

SENATE COMMITTEE ON
BUSINESS AND CONSUMER AFFAIRS

Hearing Room
Tapes 79, 80, & 81

MEMBERS PRESENT:
Sen. Bill Kennemer, Chair
Sen. John Lim, Vice-Chair
Sen. Gene Derfler
Sen. Joan Dukes
Sen. William McCoy

MEMBER EXCUSED:

STAFF PRESENT:
Darrell W. Fuller, Committee Administrator
Carol A. Smith, Committee Assistant

MEASURES HEARD:
SB 13 Public Hearing and Work Session
SB 505 Work Session
SB 900 Work Session
HB 2068 Public Hearing and Work Session
HB 2719 Public Hearing
HB 3308 Public Hearing
SB 51 Work Session
SB 559 Work Session

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 79, A

005 CHAIR: Calls the meeting to order at 3:08 p.m. and announces that SB 942 has been moved. We will begin with an invited testimony only Public Hearing on SB 13.

007 CHAIR: Opens PUBLIC HEARING on SB 13.

013 WITNESSES: Greg Fujino, Woodstock Wine and Deli.

021 GREG FUJINO, Woodstock Wine and Deli: Submits written testimony in opposition to the bill (EXHIBIT B) and on behalf of others (EXHIBIT C). Refers to previous legislation and history therein in reference to intrastate wine business.

- reciprocal bill;
- California imports;
- bypassing the Oregon beer and wine tax
- purchases from California;
- Oregon wholesale price;

048 CHAIR: What accounts for the large markup?

050 FUJINO: Explains, addressing:

- quantity discount pricing;
- Oregon wineries unable to get wines to far reaches of the state;
- bypass the problem by shipping to package licensee;
- mandate of Oregon regarding wholesalers;

--received a blow from California and New York;
--direct shipping versus legislatures mandate.

088 (SEN. LIM enters the meeting at 3:15 p.m.)

101 CHAIR: This meeting was to address the tax aspects of the bill. What do you think of our current policy?

120 FUJINO: It is being bypassed as far as Oregon is concerned.

125 SEN. MCCOY: Is your business going to lose money?

128 FUJINO: Responds that it is cutting into the expensive wine.

140 (SEN. DUKES enters the meeting at 3:20 p.m.)

145 CHAIR: Refers to the tax on wine in Oregon and raising the tax.

150 FUJINO: The tax is built into the cost of the wine.

166 CHAIR: You would be able to create your own catalog sales and participate yourself.

175 SEN. MCCOY: Have you ever criticized Willamette Valley Vineyards marketing methods?

184 FUJINO: Responds yes, and explains the system employed by them. Had stockholders who would request their wines be carried at his establishment. Felt they were being deceptive.

216 GARY CONKLING, Oregon Winegrowers Association: Testimony in support of SB 13. Wine is taxed at producer level; will have no impact on the level of wine tax. Gives substantial data regarding the production and marketing of wine. Refers to studies done at the retail level; direct sales; wine that would be subject to direct shipment. Speculates on which buyers would use ship by mail. If SB 13 passes, the most likely business outcome would be that stores would view it as in their interest to offer catalogue, and have product shipped directly. Therefore, they would avoid having to have cash expenditure and avoid inventory expense.

302 SEN. MCCOY: Voices concern regarding minors having access.

322 CONKLING: Explains current system in effect.

350 CONKLING: Gives his analysis of what outcome of these sales would be. Feels it would promote Oregon wines.

366 SEN. MCCOY: Strohecker's opposes this bill. Did you talk to them?

384 GARY OXLEY, United Grocers: Strohecker has withdrawn his objections due to changes made in the bill.

395 CHAIR: Closes PUBLIC HEARING on SB 13.

395 CHAIR: Opens WORK SESSION on SB 13.

MOTION: SEN. DUKES moves SB 13-A to the Floor with a DO PASS recommendation.

VOTE: MOTION PASSES.
AYES: DUKES, MCCOY, KENNEMER
NAY: LIM
EXCUSED: DERFLER
CARRIER: KENNEMER

078 CHAIR: Closes WORK SESSION on SB 13.

079 CHAIR: Announces we will lay over SB 623, SB 922 and SB 1034.

TAPE 80 SIDE A

004 CHAIR: Opens WORK SESSION on SB 505.

006 DARRELL FULLER, Committee Administrator: Gives history and overview of the bill. No fiscal or Revenue impact.

MOTION: SEN. MCCOY moves SB 505 to the Floor with a DO PASS recommendation.

022 Discussion takes place. There is confusion about the bill. SEN. DUKES

has questions.

040 CHAIR: Do you want to address questions?

045 CHAIR: Asks BRIAN DELISHMEN to answer a question regarding licenses and numbers. This is not an additional health care mandate.

CHAIR: Explains two new categories of licensees.

059 SEN. LIM: I support this bill. One of the concerns I have is that it not increase insurance premiums.

VOTE: MOTION PASSES.

AYES: DUKES, MCCOY, LIM and KENNEMER

EXCUSED: DERFLER

CARRIER: KENNEMER

080 CHAIR: Declares potential conflict of interest as he is licensed as a member by another board.

081 CHAIR: Closes WORK SESSION on SB 505.

083 CHAIR: Opens WORK SESSION on SB 900.

088 DARRELL FULLER, Committee Administrator: Gives history of amendments and overview.

090 WITNESSES: Jim Gardner, Alliance of American Insurers
Chris Davies, State Accident Insurance Fund

098 JIM GARDNER, Alliance of American Insurers: We fully support the -6 amendment.

MOTION: SEN. LIM moves to ADOPT the SB 900-6 amendments.

VOTE: CHAIR: Hearing no objection, the SB 900-6 amendments are ADOPTED.

107 CHRIS DAVIES, State Accident Insurance Fund: Testimony in support of SB 900 (EXHIBIT F). Explains the -3 are redrafted into the -5. These address an employer misrepresenting payroll reported under an inappropriate classification. Fraud perpetrated by a claimant from a noncomplying employer claim.

116 CHAIR: What would be the punishment for this type of fraud?

126 DAVIES: Responds Class C felony, penalty provisions varying from \$1,000 to 10,000 depending on the classification.

134 SEN. DUKES: Question regarding fiscal impact.

138 FULLER: None, part of which is because they know we are substantially amending the bill.

139 SEN. DUKES: I would just be curious; you say "fiscal", I say "indigent defense".

142 GARDNER: Addresses prosecutions and what is usually done for a deterrent effect.

147 FULLER: Addresses attaching earnings.

157 GARDNER: Addresses affirmative, willful acts of misrepresentation. We haven't heard from the labor unions; they haven't been here and we haven't heard from them.

167 DAVIES: This is anecdotal but I did have a conversation with a labor union representative who was in support of the -5 amendments.

MOTION: SEN. MCCOY moves the ADOPTION of the SB 900-5 amendments.

VOTE: CHAIR: Hearing no objection the SB 900-5 amendments are ADOPTED.

168 FULLER: Explains the various previous amendments also.

MOTION: SEN. MCCOY moves SB 900, AS AMENDED, to the Floor with a DO PASS recommendation.

VOTE: MOTION PASSES.
AYES: DUKES, MCCOY, LIM and KENNEMER
EXCUSED: DERFLER
CARRIER: KENNEMER

188 CHAIR: Closes WORK SESSION on SB 900.
190 CHAIR: Opens PUBLIC HEARING on HB 2068.

DARRELL FULLER, Committee Administrator: Gives details of the bill and history.

WITNESSES: Paul Williamson, Oregon Liquor Control Commission

200 PAUL WILLIAMSON, Oregon Liquor Control Commission: Testimony in support of the bill (EXHIBIT D).
Explains the bill. Refers to fees and 30-day certificates.

221 SEN. MCCOY: How much is the fee we charge now?

225 WILLIAMSON: Gives specifics. We will initially collect more up front but over the long haul there will be less revenue.
However, it makes it easier on the industry and frankly will make it easier on the staff of the OLCC because they won't have to renew them. The average fee under the new system will be \$35; gives examples.

244 SEN. LIM: This will bring it up to the same level?

246 WILLIAMSON: Everyone will pay the same price for a five-year certificate.

260 SEN. DUKES: Question regarding foreign producers. What do you do with a thirty-day license?

270 WILLIAMSON:
--festivals;
--annual certificates;
--thirty-day certificate for \$10.

279 CHAIR: Closes PUBLIC HEARING on HB 2068.
CHAIR: Opens WORK SESSION on HB 2068.

MOTION: SEN. MCCOY moves HB 2068 to the Floor with a DO PASS recommendation.

285 DARRELL FULLER, Committee Administrator: Comments regarding fiscal impact. Further discussion follows.

VOTE: MOTION PASSES.
AYES: DERFLER, DUKES, MCCOY, LIM and KENNEMER
CARRIER: LIM

312 CHAIR: Closes WORK SESSION on HB 2068.
316 CHAIR: Opens PUBLIC HEARING on HB 2719.

318 DARRELL FULLER, Committee Administrator: Gives explanation of the bill.

WITNESS: Jack Kane, Private and Fraternal Organizations, Inc.
Paul Williamson, Oregon Liquor Control Commission

320 JACK KANE, Private and Fraternal Organizations, Inc: Testimony in support of the bill. Explains the problem that the bill is designed to correct referring to wines ordered for a wedding, for instance. They are prevented from selling the remainder to the person the wine was ordered for in the first place.

350 SEN. DUKES: It's not just added to part of the bill for the wedding reception?

360 CHAIR: Responds that if it were added to the bill and they sent it home with you they would break the current law. It would technically be illegal if they sent any of it home with you.

364 SEN. MCCOY: Concerns regarding who is taking the wine home? Feels it is a dangerous precedent.

379 KANE: This is addressed in the bill. The organizer of the private gathering will receive the wine and it has to be someone who is not a minor.

383 SEN. DERFLER: It does have to be in a sealed container.

385 KANE: The problem is that it can't be returned under the present law.

401 CHAIR: MR. WILLIAMSON, will you help us here; does the OLCC have any concerns here?

416 PAUL WILLIAMSON, Oregon Liquor Control Commission: We are comfortable with the bill with the provisions in it.

TAPE 79, SIDE B

008 SEN. DUKES: Would you mind if we said you could sell it but at cost?

009 KANE: I don't think we would have a problem with that.

015 KANE: Refers to Dom Perignon; difficult to unload it.

020 CHAIR: Suggests we set this aside; ask KANE to speak with them regarding some amendments.

035 CHAIR: Closes PUBLIC HEARING on SB 2719.

CHAIR: Opens PUBLIC HEARING on HB 3308.

WITNESSES:

John Egge, Independent Plumbing Contractors
Gary Wright, Plumbers & Fitters Local 290
Emily Cedarleaf, Multnomah Housing Council

044 JOHN EGGE, Independent Plumbing Contractors Of Oregon: Explains what the bill does. Exempts from permit and inspection requirements ordinary and minor plumbing repairs, i.e., replacing faucet, not toilet not working. The Board has promulgated rules. They would probably do some amending to include commercial structures. It has worked well. There is really no reason why it should not be extended to commercial structures.

045 SEN. DERFLER: Wouldn't think most people would bother to get a permit.

059 EGGE: This is an attempt to reflect the reality that is out there.

063 GARY WRIGHT, Plumbers & Fitters Local 290: Refers to companion bills last session. Refers to health and safety. Offers a suggested amendment on Line 12, and gives his reason. Refers to permit and inspection process to help make it "bulletproof".

093 WRIGHT: Explains to SEN. MCCOY, the amendments were agreed to on the house side.

098 SEN. DUKES: Questioning regarding inspections.

EGGE: Goes into detail, referring to individuals with scant knowledge of the code. The plumbing contractors do not want to jeopardize the bill with this amendment.

123 CHAIR: Asks question using a hypothetical case.

135 WRIGHT: It would allow it to be done without a permit or inspection. It wouldn't change the requirement of who was allowed to do it.

158 SEN. DUKES: Gives an example and asks if it is legal. Responds no.

159 SEN. MCCOY: Voices concerns regarding public health and safety.

175 EGGE: Discussion continues between EGGE and SEN. MCCOY regarding health and safety.

202 EMILY CEDARLEAF, Multnomah Housing Council: Explains the bill. Refers to:

--repairs and maintenance;
--on-site-managers doing this forever;
--repairing dryrot;
--laying tile;
--pulling up toilet, laying tile and resetting;
--90 percent try to avoid getting permit;
--this increases the cost of housing; we support it as it was without the amendment.

247 WRIGHT: Refers to the statutes, we are trying to give flexibility to the contractors.

257 SEN. DUKES: Gives hypothetical example. Is inclined toward WRIGHT's amendment.

278 CEDARLEAF: Refers to single and to multiple housing. Refers to the previous legislation and gives history. The critical part is to allow our employees to do that which will get the use for the tenant and keep us from paying horrendous bills and down time that raises the cost of the rent.

300 CHAIR: Let's refer this to Legislative Counsel for an analysis of what this deletion will do.

360 SEN. DERFLER: If you are going to change the seal on a toilet that is not any different than if you were going to put a new one in. Pretty soon you will be asking people to get permits to put a light bulbs in.

376 CEDARLEAF: Gives a personal example of where she lived and owned rental property. The inspector down there is a former plumber and if you even touched a toilet and replaced the seal without the permit he was all over you.

380 CHAIR: Closes PUBLIC HEARING on HB 3308.
CHAIR: Opens WORK SESSION on SB 51.

383 DARRELL FULLER, Committee Administrator: Gives history of the bill. We have amendments to the bill.

TAPE 80, SIDE B

WITNESSES: Robert Douglas, Oregon Certified Public Accountants
 Robert L. Gordon, Oregon Association of Independent Accountants.

005 ROBERT DOUGLAS, Oregon Certified Public Accountants: Refers to -8 consensus amendments. Do not feel it should be a vehicle for either grandfathering PA's into CPA's or creating a new class of licensee.

015 ROBERT L. GORDON, Oregon Association of Independent Accountants: (EXHIBIT E). Submits written testimony in support of the bill. Explains parts he would like added to the bill.

030 SEN. MCCOY: Question regarding the amendments. Can't understand why they are consensus amendments.

040 CHAIR: I feel we have failed to bring the two groups together.

048 GORDON: In response to chair states they are in agreement on -8.

070 MOTION: SEN. DERFLER moves SB 51, AS AMENDED,
 previously with the -8 amendments to the Floor
 with a DO PASS and REFER to Judiciary
 by prior reference recommendation.

VOTE: MOTION PASSES.
 AYES: DERFLER, DUKES, MCCOY, LIM and KENNEMER

074 CHAIR: Closes WORK SESSION on SB 51.
075 CHAIR: Opens WORK SESSION on SB 559.

WITNESSES: Tom Berry, Northwest Natural Gas
 Bob Hall, Portland General Electric
 Paul Graham, Public Utilities Commission
 Diane Cowan, Oregon People's Utility District Association

080 TOM BERRY, Northwest Natural Gas: Testimony in support of the bill (EXHIBIT H).

092 BOB HALL, Portland General Electric: Not aware of any opposition to the bill, other than possibly DIANE COWAN.

098 SEN. DUKES: My PUD's are still opposed. St. Helens doesn't care for this bill either.

102 PAUL GRAHAM, Public Utilities Commission: Testimony in support of the bill. Refers to:

- changes in the bill;
- industry; do's and don'ts of digging;
- refers to function of the communication center and what it would do;
- how the process would work;
- subscribing to the utilities notification center;
- report to the legislature to be made every year;
- Section 7, PUC investigate the violations.

178 HALL: Refers to part in the bill regarding board of Directors. Refers to the small counties and including them as members with no charge, based on number of calls received.

219 CHAIR: We want a one-call system so don't want to discourage participation.

237 SEN. DUKES: Is there any flexibility? It started out cities with a population of 25,00. In my copy the 25,000 is scratched out and we are at 10,000. Can we go to 15,000?

240 CHAIR: If that makes you happier we will make that 15,000.

MOTION: SEN. KENNEMER moves to ADOPT the SB 559 conceptual amendments.

VOTE: CHAIR: Hearing no objection, the SB 559 conceptual amendments are ADOPTED.

252 SEN. MCCOY: Discussion regarding PUD's of Oregon being satisfied with this.

263 DIANE COWAN, Oregon PUD Associations: Testimony in opposition to the bill. States it is an urban, not a rural issue. The change to 15,000 for cities doesn't address the PUD concerns. Refers to implementation of mandates; small systems go away. We don't feel that's appropriate that the state do that. Their systems wouldn't be the systems that would be in place. Clatskanie would not be in business any longer.

280 ORIN FLOYD, Sprint United Telephone Northwest in Hood River: We have a fiber optic cable running from the Dalles to Oregon. When it's cut, everything in eastern Oregon is out of service. We have had it cut before. If we don't get people calling that is potentially disastrous for us.

310 SEN. LIM: Can we let some opt out?

318 GRAHAM: One area opts in, one opts out; excavator may not know if he is an area that is in or out. Allowing opting out would leave us where we are today.

347 SEN. LIM: Question about opting out, with approval.

354 GRAHAM: Responds.

361 COWAN: This bill creates one center; one number everyone call is to call. If it doesn't perform, we have to be there, we have no options.

TAPE 81, SIDE A

011 Discussion continues between COWAN, GRAHAM and SEN. MCCOY.

023 CHAIR: Addresses the opting-out aspect of the bill.

048 SEN. DERFLER: Comments regarding the confusion involved in the different service suppliers that need to be called.

062 GRAHAM: Explains the one number call, they will call the service suppliers who have lines in the area, they will be marked so that they won't be hit.

071 COWAN: Addresses:

- mandates;
- current systems working, don't have problems; wouldn't be able to use any longer;
- very little natural gas in our area;
- don't feel this is one of our issues.

084 SEN. DUKES: We do not have much underground in our area. Can't get natural gas in our part of the country. The

contractors from out of area do not want to take the time to find out who to contact. The local contractors aren't having any problem, they know who to contact. I resent my local folks having someone reinvent how they do business when others come into the area to do business. I have not heard that you have had experience suggesting why we need the bill. There are always going to be people who don't call. In rural Oregon there are people who have figured out how to solve a lot of these problems for themselves.

128 MOTION: CHAIR moves to ADOPT SB 559-5 amendments.

VOTE: CHAIR: Hearing no objection, the SB 559-5 amendments are ADOPTED.

MOTION: CHAIR moves SB 559, AS AMENDED, to the Floor with a DO PASS recommendation.

VOTE: MOTIONS PASSES.
AYES: DERFLER, MCCOY, LIM and KENNEMER
NAY: DUKES
CARRIER: KENNEMER

145 CHAIR: Closes WORK SESSION on SB 559.

CHAIR: Adjourns the meeting at 5:12 p.m.

Submitted by, Reviewed by,

Carol A. Smith Darrell W. Fuller
Committee Assistant Committee Administrator

EXHIBIT SUMMARY:

A - Proposed amendments to SB 1034, by Gary Bauer - 1 page
B - Testimony on SB 13, Greg Fujino - 2 pages
C - Testimony on SB 13, Greg Fujino on behalf of others - 11 pages
D - Testimony on HB 2068, OLCC - 1 page
E - Testimony on SB 51, Robert Gordon - 4 pages
F - Proposed amendments to SB 900, SAIF, Chris Davies - 1 page
G - Proposed amendments to SB 900, Acting State Court Administrator - 1 page
H - Proposed amendments to SB 559, Northwest Natural Gas