

HOUSE COMMITTEE ON
COMMERCE SUB-COMMITTEE ON BUSINESS

Hearing Room
Tapes - ?

MEMBERS PRESENT:

REP. LYNN LUNDQUIST, Chair
REP. TONY FEDERICI, Vice-Chair
REP. LARRY WELLS
REP. LYNN SNODGRASS

MEMBER EXCUSED:

STAFF PRESENT:

DANIEL JARMAN, Committee Administrator
JODIE HALL, Committee Assistant

MEASURES HEARD:

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE , A

001 CHAIR LUNDQUIST OPENS MEETING AT 2:00 PM.

003 OPENS PUBLIC HEARING ON HB 2654.

007 KEITH BURNS, Oregon Financial Services Association: SUPPORT HB 2654. Refer to Exhibit A.

060 -in response to Rep. Snodgrass: the study was done by Major United States Bank. The study on the 99.8% was by These studies were done nationally.

074 -in response to Rep. Wells: Didn't have the need for it before now with the increasing economy.

102 -in response to Rep. Wells: Not sure how long optical imaging has been in use.

110 -in response to Rep. Federici: The 2% left from the 99.8% could be retrieved in a less expeditiously manner.

129 FRANK BRAWNER, Oregon Bankers Association, Independent Community Banks of Oregon: SUPPORT HB 2654. Refer to Exhibit B.

147 -goes through a section by section summary of the bill. Page 6 of Exhibit B.

176 -refers to 1993 legislation which created paperless titles.

198 PATTI MOSS, Executive Vice President, Bank of the Cascades: SUPPORT HB 2654. Refer to Exhibit C.

221 BRAWNER: If a small bank were to make such an investment, must be a good process.

231 MOSS: Continues with testimony in SUPPORT of HB 2654.
-Refer to third page of Exhibit C.
263 -Refer to Exhibit D to see what the copy of the check would look like
sent over a fax. Phenomal improvement of the process to copy a check.
297 -Discusses difficulty of forgery when utilizing checks on a page.
323 -Utilizing optical imaging for records.
352 -in response to Rep. Federici concerning page 7 of Exhibit C: This
check never went anywhere because she cashed it internally at the bank.

TAPE 14, SIDE A

040 MOSS: Responds to Rep. Federici's inquiry concerning page 7 of Exhibit
C.
052 -If the original check must be kept by the writer of the check, must be
sorted out by hand.
068 -In response to Rep. Lundquist: Not difficult to give idea of cost
savings, in five years will have covered the costs of the initial
investment.
082 REP. WELLS: Nothing in the law forbidding the use of optical imaging.
095 BRAUNER: Agrees with Rep. Wells, continues with presentation of Exhibit
B, introduces Exhibit E.
121 -Responds to the letter, Exhibit E.
129 -Several states all across the country has adopted Optical Imaging. The

IRS recognizes proof of payment with Optical imaging.

144 REP. WELLS: What is the difference between imaging and copying?

146 MOSS: Answers Rep. Wells' inquiry.

165 CHAIR LUNDQUIST: Has the Attorney General seen this?

175 BRAUNER: Not aware of any opposition.
181 -In response to Rep. Federici: Yes, there may be a subsequent referral
to the Judiciary committee. Has talked to Rep. Parks.

199 STEVE HAWES, Oregon Real Estate Agency: OPPOSE HB 2654. Refer to page
3, this process is allowed under current law. When we take up technology,
something is lost in the image.
250 -Continues with testimony using example of forging a signature utilizing

two documents and then reproducing a signature from one to another.

268 -Refers to the bill for further clarification of sections relating to
escrow agents.
301 -Discusses definition of duplicate. What does "accurately reproduce the
original" mean?
348 -Why only refer to escrow agents? Real Estate Agency requires their
offices to keep records of the original checks. Escrow agents would be
able to utilize optical imaging yet other agencies within the Real Estate
Agency are not addressed.
388 -in response to Chair Lundquist: Oppose optical imaging itself, and
then believe Real Estate needs to be in this bill.
404 -in response to Rep. Wells: Must keep the checks, if the bank won't
provide the service, move to another bank.
441 -in response to Rep. Wells: Believes banks are destroying these checks
now when optical imaging is used.
464 -in response to additional inquiries Rep. Wells: No, the Oregon
Evidence Code does not speak specifically to this bill.

481 KENNETH HAFFNER, Kenco Data Services: OPPOSE HB 2654. Refer to Exhibit
F.

550 -Continues with testimony.
572 -Discusses dissatisfaction with optical imaging.
606 -Many companies against the "No Return Check" policy in the Bend
Community.
607 -Would not feel comfortable with looking into forgerys on checks with
optical imaging.

631 -in response to Chair Lundquist: Coming from the perspective of a user of the checks, could not operate without the checks.

TAPE 13, SIDE B

060 REP. WELLS: Too many issues to sort through, having difficulty grasping all aspects of this bill.

070 HAFFNER: It is difficult, especially if a case of forgery were to occur.

090 STEVEN PATRICK RODEMAN, Vice President/General Counsel, Oregon Credit Union League: SUPPORT HB 2654. Refer to Exhibit G.

134 -in response to Rep. Wells: requests more information concerning escrow agents.

149 ROY TURNBUAGH, State Archives: OPPOSE HB 2654, concerned about Section 3. Refer to Exhibit H.

-FOR THE RECORD: in support of digital imaging where it is appropriately used.

171 -in response to Chair Lundquist expands on where he believes digital imaging is appropriately used.

184 -in response to Rep. Wells: Discusses optical and digital imaging, where it is used currently, specifically related to government offices.

231 -in response to Rep. Wells: Refers Rep. Wells to Section 3, opens a Pandora box which may cause a great deal of confusion.

260 -in response to Rep. Wells: Yes, microfilms are being destroyed currently, yet originals are being kept long enough to verify that the reproduction is adequate.

280 -in response to Chair Lundquist: Yes, accurately reproduced needs to be further clarified. There is a potential to get a handle on this if the Committee so chose.

307 CHAIR LUNDQUIST: FOR THE RECORD: FRANK BARROWS, Oregon League of Financial Institution in SUPPORT of HB 2654.

325 GENOA INGRAM READ, Oregon Association of Realtors: SUPPORT HB 2654. Sees this bill as providing direction for the Real Estate Agency to move in

another direction. Oregon is out of step with other states who currently allow electronic transfers versus requiring a hard copy.

383 -in response to Rep. Wells: The Real Estate Agency and the Association of Realtors differ on many issues. The Real Estate Agency is a consumer protection agency. The Association of Realtors are also in favor of consumer protection, but also would like to see more free flowing business.

419 -in response to Rep. Wells: Yes, the brokers or those dealing with client trust accounts are left out of this bill.

452 RAY GRIBLING, Oregon Mortgage Bankers Association: SUPPORT HB 2654.

TAPE 14, SIDE B

041 CLOSES PUBLIC HEARING ON HB 2654.

043 OPENS WORK SESSION ON HB 2219.

053 DAN JARMAN, Committee Administrator: Briefly describes HB 2219. Tom Wrosch, Oregon Real Estate Agency and the Business Law Section of the Oregon State Bar.

086 MOTION: REP. FEDERICI: Moves to send HB 2219 to the Full Committee on Commerce with a DO PASS recommendation.

088 VOTE: In a roll call vote, all members present vote AYE.

090 CHAIR LUNDQUIST: Motion is ADOPTED.

093 Rep. Federici will carry HB 2219 to the full Committee on Commerce.

098 CLOSSES WORK SESSION ON HB 2654

099 ADJOURNS MEETING AT 3:40 PM.