

HOUSE COMMITTEE ON  
COMMERCE SUB-COMMITTEE ON BUSINESS

March 9, 1995 Hearing Room  
Tapes 25 - 27

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 25, A

000 OPENS PUBLIC HEARING ON HB 2474.

003 JULIE BRANDIS, Associated Oregon Industries: Testifies in SUPPORT of HB

2474. Refer to Exhibit A.

050 -Continues with testimony.

058 JOHN ELLIOT, Store Manager, J.C. Penney: Testifies in SUPPORT of HB 2474 from the retailers perspective.

095 JON DOLL, Bon Marche: Testifies in SUPPORT of HB 2474 from the retailers perspective.

108 ELLIOT: Emphasizes inconvenience of having to obtain names and addresses of purchasers of gift certificates during the holidays.

115 DOLL: Adds that thoughts are to have a Kiosk sell gift certificates.

119 BRANDIS: In response to Chair Lundquist, she believes the Division of State Lands may have some opposition to this.

130 REP. WELLS: How often are gift certificates not redeemed?

140 ELLIOT: At the store, gift certificates are not considered sales until  
they are redeemed.

160 -Have taken efforts to redeem gift certificates.

172 CLOSE PUBLIC HEARING ON HB 2474.

175 OPEN WORK SESSION ON HB 2093.

180 DAN JARMAN, Committee Administrator: Summarizes HB 2093 and the -1 and  
-2 amendments to the bill.

232 MOTION: REP. FEDERICI: Moves to adopt the -2 amendments to HB 2093.

241 CHAIR LUNDQUIST: Hearing no objections, MOTION is ADOPTED.

245 MOTION: REP. FEDERICI: Moves to adopt the -1 amendments to HB 2093

247 CHAIR LUNDQUIST: Hearing no objections, MOTION is ADOPTED.

248 MOTION: REP. FEDERICI: Moves to send HB 2093 as ADOPTED to the Full  
Committee on Commerce.

250 REP. WELLS: Inquires about the concerns of the State Marine Board.

278 CLOSES WORK SESSION ON HB 2093.

280 OPENS WORK SESSION ON HB 2036.

382 DAN JARMAN: Summarizes HB 2036.

312 MARY ALICE BJORK, Administrator, Insurance Division, DCBS: Testifying  
in SUPPORT of the bill that originally passed the Commerce Committee.  
Refers to Exhibit B.

351 TERRY MAGHER, Chief , Insurance Division, DCBS: Refers to Exhibit B.

414 CHAIR LUNDQUIST: Thanks Rep. Wells for bringing up this issue to  
clarify HB 2036 in relation to non-profits and educational institutions.

451 LEWIS LITTLEHALES, : In response to Chair Lundquist: Explains growth  
in certificate of authoritise, in 1989 there were 35 certificates of  
authority for these institutions and non-profits, currently there are 61.

455 BJORK: In response to Chair Lundquist: DCBS believes due to the growth  
of the certificates of authority for annuities, it is not fair for the rest  
of the industry to cover the costs due to this growth.

TAPE 26, SIDE A

045 BJORK: Describes reasons for regulating annuities in Oregon and DCBS's  
philosophy to treat these institutions and non-profits the same as others.

059 REP. WELLS: Why 1989? What was the policy before 1989?

060 LITTLEHALES: Before 1989, these agencies were charged a fee.

075 BJORK: Was not purposefully left out of the statutes. Because of  
small numbers, was not a problem. Now, with more, there is a need to  
regulate.

085 -In response to Rep. Wells: \$2100 to apply certificate of authority.  
\$200 renewal fee.

106 REP. WELLS: Asks for explanation on the fiscal impact statement. How did you arrive at that figure?

123 ELAINE DAY, Manager, Administrative Services and Operations, Insurance Division, DCBS: Explains how figures are arrived at: The 61 are already licensed, therefore would not have to file the initial application, only \$200 renewal fee.

120 CHAIR LUNDQUIST: As the rest of the insurance industry subsidizes these costs, is the increase of the assessment done statutorily or administratively?

141 DAY: Funded three ways; license fees, examination fees and assessment fees. Assessment fees cover these costs.

163 BJORK: Regarding assessment, in statute. Assessment figured when looking at the budget, adjusted yearly.

166 CHAIR LUNDQUIST: Should the revenue impact be neutral?

173 DAY: Fiscal statement reflecting -1 amendment explains changes. Revenue neutral.

194 WELLS: Reduce other fees to make up for income here? Shift in income? Will be implemented?

200 DAY: Yes.

203 GARY ANDEAN, Executive Director, Oregon Independent Colleges Association: Testifies in OPPOSITION to HB 2036.

225 WAYNE D. PETERSON, Chief Financial Officer, Lewis and Clark College: Testifies in OPPOSITION to HB 2036. Refer to Exhibits C, D and E.

388 JOHN EVIE, Director of Development, Oregon State University: Gift annuity is a life income agreement. Offers explanation on gift annuities, is a gift (never known a giver of a gift annuity to look at the gift as life insurance, yet in return they retain a life income stream)

449 -Gift annuity contract a simple one page contract.

TAPE 25, SIDE B

040 EVIE: Continues with explanation of gift annuities.

050 -Describes annual reviews required of the Federal Government and the Attorney General's office.

088 -Does not understand why DCBS needs to look at the non-profits annually once the initial review of the institution is approved.

107 REP. WELLS: Requests information on the fees.

123 EVIE: Attempts to respond to Rep. Wells, the charge is something that comes on top of charges already paid to the State of Oregon within which certificate of authority for annuities is covered.

163 CHAIR LUNDQUIST: Restates testimony of Mr. Evie.

167 EVIE: Is regulation needed

183 KEITH BURNS, American Council of Life Insurance: Believes it is important to regulate non-profits and educational institutions to protect from solvency. Annual reviews would protect against this occurring. Believes industry should not cover the costs for these institutions.

267 CHAIR LUNDQUIST: FOR THE RECORD: TOM BASSINET,: In SUPPORT of HB 2036 as is.

278 BURNS: In response to Rep. Snodgrass: What can DCBS do in response to problems with annuities?

313 -In response to further inquiries of Rep. Snodgrass:

318 -In response to Rep. Wells: Further explains what an annuity is. Opposite of insurance. Can get annuities in different ways: one lump sum, pay in five years, etc.

404 REP. SNODGRASS: Offers further explanation of gift annuities.

434 CLOSES WORK SESSION ON HB 2036.

TAPE 26, SIDE B

025 OPENS WORK SESSION ON HB 2647.

054 PAUL DONHEFFNER, State Marine Board: Testifies on -3 amendments. Refer to Exhibit F. Has concerns about page 3, line 27.

083 CHAIR LUNDQUIST: Recognizes concerns of Mr. DonHeffner. Staff will respond to these concerns.

090 JOE ROHLER, Oregon Guides and Packers: Testifies further on -3 amendments.

103 -Offers further testimony on

103 CHAIR LUNDQUIST: Offers further suggestions for amendments. Believes the Committee has attempted to provide adequate consumer protection without going overboard.

150 DONHEFFNER: Clarifies the need for advertising bonding.

155 CHAIR LUNDQUIST: Expresses concerns with advertising. More regulation.

170 JARMAN: Clarifies concerns of Legislative Counsel concerning booking agents.

191 REP. SNODGRASS: Further expresses concerns of booking agents.

203 CLOSES WORK SESSION ON HB 2647.