

SENATE COMMITTEE ON
BUSINESS AND CONSUMER AFFAIRS

Hearing Room
Tapes 103, 104, 106 & 107

MEMBERS PRESENT:

Sen. Bill Kenneker, Chair
Sen. John Lim, Vice-Chair
Sen. Gene Derfler
Sen. Joan Dukes
Sen. William McCoy

STAFF PRESENT:

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

MEASURES HEARD:

HB 2582-A Public Hearing
HB 2863-A Public Hearing and Work Session
HB 2345-A Work Session
HB 2846-A Work Session
HB 2969-A Work Session
HB 2142-A Public Hearing and Work Session
HB 2186-A Public Hearing and Work Session
HB 2367-A Public Hearing
HB 3083-A Public Hearing And Work Session
HB 3283-A Work Session
HB 2890 Work Session
HB 3205-A Work Session
HB 2035-A Public Hearing And Work Session
HB 2033-A Public Hearing And 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 , A

006 CHAIR: Calls the meeting to order at 3:04 p.m. Announces today is our last meeting.

CHAIR: Opens PUBLIC HEARING on HB 2582-A.

010 WITNESSES: Representative Ken Strobeck
Emily Cedarleaf, Multi-family Housing Council

018 REP. KEN STROBECK: Explains intent of HB 2582-A Eng. Allows the officer to hold responsible the party who controls the premises where the party is occurring. Makes the one who opens the door the controller of the premises. Refers to knowing consent. Gives House history. Presents the HB 2582-4 amendments (EXHIBIT A) which clarify who is the controller of the house.

043 SEN. DERFLER: What will happen to the 17 year old who opens the door?

047 REP. STROBECK: Gives specifics including penalties.

054 SEN. DERFLER: If time in jail, will this require legal counsel?

REP. STROBECK: In Beaverton there were 8 people charged in 1994, ten in 1993. The idea is to change the level of who is responsible when these things occur.

060 SEN. DUKES: On a couple of occasions Mass was held at home. Communion was received. Under the bill we would be in violation of the law.

069 REP. STROBECK: There is an exception in the alcohol laws for small amounts of alcohol. Currently under Oregon law that would be a technical violation. We are talking about kegger parties where police are called in.

076 SEN. DUKES: I hesitate to adopt something that would make these illegal.

081 REP. STROBECK: This does not change what is in current law.

090 REP. STROBECK: Explains description of "in control".

(3:12 SEN. MCCOY joins the meeting.)

098 SEN. DUKES: Gives another example and asks about responsibility and in control again.

108 REP. STROBECK: Refers to implementation in the past. This is a tool that the police will have.

121 SEN. DUKES: Reads from the bill, it says they cannot allow the person to remain on the property if the person knows or should know that the person under the age of 21 will consume alcohol on the property, and asks how a person "should know" a violation is going to happen.

130 REP. STROBECK: I believe this is modeled after the ordinance that currently exists in Beaverton.

154 EMILY CEDARLEAF, Multifamily Housing Counsel: Presents the HB 2582-4 amendments (EXHIBIT A) and explains their goal was to make sure we were not

getting at the owner of a rental property who may or may not be on site.

163 CHAIR: Closes PUBLIC HEARING on 2582-A.

174 CHAIR: Opens PUBLIC HEARING on HB 3283-A.

FULLER: Explains HB 3283-A; states there are conceptual amendments (EXHIBIT B).

283 WITNESSES: Jack Roberts, Commissioner Of Bureau of Labor and Industries
Carl Myers, Oregon Professional Electronic Association

JACK ROBERTS, Bureau of Labor and Industries: Explains the bill
--The Chief Justice of the Supreme Court decided that court reporters serve

the interest of the court system. To make sure they had a certain standard

of performance, they agreed to the transfer of responsibility to the Court.

--Feels licensing of consumer electronic equipment is not protecting the substantial interest of the public at large; most other states do not license consumer electronic equipment

--Agency believes the primary effort is to ensure licensing and the agency doesn't have resources to do it.

--It does not make sense to have a regulatory scheme to require a person to

go to a licensed repair person; the market is able to determine the repair industry.

241 SEN. MCCOY: Question regarding licensure in other states.

248 ROBERTS: Comments regarding licensing procedures, complaints and inquiries about businesses. Redress by the consumer is through private action and through the attorney general's office.

267 CARL MYERS, Oregon Professional Electronic Association: States he also represents Oregon Court Reporters Association and they are in support of the bill to transfer the program to the Supreme Court. Explains that prior

to 1971 the consumer electronics industry had the most complaints. The 1972 legislature chose to regulate and require certification. Oregon has few complaints compared to neighboring states on consumer electronic repair

service. My records show that California does regulate; Washington and Idaho do not require certification. Association thinks the process is valuable that serves not only the consumer, but the manufacturer who would otherwise be responsible for handling the consumer complaints. Computer repair persons are not licensed. It is our belief that those who repair monitors fall under the TV repair part of the bill and there is a concern whether people who repair hard drives ought to be licensed as well. The association would support an amendment to allow the continuation of the process for two years under BOLI. They could look at this section under the bill that creates the task force to look at BOLI.

356 CHAIR: Do you have amendments drafted for this?

MYERS: Responds no and suggests conceptual changes to delete Sections 1 and 2 of the A-Engrossed bill, and to remove the brackets to reinstate Section 3, paragraph (6) of the A-Engrossed bill.

390 SEN. MCCOY: Comments he would like to find an agency to put the program in.

403 SEN. DUKES: Asks if we should spend the next year and one-half find a place for the program because the groups want to be regulated.

409 ROBERTS: Responds that the agency can do it; it is not a major effort.

It is a policy issue for the legislature. The question is whether this should be a part of the overall discussions on reorganization or regrouping.

TAPE 104, SIDE A

015 SEN. DUKES: Comments that electronic items are not throw-aways to everyone and they cannot readily replace the items. Feels it is important for people to know the repairs are done properly.

025 ROBERTS: The major complaint received is about people operating without a license. A license does not provide the protection. Most complaints that go into the attorney general's office are not based so much on the person's competence; they are most often based on fraud. BOLI has no way of supervising that.

039 SEN. DUKES: If you get fraudulent complaints, will they be denied a license at renewal time?

040 ROBERTS: BOLI does have some ability to enforce that, but does not have

a way to follow up because every allegation is not a criminal case.

060 MYERS: Comments some items such as large TVs and those with PIP are not small purchase items. Portable radios are disposable items and VCRs are to some extent. This law is effective in its chilling effect; people have wanted to move into Oregon but when they found out there was licensure, they decided not to.

084 CHAIR: Closes PUBLIC HEARING on HB 3283-A.

092 CHAIR: Opens WORK SESSION on HB 2345-A.

094 FULLER: Reminds committee the HB 2345-3 amendments were adopted and the -4 amendments (EXHIBIT C) replace the -3 amendments and the bill would only deal with tittle real property.

WITNESSES: Jim Carlson, Oregon Health Care Association
Margaret Carley

097 JIM CARLSON, Oregon Health Care Association: Comments there were two areas of discussion at the last work session. One was personal property. (7) on page 1 of the HB 2345-A4 amendment (EXHIBIT C) restricts the references to only vehicles and floating homes with a value of over \$2,000.

Motor Vehicle Division does not check to see if there are liens encumbering. The only way that a lien would be able to attach to titled personal property would be if the lien was foreclosed.

--On pages 2 and 3, there is language about releasing the lien.

113 SEN. DUKES: Asks if someone can place a lien on a home during the four month waiting period for Medicaid.

129 MARGARET CARLEY, Oregon Health Care: Responds that within 10 days of being notified the person is eligible for Medicaid, the lien must be released. Notes exception in Section 8.

147 Discussion continues regarding Medicaid eligibility and filing/removing of liens.

MOTION: SEN. DUKES moves to AMEND the HB 2345-A4 amendments on page 3, in line 9, delete "shall" and

VOTE: CHAIR: Hearing no objection the HB 2345-A4

MOTION: SEN. DUKES moves to ADOPT the HB 2345-A4 amendments, as amended, with the understanding amendments already adopted.

VOTE: CHAIR: Hearing no objection the HB 2345-A4 amendments are ADOPTED.

211 MOTION: SEN. DUKES moves HB 2345-A4, as amended, to the Floor with a DO PASS recommendation.

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

222 CHAIR: Closes WORK SESSION on HB 2345-A.

233 CHAIR: Opens PUBLIC HEARING on HB 2863-A.

WITNESSES: Representative Brian Johnston, District 31
Ray Gribling, Oregon Auto Dealers Association
David Long

240 REP. BRYAN JOHNSTON: Introduces a constituent, David Long and Ray Gribling.

247 RAY GRIBLING, Oregon Automobile Dealers Association: Proposes amending the bill to say, "a vehicle dealer shall inform a potential buyer if the dealer has received written notice" remove "knows" that the vehicle to be sold to the buyer was used in the unlawful manufacturer" remove "or transport" --"of controlled substances prior to the sale to the buyer". "Disclosure shall be in writing and shall be made prior to the completion of the sale." And, "Unless found fit for sale under ORS 453.885 the dealer

shall also post a notice on the vehicle stating that the vehicle was used in the unlawful manufacturer of controlled substances." "This subsection does not apply if the vehicle to be sold is a manufactured dwelling." On line 7, after "made", insert "to the buyer and to any lender financing the purchase of the vehicle." (the HB 2863-A7 amendments (EXHIBIT D).

294 REP. JOHNSTON: Adds that on line 8, the second "transport" also comes out.

298 MR. GRIBLING: The definition of "controlled substance" is too broad. Suggests it be changed to read, "Controlled substance has the meaning given in ORS 475.005 as Schedule 1 and 2 of the Federal Controlled Substance Act."

303 REP. JOHNSTON: Explains for chair that these amendments add another section to the Unlawful Trade Practices Act that prevents the unnoticed sale of a vehicle that may have been or may currently be contaminated by

chemicals of the unlawful substances.

328 DAVID LONG: Comments he is in agreement also.

322 MOTION: CHAIR: moves to amend HB 2863-A on line 4, delete
"dealer" insert "has received written notice"; in delete "or transport";
in line 7, after the period, insert found fit for sale under ORS 453.885";
in line 8, delete "or transport"; in line 12, after 475.005, insert
Schedule 1 and 2 of the Federal Controlled Substances Act".

VOTE: No objection, MOTION CARRIES.

354 MOTION: CHAIR moves to ADOPT HB 2863-A7 amendments.

VOTE: CHAIR: Hearing no objection the -7 HB 2863 are
ADOPTED.

376 MOTION: CHAIR KENNEMER moves HB 2863 A, as amended, to

DO PASS recommendation.

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

CHAIR: Closes WORK SESSION ON HB 2863-A.

385 CHAIR: Opens WORK SESSION on HB 2846-A.

409 SEN. MCCOY: Reads his suggested amendments to the bill as previously
discussed (EXHIBIT F).

404 WITNESS: Jim Anderson, PacifiCorp
Bill Warren, Public Utility Commission

JIM ANDERSON, PacifiCorp: We do have concerns with the amendment and other
concerns. Feels amendment is unnecessary and adds nothing to the bill. It
could be called an effort to micro-manage something that is already in the
bill which the PUC takes care of for the rate-payers.

TAPE 103, SIDE B

008 JIM ANDERSON, PacifiCorp: Continues regarding setting precedent for
legislation.

013 BILL WARREN: Responds that the amendment Sen. McCoy proposes is
inconsistent with the relationship between the legislature and the
Commission. The legislature has granted the Commission very broad
authorities to set rates. This proposed legislation would set forth
criteria in addition to the public interest. Believes the amendment is
unnecessary.

(SEN. DERFLER joins the meeting.)

026 BILL WARREN, Administrator, Energy Division, Public Utility Commission:

The commission does not take a stand one way or another on the amendment.

--Comments on proposed amendment

--The commission would commit to providing the information to the committee

and legislature voluntarily without amendment.

045 SEN. DUKES: Shows a local newspaper article about concern the head of
Bonneville Power Administration has regarding private investor owned
utilities and rates offered to PUD's. Bonneville Power Administration is
subsidizing this method. If that method is used, wants to make sure that
the legislature gets information on costs, etc.; that the same costs are
offered to the PUD's.

072 MOTION: SEN. DUKES moves to ADOPT the HB 2842-A2

VOTE: CHAIR: With OBJECTION from SEN. DERFLER, the
HB 2846-A2 amendments are ADOPTED. SEN. LIM IS

MOTION: SEN. DUKES moves HB 2846-A, as amended, to the
Floor with a DO PASS recommendation.

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

103 CHAIR: Closes WORK SESSION on 2846-A.

107 FULLER: Advises the committee that HB 3021 was adopted last week with a
conceptual amendment. The bill is not on the agenda today. The conceptual
amendment was on line 12 after "bar". The remainder of the line was
deleted. Explains the impact of the amendment on representation of
contractors when appearing before the board.

149 CHAIR: Requests staff to check with the Secretary of the Senate on what
action is needed by the committee.

154 CHAIR: Opens WORK SESSION on HB 3283-A.

156 CHAIR: Notes that Sens. Duke, Derfler and McCoy want to leave the licensing of electronic repairpersons in BOLI and suggests they need an amendment to do that.

157 FULLER: Refers to conceptual amendment prepared by committee staff (EXHIBIT B) and advises that an addition needs to be made to the conceptual amendment: delete Sections 2 and 3.

168 MOTION: SEN. DUKES: Moves adoption of the conceptual prepared by committee staff with the addition of deleting Sections 2 and 3.

196 VOTE: CHAIR: Hearing no objection the HB 3283 conceptual amendments are ADOPTED.

196 MOTION: SEN. DUKES moves HB 3283-A, as amended, to the Floor
PASS recommendation.

199 CHAIR: Comments he has some concerns about the bill.

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

211 CHAIR: Closes WORK SESSION on HB 3283-A.

215 CHAIR: Opens WORK SESSION on HB 2969.

MOTION: SEN. DUKES Moves TO RECONSIDER the vote by which passed HB 2969 to the Floor.

VOTE: CHAIR: Hearing no objection the motion CARRIES.

CHAIR: Opens WORK SESSION on HB 2969-A.

231 FULLER: Advises that there are some questions regarding page 41 of the bill (lines 36-38) (c) requires someone who is serving a paper to have \$100,000 per occurrence of errors and omissions insurance. Explains the HB 2969-A4 (EXHIBIT G) and the HB 2969-A5 amendments (EXHIBIT H).

246 MOTION: CHAIR: Moves to ADOPT the HB 2969-A5

255 VOTE: CHAIR: Hearing no objection the HB 2969-A5
ADOPTED.

MOTION: CHAIR KENNEMER moves HB 2969-A, as amended, to the Floor with a DO PASS recommendation.

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

CHAIR: Closes WORK SESSION on HB 2969-A.

268 CHAIR: Opens PUBLIC HEARING on HB 2142-A.

260 WITNESSES: Ken Keudel, Construction Contractors Board
Terry Witt, Oregon Pest Control Association

268 FULLER: Explains provisions of the bill.

270 KEN KEUDEL, Administrator, Construction Contractors Board: Submits and reviews prepared testimony in support of HB 2142-A Engrossed (EXHIBIT I).

320 KEUDEL: Continues his presentation.

370 KEUDEL: Continues his presentation.

387 SEN. DUKES: How do you handle a complaint when there is damage, but the contractor has done nothing illegal.

411 KEUDEL: Responds that if the contractor is registered, the board can force them to take care of it if damages can be proven.

TAPE 104, SIDE B

036 SEN. DUKES: Questions how the Contractor's Board can get involved in a contract which the board was not a party to. Why do you believe you have the authority to decide who is right?

042 KEUDEL: Responds that in too many instances there is no written contract. Explains that the law specifies that the board can determine claims based on breach of contract and negligent or improper work. It is not always easy to determine what the contract was. This is one of the reasons you allowed us an amendment that requires a contractor, if the amount is over \$2,500 and the contractor is dealing with a homeowner, to have a written contract with that homeowner.

024 SEN. DERFLER: Sometimes the person expects more than they should, and sometimes the contractor doesn't do a high quality job. That is when the board becomes the arbitrator. It is very subjective. The person can always take it to court.

047 Discussion continues between SEN. DUKES and SEN. DERFLER.

083 KEUDEL: (In response to Sen. Dukes' questions) Explains the housekeeping amendment on page 7, in line 45 and on page 8.

098 KEUDEL AND SEN. DUKES: Discuss claims against contractors, board hearings, board actions and the appeals procedure.

137 SEN. DUKES: Comments she applauds any agency that wants to be a consumer protection agency, but this agency is set up to be a whole lot more than that.

154 KEUDEL: Continues his presentation (EXHIBIT I, page 4).

189 FULLER: Advises the committee is in receipt of FAXED testimony from Michael Scott, Power Rents & Oregon Equipment Rental Association (EXHIBIT J).

193 TERRY WITT, Executive Director, Oregonians for Food and Shelter, representing the Oregon Pest Control Association: Submits and summarizes a prepared statement in support of HB 2142-A (EXHIBIT K).

208 CHAIR: Closes PUBLIC HEARING and opens WORK SESSION on HB 2142-A.

208 SEN. DUKES: Asks if the peripheral business is in section one.

210 KEUDEL: That is correct.

219 MOTION: CHAIR KENNEMER moves HB 2142-A to the Floor with a DO PASS recommendation.

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

227 CHAIR: Closes WORK SESSION on HB 2142-A.

242 CHAIR: Announces that HB 3082 will not be considered today because there are insufficient votes for the bill.

246 CHAIR: Opens PUBLIC HEARING and WORK SESSION on HB 2186-A.

246 FULLER: Gives history of HB 2186 and reviews provisions of the bill.

259 CHAIR: We are in work session on HB 2186-A.

260 MOTION: CHAIR KENNEMER moves HB 2186-A to the Floor with a DO PASS recommendation.

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

284 CHAIR: Closes WORK SESSION on HB 2186-A.

284 CHAIR: Opens PUBLIC HEARING on HB 2367 A.

WITNESSES: Fred VanNatta, Oregon State Homebuilders Association

285 FULLER: Reviews history of the bill and explains the provisions of HB 2367-A.

294 FRED VANNATTA, Oregon State Homebuilders Association: Explains intent of the bill and gives legislative history in previous sessions. Bill does not include local governments; it only refers to specific state agencies. Concept has been picked up by the U. S. Department of Housing and Urban Development; they recommend the federal government adopt this exactly.

328 SEN. DERFLER: Requests that Mr. VanNatta explain what the Housing Counsel does.

VANNATTA: Explains the Housing Counsel relationship to the state agency.

341 SEN. MCCOY: Why are you doing this?

344 VANNATTA: Submits and summarizes a prepared statement (EXHIBIT M) submits a chart "New and Used Housing Costs are Related!" (EXHIBIT L).
 --Cost of existing housing is driven by cost of new construction
 --Rules and regulations are significant cost to new housing

413 SEN. MCCOY: Asks questions about costs of housing today compared to the original sale price.

TAPE 105, SIDE A AND SIDE B - ARE BLANK

TAPE 106, SIDE A

002 VANNATTA: States that the bill doesn't say they can't adopt a regulation; it just says they have to think about and evaluate the cost.

006 CHAIR: Informs Mr. VANNATTA that there are not enough votes to move on the bill.

012 CHAIR: Closes PUBLIC HEARING on HB 2367-A.

013 CHAIR: Opens PUBLIC HEARING AND WORK SESSION on HB 3083-A.

WITNESSES: Peter Grundfossen, Association of Oregon Housing Authorities

024 GRUNDFOSSEN, Association of Oregon Housing Authorities: Explains the bill.
--Is designed to expand the list of securities through which housing authorities can invest their reserves

041 MOTION: CHAIR moves HB 3083-A to the Floor with a DO PASS recommendation.

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

050 CHAIR: Closes WORK SESSION on HB 3083-A.

058 CHAIR: Opens WORK SESSION on 3283 and announces that the bill needs to be sent to Ways and Means instead of the Floor as voted on by the committee.

058 FULLER: Explains the committee would be amending their Do Pass Recommendation. The committee kept the regulation of electronic repair people in the Bureau of Labor and Industries, but their budget has already removed their authority for the program.

WITNESSES: PAUL TIFFANY, Administrator, Wage and Hour Division, Bureau of Labor and Industries

068 TIFFANY: The original bill, sponsored by the Bureau, contemplated re-regulating the electronic repair industry, therefore the Ways and Means Committee has removed the expenditure limitation and spending authority for the program. The budget has been signed by the Governor. In order to receive the money, the provision needs to be put back in the bill.

080 The committee discusses procedures and requirements for reporting the bill out and about how the agency can be funded for the program.

130 MOTION: SEN. DERFLER moves that the committee reconsider the which HB 3283-A was sent to the Floor.

VOTE: CHAIR, hearing no objection, the motion CARRIES.

133 MOTION: SEN. DERFLER moves that HB 3283-A, as amended, be Floor with a DO PASS RECOMMENDATION and that the bill be referred to the Committee on Ways and Means.

141 VOTE: In a roll call vote, SENS. DERFLER, DUKES, MCCOY KENNEMER VOTES NO. SEN. LIM IS EXCUSED.

145 CHAIR KENNEMER: Declares the motion PASSED.

145 CHAIR: Closes WORK SESSION ON HB 3283-A.

CHAIR: Opens WORK SESSION ON HB 2582-A.

150 FULLER: Gives history of the bill and explains the committee that proposed amendments have been submitted by Emily Cedarleaf.

152 MOTION: CHAIR KENNEMER moves that the HB 2582-A4

152 VOTE: CHAIR, hearing no objection, declares the motion PASSED.

168 MOTION: SEN. DUKES: moves that on page 1, in line 15, delete "or know".

186 VOTE: CHAIR, hearing no objection, declares the motion PASSED.

201 Discussion follows regarding penalties and Class A misdemeanors. The committee is unable to resolve issues.

239 CHAIR: Closes WORK SESSION on HB 2582-A.

245 CHAIR: Opens WORK SESSION on HB 2890.

WITNESSES: Russ Spencer, Oregon Brewers Guild

248 RUSS SPENCER, Oregon Brewers Guild: Bill seeks authorization to sell malt beverages in container not allowed currently in package stores. Proposes to change the volume from 3 gallon to 2.25 gallon, the equivalent of one case of beer (EXHIBIT N). Explains the proposed amendment is for the small brewers who do not bottle or can their products.

283 MOTION: SEN. DERFLER moves -2 amendments. No objection.

VOTE: CHAIR: Hearing no objection the HB 2890 -2 amendments are ADOPTED.

287 MOTION: SEN. DERFLER moves HB 2890, as amended, to the Floor PASS recommendation.

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

287

300 CHAIR: Closes WORK SESSION on HB 2890.

CHAIR: Opens WORK SESSION on HB 3205.

302 FULLER: Gives history, explanation of the HB 3205-A3 amendments requested by McMennamin's Brew Pubs (EXHIBIT O) and explains that the bill allows brew pubs to hold a distiller's license if they produce no more than 10,000 gallons of distilled liquor annually; the amendment would change it to 2,500 gallons.

WITNESSES: Russ Spencer, McMennamin's Pubs
Paul Williamson, Oregon Liquor Control Commission

310 RUSS SPENCER, McMennamin's Pubs: Explains the HB 3205-A3 amendments (EXHIBIT O). The bill is limited only to brandies as in current law. Suggest another amendment is needed to make sure the bill is limited solely

to brandy; language needs to be changed from "distilled liquors" to "brandy", or other language suggested by Legislative Counsel.

delete "distilled liquor" and MOTION: CHAIR KENNEMER moves to ADOPT conceptual
363 VOTE: CHAIR: Hearing no objection, the HB 3205 conceptual
amendments are ADOPTED.

371 MOTION: KENNEMER moves to ADOPT the HB 3205 -3

ame

VOTE: CHAIR: Hearing no objection, the HB 3205 -3
amendments are ADOPTED.

374 MOTION: CHAIR KENNEMER moves that HB 3205, as amended,
floor with a DO PASS recommendation.

390 SEN. DUKES: Questions the fiscal impact. The House committee says
there is no fiscal impact.

394 PAUL WILLIAMSON, OLCC: We were not aware of any fiscal impact.

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

405 CHAIR: Opens PUBLIC HEARING on HB 2035-A

WITNESSES: Mary Alice Bjork, Department of Consumer and Business Services
Lewis Littlehales, Department of Consumer and Business Services

422 FULLER: Reviews history of bill.

427 MARY ALICE BJORK, Administrator, Insurance Division, Department of
Consumer and Business Services: Submits an outline of remarks (EXHIBIT Q)

explaining the history and the purpose of the bill; it regulates the
practice of one selling his/her life insurance. This practice began in the

1980's primarily with people in the last stages of AIDS and who were
desperate for money, and had life insurance policies.

TAPE 107, SIDE A

012 BJORK: Continues regarding history and other instances this will
address. This five-year old industry has grown since \$300 million since
1991. We are here to gain some regulation over the practice. It is
unregulated and there have been abuses. This bill would give us regulatory

authority over advertising. The current Oregon position is that it is
illegal because it constitutes transacting insurance. Refers to:

--licensing of buyers and agents;
--compliance area help;
--intent is to make the practice available;
--based on model act from the National Association of Insurance

Commissioners;
--investors;
--NAIC model.

036 BJORK: In response to chair, comments the bill is sound and has a
sunset clause in 1998.

041 SEN. DERFLER: Asks if he can sell his insurance?

046 BJORK: Responds that the person buying the policy would be transacting
insurance and it is illegal unless the buyer is licensed.

048 SEN. DERFLER: Asks what regulation would be put in place.

051 BJORK: Explains there will be licensing of the purchaser, would require

the purchasers to give full disclosure to the seller of what the seller has

in their policy, would require a statement of the attending physician that
the person is terminally ill.

059 LEWIS LITTLEHALES, Department of Consumer and Business Services:
Comments there are tax consequences, and also the disclosure of possible
effects on other benefits the person might be receiving such as Medicaid.

078 CHAIR: Opens closes public hearing on HB 2035-A.

078 CHAIR: Opens work session on HB 2035-A

078 MOTION: SEN. MCCOY moves HB 2035 to the Floor with a DO recommendation.

078 BJORK: Explains that the fiscal impact is the fees for licensing; it is self-supporting.

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

CHAIR: Closes WORK SESSION on HB 2035-A.

127 CHAIR: Opens PUBLIC HEARING on HB 2033-A

WITNESSES: Charles Nicoloff, Department of Consumer and Business Services
 Gail Ryder, Oregon Newspapers
 Lewis Littlehales, Department of Consumer and Business Services

107 FULLER: Reviews history of bill, explains the provisions of the bill and calls members' attention to the HB 2033-A4 amendments (EXHIBIT P).

140 CHARLES NICOLOFF, Oregon Insurance Division, Department of Consumer and Business Services: Explains "reinsurance" and explains the bill serves to improve the department's accreditation efforts approved by the Legislature last session. The NAIC rules provides for peer review where each state submits to the other states that it has passed some minimum standards in the area of financial regulation. Bill deals solely with laws and regulations. The bill will allow the division to establish accounting standards and treatment for health re-insurance agreements. Two reports will be generated under the act: reports on material transactions, and risk-based capital. Reports will not be subject to disclosure because of both proprietary and competitive reasons and because reports may disclose financial conditions the bill attempts to cure.
 Bill also allows the division to share information with other states and the NAIC if there is a written agreement that the states will keep the information in confidence.
 Bill also corrects an erroneous term and also deletes an obsolete, conflicting cross reference.

154 SEN. DERFLER: Why do you want the bill?

NICOLOFF: This is so the division does not lose our accreditation. To the domestic insurance industry, that would mean if they are licensed in other states, the other states would not recognize Oregon's scheme of regulation, would subject them to duplicate regulation and additional costs. It also subjects the Insurance Division to duplicative effort that doesn't accomplish anything.

180 GAIL RYDER, Oregon Newspapers, Government Affairs Director: Submits a prepared statement and testifies in opposition to HB 2033 as it relates to confidentiality of public records (EXHIBIT R).

225 CHAIR: Requests that the Insurance Division respond to Ms. Ryder's concerns.

229 LEWIS LITTLEHALES, Department of Consumer and Business Services: Addresses Ryder's comments.

241 BJORK: Comments the concerns were brought up on the House side, but the House did not act on it because they felt the importance of confidentiality of the financial conditions of companies outweighed the concern of Oregon Newspapers.

244 CHAIR: Comments that if consumers are at risk, the committee should consider amending the bill.

252 NICOLOFF, Insurance Division: Explains the guaranty associations for health and life, and for property and casualty. Addresses insolvency of companies and public protection; the public is protected.

283 RYDER: Comments it is a basic argument. It may not be unique in the insurance industry; it is unique within the Public Records Law to have an individual for determining how the law should be applied.

277 SEN. DERFLER: There is a lot of protection for newspaper companies that shouldn't be there either.

295 SEN. MCCOY: Asks if the Insurance Division knows they will be unsuccessful in returning an insurance company to solvency, could they open the records.

296 NICOLOFF: Responds if they feel a company cannot be rehabilitated, they get a court order to liquidate or rehabilitate, depending on the circumstances. That is public record and everyone is notified accordingly.
 This would be prior to that point.

335 MOTION: SEN. DUKES moves to ADOPT the HB 2033-A4

341 SEN. DERFLER: Comments on time spent on this issue during last interim

and that this would be a waste of money and time.

350 VOTE: MOTION PASSES.
AYES: DUKES, MCCOY and KENNEMER
NAY: SEN. DERFLER
EXCUSED: SEN. LIM

357 MOTION: SEN. DUKES moves HB 2033-A, as amended, to Floor
with a DO PASS recommendation.

SEN. DUKES: Comments she does not understanding insurance as Sen. Derfler
does and would like to see an explanation prepared by the state agency that
explains it.

381 SEN. DERFLER: Suggests that Sen. Dukes pick up the audit at the
Secretary of States' Office. The report gives that information. It has
been done every two years now. This is just a repeat.

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

407 CHAIR: Closes WORK SESSION on HB 2033-A.

407 CHAIR: Opens RECONSIDERATION OF HB 2142-A.

409 MOTION: SEN. DUKES moves to RECONSIDER the vote by which
passed out HB 2142-A.

VOTE: CHAIR: Hearing no objection, so ordered.

411 CHAIR: Opens WORK SESSION on HB 2142.

423 MOTION: SEN. DUKES moves to amend HB 2142-A by removing
through 7.

424 VOTE: CHAIR: Hearing no objection, HB 2142 amendments are
ADOPTED.

425 MOTION: SEN. DUKES moves HB 2142-A, as amended, to the Floor
with a DO PASS recommendation.

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

440 CHAIR: Closes WORK SESSION on HB 2142 A.

CHAIR: Adjourns the meeting at 5:55 p.m.

EXHIBIT SUMMARY:

A - Proposed -A4 amendments to HB 2582, Emily Cedarleaf - 1 page
B - Proposed conceptual amendments to HB 3283 - Committee - 1 page
C - Proposed amendment to HB 2345 A, Jim Carlson - 3 pages
D - Proposed -A7 amendment to HB 2863, Oregon Financial Services
Association - 1 page
E - Proposed -A6 amendments to HB 2863, Oregon Auto Dealers Association - 1

page
F - Proposed -A2 amendments to HB 2846, Sen. William McCoy - 1 page
G - Proposed -A4 amendments to HB 2969, Staff - 1 page
H - Proposed -A5 amendments to HB 2969, Staff - 1 page
I - Proposed amendments to HB 2142-A, Ken Keudell, Construction Contractors

Board - 4 pages

J - Testimony on HB 2142-A, Committee on behalf of Michael Scott - 1 page
K - Testimony on H 2142-A, Terry L. Witt, Oregon Pest Control Association
L - Testimony on HB 2367, Fred VanNatta - 1 page
M - Testimony on HB 2367, Fred VanNatta - 3 pages
N - Proposed -2 amendments to HB 2890, Oregon Brewers Guild - 1 page
O - Proposed amendments to HB 3205-A, McMennamin's Pubs - 1 page
P - Proposed amendments to HB 2033-A, Sen. Bill Kennemer - 1 page
Q - Testimony on HB 2035-A, Mary Alice Bjork, Div. Of Consumer & Business
Services - 2 pages
R - Testimony on HB 2033-A, Gail Ryder, Oregon Newspaper Publishers
Association - 2 pages