB 2214.
237	Sen. Bryant	MOTION: Moves to AMEND HB 2214 on line 14, by changing "two years" to "four years".
242	Sen. Miller	Comments on discussion with the Governor's office. Notes that the term length on the advisory committee need to correspond with term length in the legislature.
258	Sen. Derfler	Notes concerns surrounding appointing a committee now and the possibility of being voted out of office.
261	Chair Bryant	Comments on committee membership.
267	Sen. Derfler	Comments that committee membership should be staggered term limits, 2, 3, 4 years.
277	Chair Bryant	Withdraws motion. Requests conceptual amendment to make the appointment for four years, after the initial appointment is 1 member for 2 years, 1 member for 3 years and the 4th member for four years.
303	Chair Bryant	Withdraws motion.
304	Sen. Leonard	MOTION: Moves HB 2214 to the floor with a DO PASS recommendation.
306		VOTE: 5-0 EXCUSED: 1 - Brown
	Chair Bryant	Hearing no objection, declares the motion CARRIED. SEN. LEONARD will lead discussion on the floor.
308	Chair Bryant	Closes work session on HB 2214.
<u>SB 487</u> <u>PUBLIC</u> <u>HEARING</u>		
309	Chair Bryant	Opens public hearing on SB 487.
326	Karey Schoenfeldt	Representing Oregon Society of CPA's, provides testimony in support of SB 467 and the -2 amendments (EXHIBIT H).
363	Roy Roger	CPA, provides testimony in support of SB 487.
450	Chair Bryant	Question if there are concerns regarding the year 2000 versus 2001.
455	Schoenfeldt	Responds that current college students have not voiced any concern.
TAPE 118, B		

030	Chair Bryant	Questions if the year 2000 is acceptable for the higher education institutions.
033	Schoenfeldt	Responds affirmatively.
038	Sen. Derfler	Questions if this bill is targeted toward the PA's.
041	Schoenfeldt	Responds that this bill is for CPA's , no impact to the PA's.
044	Roger	Comments that PA's can take a position on the bill, however, SB 487 is directed towards CPA's.
062	Chair Bryant	Closes public hearing on SB 487.
<u>SB 487 WORK SESSION</u>		
063	Chair Bryant	Opens work session on SB 487.
065	Sen. Bryant	MOTION: Moves to ADOPT SB 487-2 amendments dated 03/24/97.
066	Chair Bryant	Hearing no objection, declares the motion CARRIED.
069	Sen. Leonard	MOTION: Moves to ADOPT the amendments offered by Stephen Kafoury to SB 487.
074	Chair Bryant	Hearing no objection, declares the motion CARRIED.
078	Sen. Bryant	MOTION: Moves SB 487 be sent to the floor with a DO PASS AS AMENDED recommendation.
086		VOTE: 3-2 AYE: 3 - Derfler, Nelson, Bryant NAY: 2 - Leonard, Miller EXCUSED: 1 - Brown
	Chair Bryant	The motion FAILS.
089	Chair Bryant	Closes work session on SB 487, opens public hearing on SB 544.
<u>SB 544 PUBLIC HEARING</u>		
108	Mike Dewey	Representing Oregon Wheat Growers League, summarizes and provides testimony in support of SB 544.
217	Sen. Leonard	Questions how the word `temporary' is defined.
221	Dewey	Responds with definition and explanation.
242	Sen. Leonard	Questions if a resident from another state working in Oregon is without worker's compensation.
247	Dewey	Responds that is possible.

251	Sen. Leonard	What if an individual is not from another country?
253	Dewey	Responds that if anyone is in Oregon for less than 30 days they are not covered.
267	Sen. Leonard	Notes that current state is for 30 days a year.
274	Greg Malkasian	Manager, Compliance Section, Worker's Compensation, Department of Consumer and Business Services, provides definition of 'temporary'.
320	Sen. Leonard	Questions who assumes coverage if an individual is from another nation.
335	Gary Stuart	Supervisor, Employer Compliance Program, Worker's Compensation Division. Responds with process of reciprocity.
341	Chair Bryant	Questions if there is no reciprocity, Oregon has to provide worker's compensation.
345	Stuart	Responds affirmatively.
351	Sen. Leonard	Questions subsection 6, original bill.
364	Stuart	Responds that reference is being made to subsection, original bill.
371	Sen. Leonard	Questions if someone is employed seasonally.
388	Malkasian	Responds with worker's compensation coverage and that the bill allows the employer to have the employee assigned to an out-of-state worksite.
414	Sen. Leonard	Questions if the Worker's Compensation Division goes to the worksite to audit workers' coverage.
419	Malkasian	Responds that the compliance unite is responsible for audits.
427	Sen. Leonard	Questions if SB 544 passes, what would be acceptable proof for an worksite inspection of an out-of-state employee.
433	Malkasian	Responds with the inspection process.
446	Sen. Leonard	Questions where that is covered in SB 544.
452	Malkasian	Responds section, subsection a.
470	Sen. Leonard	Questions if an out-of-state employee is asked to show proof of coverage.
477	Stuart	Responds that a claim generates an investigation.
TAPE 119, A		
024	Sen. Leonard	Notes that is concerned that they system would break down and the migrant workers would not be covered as a result of passing SB 544.
031	Stuart	Responds that migrant workers are not the largest portion of out-of-state representation, SB 544 would not be a loop-hole.
038	Sen. Leonard	Questions if surrounding states exclude migrant workers.
040	Stuart	Responds that he is unaware of any.
041	Chair Bryant	Clarifies that if they were exempted they would be covered by Oregon statute.
043	Malkasian	Provides additional information on SB 544.

076	Dewey	Continues explanation of migrant coverage and the effect of SB 544.
088	Chris Davie	Representing SAIF Corporation, provides testimony in support of SB 544 (EXHIBIT I).
103	Sen. Brown	Questions review of Carothers case and property owners near state boundaries.
105	Davie	Provides summary of these two situations.
169	Sen. Leonard	Questions how truck drivers are classified.
176	Davie	Respond that it is complicated.
184	Sen. Leonard	Questions if SB 544 would impact on that industry.
186	Davie	Responds that it would not. Provides a proposed amendment (EXHIBIT J).
201	Chair Bryant	Closes public hearing on SB 544.
SB 487 WORK SESSION		
202	Chair Bryant	Opens work session on SB 487.
204	Sen. Bryant	MOTION: Moves SB 487 to the floor with a DO PASS AS AMENDED recommendation.
208		VOTE: 4-2 AYE: 4 - Brown, Derfler, Nelson, Bryant NAY: 2 - Leonard, Miller
	Chair Bryant	The motion CARRIES. SEN. BRYANT will lead discussion on the floor.
212	Chair Bryant	Closes work session on SB 487.
SB 544 PUBLIC HEARING		
214	Chair Bryant	Opens public hearing on SB 544.
218	Bob Shiprack	Representing Oregon Building Trades Council, provides testimony on SB 544.
295	Sen. Leonard	Questions about migrant workers.
298	Shiprack	Responds that SB 544 would create confusion.
323	Chair Bryant	Comments that 1989 statue created confusion with its' changes.
330	Shiprack	Responds that current employers understand the current system.
343	Sen. Brown	Questions the focus of SB 544.
348	Shiprack	Responds that is directed toward the employer's location.

355	Sen. Brown	Comments about the Carothers case.
368	Chair Bryant	Closes public hearing on SB 544.
<u>SB 544</u> <u>WORK</u> <u>SESSION</u>		
372	Chair Bryant	Opens work session on SB 544.
374	Sen. Brown	Comments in support of SB 544.
378	Sen. Bryant	MOTION: Moves to ADOPT the amendments offered by the SAIF Corporation to SB 544.
381	Chair Bryant	Hearing no objection, declares the motion CARRIED.
386	Sen. Bryant	MOTION: Moves SB 544 to the floor with a DO PASS AS AMENDED recommendation.
388	Sen. Nelson	Notes possible conflict of interest.
390		VOTE: 4-1 AYE: 4 - Brown, Miller, Nelson, Bryant NAY: 1 - Leonard EXCUSED: 1 - Derfler
	Chair Bryant	The motion CARRIES. SEN. NELSON will lead discussion on the floor.
394	Chair Bryant	Closes work session on SB 544.
<u>HB 2083</u> <u>PUBLIC</u> <u>HEARING</u>		
399	Chair Bryant	Opens public hearing on HB 2083.
404	Ed Graham	Board of Geologists, summarizes and reviews HB 2083.
426	Chair Bryant	Closes public hearing on HB 2083.
<u>HB 2083</u> <u>WORK</u> <u>SESSION</u>		
427	Chair Bryant	Opens work session on HB 2083
430	Sen. Miller	MOTION: Moves HB 2083 to the floor with a DO PASS recommendation.
431		VOTE: 4-0 AYE: 4 - Brown, Miller, Nelson, Bryant

		EXCUSED: 2 - Derfler, Leonard
	Chair Bryant	The motion CARRIES. SEN. MILLER will lead discussion on the floor.
432	Chair Bryant	Closes work session on HB 2083.
<u>HB 2108 PUBLIC HEARING</u>		
438	Chair Bryant	Opens public hearing on HB 2108.
440	Susan Klosterman	Operations Coordinator, Department of Administrative Services, State Controller's Division. Summarizes and provides testimony in support of HB 2108 (EXHIBIT K).
461	Chair Bryant	Closes public hearing on HB 2108, opens work session on HB 2108.
<u>HB 2108 WORK SESSION</u>		
465	Sen. MILLER:	MOTION: Moves HB 2108 be sent to the floor with a DO PASS recommendation.
466		VOTE: 4-0 AYE: 4 - Brown, Miller, Nelson, Bryant EXCUSED: 2 - Derfler, Leonard
	Chair Bryant	The motion CARRIES. SEN. BROWN will lead discussion on the floor.
467	Chair Bryant	Closes work session on HB 2108, opens public hearing on HB 2238.
<u>HB 2238 PUBLIC HEARING</u>		
475	Frank Brawner	President, Oregon Bankers Association and Independent Community Banks of Oregon. Provides summary and testimony in support of HB 2238 (EXHIBIT L).
<u>TAPE 120, A</u>		
040	Chair Bryant	Closes public hearing on HB 2238, opens work session on HB 2238.
<u>HB 2238 WORK SESSION</u>		
		MOTION: Moves HB 2238 be sent to the floor with a DO PASS

042	Sen. Miller	recommendation.
044		VOTE: 5-0 AYE: 5 - Brown, Leonard, Miller, Nelson, Bryant EXCUSED: 1 - Derfler
	Chair Bryant	The motion CARRIES. SEN. MILLER will lead discussion on the floor.
046	Chair Bryant	Announces rescheduling of SB 526, adjourns the meeting at 3:30 P.M.

Submitted By, Reviewed By,

Vicki Champ, Brian Krieg,

Administrative Support Administrator

Transcribed By,

Sandy Thiele-Cirka

Administrative Support

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EXHIBIT SUMMARY

A - SB 127, Written materials, Division of Finance and Corporate Securities, 4pp

B - SB 487, Written testimony, Ron Gould, 5pp

C - SB 487, Written testimony, Raymond Johnson, 15pp

D - SB 487, Written materials, State Board of Accountancy, 2pp

E - SB 487, Written testimony, Robert Gordon, 14pp

F - SB 487, Proposed amendment, Stephen Kafoury, 1pp

G - HB 2214, Written testimony, Chuck Smith, 3pp

H - SB 487, Written materials, Oregon Society of Certified Public Accountants, Karey Schoenfeldt, 1pp

I - SB 544, Written materials, SAIF Corporation, Chris Davie, 15pp

J - SB 544, Proposed amendment, Chris Davie, 1pp

K - HB 2108, Written materials, Department of Administrative Services, Susan Klosterman, 2pp

L - HB 2238, Written testimony, Frank E. Brawner, 3pp
