

SENATE COMMITTEE ON
BUSINESS AND CONSUMER AFFAIRS

Hearing Room
Tapes , 30, 31&32

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

Introduction of LC'S: 3646, 3647, 3649 & 3650
SB 22: Public Hearing and Work Session
SB 307: Work Session
SB 415: Public Hearing
SB 441: Public Hearing and Work Session
SB 50: Public Hearing
SB 51: Public Hearing

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

005 CHAIR: Calls meeting to order at 3:00 p.m. Announces due to size of crowd there is additional seating in the Galleria.

006 CHAIR: Opens WORK SESSION for introduction of LC's:

010 COMMITTEE ADMINISTRATOR, DARRELL FULLER: Gives overview of LC's.

020 MOTION: SEN LIM: Moves the introduction of the six LC's.

VOTE: CHAIR: There being no objection, MOTION CARRIES.

034 DARRELL FULLER: Announces add subsequent referral to: No Objection.

039 CHAIR: Opens WORK SESSION on SB 22.

040 FULLER: Gives an overview of amendments to SB 22. Explains changes in amendments regarding the statutes.

053 CHAIR: Calls a recess due to the crowd overflow. Our facilities are too limited.

062 CHAIR: Reopens WORK SESSION on SB 22. Announces we will move into Hearing Room A.

069 MOTION: SEN. DERFLER moves adoption of the -2 AMENDMENTS.

070 MOTION: SEN. DERFLER moves SB 22 be sent to the Floor, as amended, with a DO PASS recommendation.

VOTE: MOTION CARRIES
AYES: DERFLER, MCCOY, LIM & KENNEMER
NAY: NONE
EXCUSED: DUKES
CARRIER: KENNEMER

094 CHAIR: Opens WORK SESSION on SB 307.

096 DARRELL FULLER: Gives overview and explanation of the -2 amendments.

102 WITNESSES: Dana Roberts, Building Codes Division
Fred Vannatta, Oregon State Home Builders Association.

105 DANA ROBERTS: Refers to Page 2, Line 10 insert, explains.

110 FRED VANNATTA, Oregon State Home Builders Association: Explains the -1 amendments and others; supports all.

123 MOTION: SEN. DERFLER: Moves to ADOPT the SB 307-2 amendments.

VOTE: CHAIR: Hearing no objections, MOTION CARRIES

134 FULLER: Explains there are further changes to be made and explains.

145 ROBERTS: States she is in agreement.

151 FULLER: Question regarding the amendments.

159 ROBERTS: Suggests Municipalities.

165 VANNATTA: Should encompass both cities and counties.

170 DUKES: Questions the language, has concern regarding that and Legislative Counsel.

181 ROBERTS: Clarifies in response to SEN. DUKES.

197 SEN. DUKES: Concern regarding authority delegation.

214 MOTION: SEN DERFLER moves SB 307 as amended to the Floor with a DO PASS recommendation.

VOTE: MOTION CARRIES
AYES: DERFLER, DUKES, MCCOY, LIM & KENNEMER
CARRIER: DERFLER

235 CHAIR: Closes the WORK SESSION on SB 307.

240 CHAIR: Calls a recess. The meeting is moved to Hearing Room B at 3:30 p.m.

PUBLIC HEARING IN PROGRESS ON SB 415, do not know who witnesses are, hearing was reopened. Computer would not boot up, technician arrived, next computer would not respond to keyboard.

WITNESS: Mary Bryant, on behalf of Senator Neil Bryant
Phil Ward, Oregon Department of Agriculture
Rodger Huffman, Oregon Department of Agriculture.

166 SEN. MCCOY: Did we get the definition of livestock?

174 PHIL WARD, Oregon Department of Agriculture: We can provide that definition from the statutes.

186 SEN. MCCOY: Pursues.

198 WARD: Continues regarding definitions.

204 RODGER HUFFMAN, Oregon Department of Agriculture: Cites several definitions of statutes.

215 DUKES: Question regarding definitions.

225 DUKES: Discussion regarding the freedom of liability of sales, et cetera.

237 DUKES: Question regarding bringing consistency.

TAPE 29, SIDE A.

019 SEN. DUKES: Reference to Senate District One; question regarding other livestock.

026 WARD: Agrees, believes correct in need to have these represented in this definition.

047 WARD: Responds to chair can get back to them later.

053 SENATOR BRYANT: Would like to submit testimony later. Gives reasons for bill being drawn up. Wants to answer constituent needs and have this cleared up.

0075 CHAIR: Closes PUBLIC HEARING on SB 415.

080 CHAIR: Opens PUBLIC HEARING on SB 50.

FULLER: gives overview of the measure.

108 WITNESSES: ?lady ?Delorenzo (sp) ref. to SB 333, which allows address.
William Green, Vice Chair of State Board of Accountancy.

123 WILLIAM GREEN, VICE CHAIR OF STATE BOARD OF ACCOUNTANCY: Have not had provision in statutes to enable the board to give penalties and statutory costs and where sanctions are in order against individual or co. Gives an example of an individual that SB 50 would aid in recovering those cost.

145 SEN DERFLER: could not hear question. re. limitation..

GREEN: responds to several questions from sen. derfler,

158 DELORENZO: Explains the part of the bill that they are referring to.

167 GREEN:

179 DELORENZO: set bydas, sec. of state, or leg.

181 SEN. LIM: Question regarding Board of competency, numbers of the board, the board makeup, etc.

192 SEN LIM: Discretion of the board for the setting of fees.

199 DELORENZO: Revenue comes from the licensing of the board. Have had no recent increases..

207 SEN. LIM. Question of no. of cpas, and p.a.'s.

DELORENZO: Explains limitations on CPAS and PA.S.

231 CHAIR: Closes PUBLIC HEARING on SB 50.

CHAIR: Opens PUBLIC HEARING on SB 51.

WITNESSES: DeLorenzo

Jerry Burns
David Efford
Robert Evans
Jane Williams, Eugene, lic. tax consultant
Billy Burg, Senior at U of O.
Ivan Hoyer, Cottage Grove Or.
Richard Hughes, OSTC
William Chambers, OATC
Emaline Bratton, EA,
....Skafettee
Robert L. Gordon, P.A.,
...sitting with Gordon, missed name
...Melting..Portland
Richard Garlock,
Richard Vissey, Portland State University
Douglas Burwick
Charles Niehart, Oregon State University
Joan Williams
missed...spiked hair, dark suit.
Steve McConnell

256 WITNESSES: DELORENZO:, JERRY BURNS, SSS EFFORD.

270 DELORENZO: gives history of need for the bill, refers to acronyms. Explains professional bodies. Explains that international standards are becoming more important. More Ore. firms are looking to the Pacific Rim. Gives history of Model bill, 1993 task force established to report to the board.

334 SEN. DERFLER: question re. the boards.

340 DELORENZO CONTINUES: Gives the board's intent, gives details, level of authority, was not intended to restrict others in the profession.

370 DELORENZO: Highlights the bill, gives more details in that regard. States specific things that the details re. baccalaureate degree..

008 CHAIR KENNEMER: Question re. authority about expanding their authority.

010 delorenzo explains in the negative.

015 CHAIR: another question.

DELORENZO responds on the negative to that question also.

021 SEN LIM: Specific question regarding hours involved for specific licenses.

030 DELORENZO: Grandparenting of license requirements.

040 DAVID EFORD: price waaterhouse; speaks in support of the bill. Refers to 150 hr. requirement and tort reform in the bill. Speaks re. hour requirement. Finds themselves answering more and more questions encompassing items that need further education. Refers to Abe Lincoln Provision. Equates that to..

066 SEN. DUKES: question, can't hear her..

071 EFORD Responds to SEN.. DUKES's question..

DUKES: Refers to his staatement of reciprocity.

082 EFORD: WOULD depend on the laws in the receiving state.

SEN. DUKES: h ow many states require .

EFORD: varies from state to state.

095 DUKES: Another question similar to above.

DUKES: Please get that number for me.

106 EFORD: Concern re. legal action and costs these produce; want to provide clarity for the statutes. 118 sen. derfler leaves hearing room..

121 EFORD: Continues: judgment for damages has been entered: language here? Portioning liazility with this method, help control cost of doing audits.

152 SEN DUKES: Question in Sect. 28,

168 EFORD: Responds to SEN. DUKES.

JERRY BURNS, practiced L.A. and here. Refers regulation on the professionalls, discipline, responsibility of licensed vs. ? non licensed. Explains what SB 51 does in the areaof audits, cpmpliation of reports, assurances of audit and review reports.

218 JERRY BURNS continues.Concern regarding only cps and pa.s use these reports. Refers to Safe Harbor rules (this is not in the exhibits provided) Refers to _____sections and Lines,

260 DELORENZO: clarifies to what JERRY BURNS is referring to.

275 SEN DERFLER: Who has the ability to change the rules.

JERRY BURNS Responds.

285 CHAIR: Question of bringing others under this part.

291 SEN. DERFLER: Question re. reports that Mr. Burns mentioned earlier..

301 BURNS: Responds to SEN. DERFLER'S question.

314 SEN. DERFLER: Another question. language, would you object to ?

324 BURNS: Clarifies.

330 BURNS: Reporting on financial statements..We are only concerned about preserving certain types of..... (unlicensed, etc.)

363 BURNS: continues: re. again to current rule re. safe harbor language. refers to disclaimer language.
TAPE 30, SIDE B

029 BURNS: (Is now responding to question from sen. dukes).

033 CHAIR: Please be thoughtful to the witness.

037 DELORENZO: Refers to safe harbor law and language.

044 SEN DERFLER: Question couldnit hear.

064 CHAIR : WE are going to need more specific language..

072 CHAIR: REMAINING WITNESS:

973 JANE WILLIAMS, EUGENE LIC. TAX CONSULTANT.

JANE WILLIAMS: Concern re. infringement on their..

BILLY BURG, SENIOR AT U OF O. Concern re. additional hours and requirements. questionis why is requirement necessary. Does not state students can take any othRacc. classes. Additionally does not require masters degree. Gives info. from his notes. Exhibit)

159 BILLY BURG CONTINUES: cpa should continue to serve as the benchmardk..

168 SEN DUKES: WITH fifth year requirements do not change: irg" no, they do not..

178 Name: a student: female, has additional information to be included, gives to chair Kennemer: shows resume of other graduating students. Mentions baccalaureate core, details this. Cites minor is supposed to be . Second: osu ranked 8th in the nation and indicates the present program is excellent; lastly, proposed fifth year is expensive; involve state subsidy. Fears students will turn away from accountancy as a whole.

224 CHAIR:
WITNESS; JONES, DEFERS HER TIME TO:
GLORIA DEFERS TIME TO--
WITNESS: DEFERS TO BILL CHAMBERS.

238 IVAN HOYER, COTTAGE GROVE ORE. FIFTY YEARS Exhibit. IN THE FIELD. Past experience on boards? outlines past issues that were resolved through safe harbor language. my position is that safe harbor language should be included, would like to see clarification of language re. financial statements.

HUGHES; TAX PREPARER: Bill as origianlly printed believed was lacking in safe harbor language. I feel that if this was added; it would be satisfactory. Foresees subsequent suits if not done.

WILIAM CHAMBERS, BEAVER CREEK OREGON. Representing Of Oregon. The views are coming through their membership; seels it would not benefit most. Refers to written transcript, will submitlater, mentions Sherman Act. and one other. Members feel that exam procedures are the best in the nation, why change it, if what we have is good.

017 CHAMBERS CONCLUDES..

(LISTEN TO TAPE TO STRAIGHTEN THESE)
020 KAREN WINTERS; DEFERS TEST. TO SKAFETEE
///// DEFERS TO ,PPPP BRATTON.
BLACK.
BONNIE BROWN DEFERS
SHARON BUSH DEFERS TO ROBERT GORDON.

041 BRATTON; IRS IS planning to use our system as a model. Gives history of tax preparers. Cites restrictions, clarifications, quotes from IRS rules. Gives examples of impact of IRS rules upon Oregon. It comes at a time that is a bad time for us. Mentions an exclusion that they would like to see .

092 CHAIR; mentions unanimity of committee on that..

096 SKAFETTEE: States their primary OBJECTION TO this bill.

115 CHAIR: Does the bill infringe upon your right to do what you already are doing.Refers to "c", Refers to 2, Refers to C,. Question: does this bill provide an exemption for a non-licensed under acctn. board, C: withdraws that right. Refrs to Ted Hughes amendment... this is the exemption htat we are talking about.

161 SKAFETTEE: CONTINUES; mENTIONS a statutory exemption that would include the language in 14 C; expands and clarifies that.

187 SEN DERFLER: Suggests Legislative Counsel examine the bill to make sure rights are not infringed upon.

202 ROBERT L. GORDONG, PA, OREGON

MELTING, PORTLAND ,MISSED MIDDLE WITNESS..

MELTING ; Cites education, experience and board history.

248 MELTING CONTINUES: Refers to an exhibit, "the state Factor" refers to 150 hourrule; restricts entry into the profession. Mentions electives having no influence on accountancy

proficiency. There are a number of states
rejecting the 150 hour rule. Students went to another state, instead.
291 MELTING: continues: addresses safe harbor language; audit functions..
mentions Ibanis versus the State of ____
refers to footnote. Mentions consistency to audit in the bill. Explains
.....and other comprehensive basis for
accounting.

359 melting sums up.
360 Question from Derfler., another question

MELTING: restricts entry into the profession and explains.

380 MELTING; thanks the committee re. their consideration.

RICHARD GARLOCK, indept. accounts, etc.

TAPE: 32 SIDE A

WITNESS: richard garlock... explains what he feels is the impact of the
bill and the reason for it. It is intended to
restrict those who can enter the field. Gives history of financial
statements, audits, etc.

037 RICHARD GARLOCK: Continues re. compilation reviews. States draw line
between audit/review services. Change
allow to allow becoming p., and threee?????. Monopolistic character of
bill is not in the public

056 SEN. DUKES: appreciated garlocks views, if anyone agrees please say so.

065 WITNESS: Makes reference to specific area in the bill.

077 CHAIR: SOME COMMITTEE MEMBERS NEED TO LEAVE. (SEN. DERFLER AND SENATOR
DUKES BOTH LEAVE THE ROOM FOR THE DAY).

091 RICHARD VISSEY, PORTLAND STATE U... AM also a CPA AND Ore. Soc. of
supports the bill but has a
concern re. Section 4, Page three.

148 DOUGLAS BURWICK: States overview of bill and his objections. "b"
mentions turf battle between ----- and
_____. We oppose the bill.

175 CHARLES NIEHART, OSU; SUPPORT SB 51, except 151 additional hours.
Refers to his testimony and
additional... Gives opinion of additional hours. Cotes parts they do not
support..

204 WITNESS: DEFERS, FEELINGS ALREADY EXPRESSED.

VERA PERSOLE: COMMENTS ALREADY STATED, DEFERS .
SALLY MORGAN: ALREADY COVERED BY COMMITTEE..
CHARLENE CLEFF: ALREADY COVERED.
MARY VAN AFFA: ALREADY COVERED..
JOHN ESKELSON.ALREADY ADDRESSED..
LARRY KELDEN: ALREADY COVERED. DEFERS.

WITNESSES:
ROBERT EVANS:
JOAN WILLIAMS

268 ROBERT EVANS, Speaks in opposition to the bill, feels nationwide bills
have caused problems for those in the
profession and speaks in defense of same. Refers to specific parts of the
bill, feels in other states the boards have used
that against those in the profession. Refers to CPA ____ I am concerned
that the will will be used in the future to
infringe, if not now. Wishes to provide further documentation re. this.

349 JOAN WILLIAMS: PREFERS additional year of experience preferable to
additional years of school. Disregards
experience except that under a licensee.

TAPE 31, SIDE B

017 WITNESS: (DARK SUIT, SPIKED HAIR)
re Refers to ethics part of the bill, refers also to the . Modified 150
requirement to match history of ??. Safe
harbor language. Section 14, para. 3; it works, lets leave it alone.

074 SAME WITNESS CONTINUES

083 SEN. DERFLER: you don't have any concerns re. problem with 150 hour
rule.

100 WITNESS: NO.

107 STEVE MCCONNEL: Feels adoption is good. SB 51 was adopted and crafted over a long period of time and is imp. because import. changes have taken place in the profession. Conforms to uniform...act, etc. Isimp. because pract. is becoming intrastate in nature.

138 STEVE MCCONNEL; CONTINUES...Model rules, expands. will provide copies of these rules.

Dukes: do you have to do these in accounting?

WITNESS: yes and no.

168 SEN. DUKES: Refers to prior witness..(find this for notes.

178 MCCONNEL: Continues.

189 witness: spiked hair: Further responds to Sen. Dukes..

198 WITNESS: MCCONNEL my concern is re. an additional classification of accountancy, explains. Denies he is interested in causing that to happen.. Public policy reasons are his concern, would be happy to provide such.

229 CHAIR: CLOSING THE PUBLIC HEARING ON SB 51

242 SEN. DUKES: concern re. people bringing bills that the bills ...

CHAIR: adjourns the meeting at 6:20 p.m.