

SENATE COMMITTEE ON  
BUSINESS AND CONSUMER AFFAIRS

Hearing Room  
Tapes & 36

MEMBERS PRESENT:

Sen. Bill Kenemer, 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: 2852, 3549 & 3724  
SB 415: Work Session  
SB 266: Work Session  
SB 410: 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 the meeting to order at 3:05 p.m.

008 DARRELL FULLER, Committee Administrator: Gives overview of LC's.

010 MOTION: SEN. LIM moves to introduce LC's as Committee bills.

VOTE: CHAIR, hearing no objection, MOTION CARRIES.

011 CHAIR: Announces we will begin with an informational meeting presented by the Oregon Small Business Coalition and will not pass SB 266 out today; SB 410 will be last on the agenda.

WITNESSES:

Joe Gilliam, National Federation of Independent Businesses  
J. L. Wilson, National Federation of Independent Businesses

018 JOE GILLIAM, National Federation Of Independent Business: Gives purpose of the group, and six issues that the group will be working on. Presents information including what resources they will make available including background of issues, cross references for information and small business demographics.

038 J. L. WILSON, National Federation of Independent Business: Gives short personal history and reasons for joining the group; needed one central source of information to gather business statistics and information from; hence this project. Refers to graphs, gives breakdown of Oregon industry, businesses by size classification (91,000 private firms in Oregon). States that they are concerned with businesses that employ 25 and fewer employees because most existing legislation with small business exemptions uses 25 employees or less as the official definition of a small business. As that applies to the numbers, just over 91 percent of all Oregon Businesses employ 25 or fewer employees.

074 --employment in different size classifications (firms with 1-4 employees; 89,000 employees were in that classification representing over 8 % of the Oregon workforce).

--39% is employed in small business which, referring to numbers above represents 91% of all businesses. A 91-39

combination.

088 --employees by industry;  
--agriculture, forestry and fishing; 3% of the workforce;  
--retail trade industry employs about 1 out of five in the workforce;  
--service industry employs about 1 out of four;  
104 --gross incomes for Oregonians;  
--breakdown between government and private wages;  
--average of both government and private wages (\$24,000);  
117 --breakdown into weekly income;  
--Oregon income distribution using income tax brackets, cumulative  
percentages; 85% earned less than \$50,000 in  
1992;  
--per capita income calculations; comparison with national trends between  
1983-1993;  
136 --Has numbers on a county by county basis so committees can familiarize  
themselves with their constituents wages and  
business demographics and how certain legislation might affect their  
particular constituency.

082 (SEN. DUKES joins the meeting at 3:10 p.m.)

086 WILSON, continues: Refers to size classification of businesses and  
where workforce falls in this. Takes special note of  
businesses that employ fewer than 25 employees. Gives more technical data  
from his exhibit.

106 --gives numbers and percentages by employment sector  
119 --average income, gross incomes;  
--government employees versus private sector.  
134 --Oregon income distribution, 8.1 % in the \$50,000 plus category;  
--category that 85 % Oregonians fit into;  
--per capita income for 1983-1993. Can compare our state with national  
numbers.

150 --states he has demographics for a county by county breakdown.

159 SEN. LIM: Thanks witness. Refers to information in chart, asks why our  
state is lower than the national average. States  
we are 10 percent below national average.

178 (SEN. MCCOY joins the at meeting at 3:15 p.m.)

CHAIR: Closes the INFORMATIONAL MEETING.

180 CHAIR: Opens WORK SESSION on SB 415.

188 WITNESSES: Phil Ward, Oregon Department of Agriculture  
Roger Huffman, Oregon Department of Agriculture  
Frank Brawner, Oregon Bankers Association

200 PHIL WARD, Oregon Department of Agriculture: Submits written testimony  
in support of the bill (EXHIBIT D).  
States first page of information is in response to committee's previous  
request for definitions of livestock. One size does  
not fit all. An example is the stray law and its requirements. This may  
be different from animals fitting under theft or  
felony.

231 SEN. DERFLER: Asks for example of animal under some of the definitions.

243 SEN. DUKES: Is stealing a parakeet a felony?

275 WARD: In response to SEN. DUKES, speaks to difficulty of putting all  
animals together branding animals, et cetera.

290 SEN. DUKES: Addresses where this will lead; uses psittacines as an  
example.

308 WARD: Contacted a professor at a university. After six hours they were  
unable to answer the question of definitions of  
livestock.

345 WARD: We have no trouble including these animals.

350 CHAIR: Comments regarding SEN. DUKES question being to the point.

357 ROGER HUFFMAN, State Brand Inspector, Oregon Department of Agriculture:  
Testimony in support of the  
bill.

381 FRANK BRAUNER, Oregon Bankers Association: States the bill amends the  
Uniform Commercial Code;  
referring to security interest.

414 BRAUNER: We endorse the bill.

MOTION: SEN. DUKES moves SB 415 to the Floor with a DO PASS  
recommendation.

VOTE: MOTION PASSES, unanimously, all members are present.  
CARRIER: DUKES

435 CHAIR: Closes WORK SESSION on SB 415.

TAPE 36, SIDE A

018 CHAIR: Opens WORK SESSION on SB 266.

WITNESSES: Dave Heynderickx, Deputy Legislative Counsel  
Mike Reed, Oregon Liquor Control Commission  
Mike McCallum, Oregon Restaurant Association  
Paul Romain, Oregon Beer and Wine Distributors Association

020 DARRELL FULLER, Committee Administrator: Do not have copies of -6 amendments, remarks regarding suspending of rules if we are to include -5 (EXHIBIT I) and -6 today.

028 CHAIR: Hopes we are getting close to finishing rewrite; wants bill to move as a consensus bill.

037 DAVE HEYNDERICKX, Deputy Legislative Counsel: Wants primarily to address -4 amendments (EXHIBIT H); cites major provision dealing with license consolidation.

058 CHAIR: Addresses license consolidation and cost impact.

062 FULLER: Gives explanation of which amendments replace previous ones.

068 HEYNDERICKX: Gives technical information on -4 amendments, refers to alcohol content for beer; makes use of definition consistent. Refers to line 20; this is different; purpose is to authorize size of containers for dock sales; this amendment would do that.

107 SEN. DUKES: At the dock is wholesale?

110 HEYNDERICKX: Responds, yes, and explains; refers to technicality.

121 SEN. DUKES: Further question regarding size.

126 HEYNDERICKX: Clarifies.

133 HEYNDERICKX: They do not want wholesalers to turn into retailers.

140 CHAIR: Thought after today we would attempt to do an A-engrossed bill; but reach a consensus today. It will be perhaps hand engrossed or A-engrossed.

157 SEN. DUKES: Refers to a change on Page Seven where the definition is changed from alcoholic beverages to wines.

164 HEYNDERICKX: Explains tax laws entered into this area. States that the Oregon Liquor Control Commission does not tax. Technically it is not a tax, it is a budget markup. Explains 473 is beer and wine tax.

194 CHAIR: This is the key reason to why we wanted to redo this. To put them all into one statute, if possible, and secondly to create consistency of language. Although it will still not be understandable by a layman, it will be at least consistent and that moves it in that direction.

208 MIKE REED, Oregon Liquor Control Commission: Explains more definitions.

223 HEYNDERICKX, continues, addresses:  
--license consolidation;  
--dispenser license;  
--Tied-house statutes.

263 HEYNDERICKX: Printed engrossed bill would be a great thing to do, may not be appropriate.

275 FULLER: Question regarding the -7 amendments, and procedure to be used.

282 HEYNDERICKX: Responds to question and gives an area that he will change and add retail malt beverage license, health facility, beer license and wine license. Only other change, due to OLCC concern, Page six, Line 25, to Page Seven regarding private clubs. OLCC is getting cold feet on that; they are concerned about changing that.

317 SEN. DERFLER: Question regarding -3 amendment (EXHIBIT G).

328 HEYNDERICKX: Responds, these are ROMAIN's.

330 ROMAIN: States they are not his amendments.

CHAIR: We need the -4 amendments.

352 MOTION: CHAIR: moves to ADOPT the SB 266-4 amendments.

VOTE: CHAIR: Hearing no objection, the SB 266-4 amendments are ADOPTED.

366 REED: Sees no problem with the -4 amendments. Wants inclusion of -3 amendments. Explains can wait for the -5 amendments.

(SEN. DERFLER leaves meeting at 4:00 p.m.)

390 REED: Addresses the -3 amendments.

396 REED: Refers to part concerning brew pubs, co-production, et cetera.

419 REED: Lines 21-24. Explains microbrew and wineries.

TAPE 35, SIDE B

010 SEN. DUKES: Asks if it is just that things are inconsistent now, or does this truly allow one or the other to do something they are not doing now.

016 REED: This would allow things that are not currently allowed. Currently a salesperson who is employed by a winery can serve wine directly to the consumer on the licensed premises, but a salesperson of a brewpub cannot.

020 CHAIR: We could adopt the -3.

027 REED: Explains what the section allows brewpubs to do.

032 SEN. MCCOY: Give us an example.

034 REED: For example this would allow a brewpub licensee to hold an interest in a manufacturers license, a winery or brewery license. Explains. Believes it is innocuous. There are no regulatory concerns.

045 SEN. DUKES: Asks what is exercising control?

060 REED: That would be defined on a case by case basis. For instance, 51 percent ownership in a closely-held corporation would be exercising control; owning 10 percent of a publicly-held corporation may be exercising control such as in General Motors.

067 SEN. DUKES: What other groups have this ability now?

070 HEYNDERICKX: Almost all the other retail licenses have this ability except for package store licenses like Safeway holds, and the brewpub license. States he thinks it extends to all manufacturers and wholesalers as far as their right to have an interest.

105 MOTION: SEN. MCCOY moves to ADOPT the SB 266-3 amendments.

107 VOTE: CHAIR: Hearing no objection, the SB 266-3 amendments are ADOPTED.

110 Discussion regarding clarification on amendments between FULLER and SEN. MCCOY.

115 PAUL ROMAIN, Oregon Beer and Wine Distributors Association: Explains the -2 amendments (EXHIBIT F). Suggests changes in -2 amendments that should be made.

125 SEN. MCCOY: Does the OLCC concur?

150 SEN. MCCOY: Question regarding alcohol content.

171 SEN. LIM: Question regarding percentages, why change?

181 ROMAIN: Gives examples, all types are sold legally; Oregon is not uniform with the rest of the country.

208 SEN. DUKES: Question to OLCC regarding the point at which alcohol became distilled spirits.

222 REED: Chemists would tell you there is a point at which fermentation  
ends.

239 SEN. DUKES: Further question regarding alcohol content and fortified.

250 CHAIR: Question regarding alcohol content.

255 REED: Responds that it becomes more a consumer issue.

CHAIR: Further clarification, definitions.

272 SEN. MCCOY: Asks if the commission has rules on this and when do they  
meet next.

283 REED: This is the kind of amendment we would do nothing about.

297 CHAIR: How do percentages compare nationally?

294 ROMAIN: We are the only state where the percentage is that low and has  
to be changed here.

300 CHAIR: Will address this at the next work session. Lets move on, leave  
it on the table.

320 MIKE MCCALLUM, Oregon Restaurant Association: Submits written testimony  
in support of the bill  
(EXHIBIT E). Explains the -6 amendments (EXHIBIT J), they add to the  
definition of retail licensee in the original  
bill. Reads the change that they would suggest. Explains that at last  
meeting this was addressed and the committee had  
asked for the change; this is it. Addresses financial assistance; we had  
needed to redefine what a retail licensee is.

358 SEN. MCCOY: What is a bonafide trade organization?

368 SEN. DUKES: Question regarding licensees.

369 MCCALLUM: Any trade association would have to be open, explains  
referencing financial assistance.

380 ROMAIN: Explains further; states the trade associations are happy with  
this.

404 SEN. MCCOY: Asks what the difference is between the two associations;  
refers to lines 41 and 43.

TAPE 36, SIDE B

017 REED: Gives definitions of financial assistance in regard to retailers,  
manufacturers and wholesalers and trade  
association activities.

051 MOTION: SEN. DUKES moves to AMEND and ADOPT the  
SB 266-6 amendments.

VOTE: CHAIR: Hearing no objection, the SB 266-6  
amendments are AMENDED and ADOPTED.

075 (SEN. DUKES leaves the meeting after comments regarding meeting with  
MCCALLUM.)

DAVID HEYNDERICKX: There is one last amendment we need to make on SB 266.  
Page 13 of the bill, forgot to  
include lines in regard to commissions. That should be changed to OLCC  
Line 32, 33, page 13.

MOTION: SEN. MCCOY moves to ADOPT the SB 266  
conceptual amendment.

VOTE: CHAIR: Hearing no objection the SB 266  
conceptual amendment is ADOPTED.

069 CHAIR: Asks HEYNDERICKX to submit hand engrossed bill.

070 CHAIR: Closes WORK SESSION on SB 266.

CHAIR: Opens PUBLIC HEARING on SB 410.

084 DARRELL FULLER, Committee Administrator: Gives overview of the bill and  
changes to be made

WITNESSES: Sample Lindholm, Manufactured Housing Communities of  
Oregon

Patrick Lewis, Building Codes Division  
Don Minor, Oregon Manufactured Housing Association  
Lynn Parfin, Mobile Home Park Ombudsman

099 SAMPLE LINDHOLM, Manufactured Housing Communities of Oregon: Submits written testimony in support of the bill (EXHIBIT C). States she represents the park owners and managers; 35,000 rental spaces in Oregon. States SB 410 is a housekeeping bill. The purpose is to remove language that is obsolete. Gives examples of items that are no longer needed. Refers to her exhibit. We support the bill with the additional amendments.

141 DON MINOR, Oregon Manufactured Housing Association: Testimony in support of the bill and amendments by the Multifamily Housing Council Association. Current law disallows children due to language. Explains other areas of concern; requirement regarding owner keeping track of license plates of cars for 18 months and concrete slabs in construction criteria.

188 PATRICK LEWIS, Building Codes Division: Submits written testimony in support of the bill as it is written (EXHIBIT B). The agency has no way of enforcing most of these provisions, as it is. Explains why they do not support the amendments that were suggested. Refers to problems regarding lot sizes and playgrounds.

225 LYNN PARFIN, Mobile Home Park Ombudsman: States she is here as a representative of the Mobile Home Park Legislative Coalition and the Coalition supported SB 410 unanimously in its current form.

250 CHAIR: Addressing LINDHOLM, asks if there is anything that is adverse to tenants or their interests.

251 LINDHOLM: The tenants association did not think so.

258 SEN. LIM: Asks who is representing that group today. States he would like to hear from them.

300 LINDHOLM: States she can give him the names and numbers of those that were represented at the meeting yesterday.

302 CHAIR: Requests FULLER contact them.

304 LINDHOLM: They had other concerns and interests; felt there was not disapproval.

310 SEN. MCCOY: Would like to talk to them.

327 CHAIR: We will schedule this for another hearing and possible work session and arrange to have someone who represents tenants be here.

298 CHAIR: Closes PUBLIC HEARING on SB 410.

299 CHAIR: Adjourns meeting at 4:50 p.m.

Submitted by, Reviewed by,

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

#### EXHIBIT SUMMARY:

A - Testimony, Informational Hearing, J. L. Wilson and Joe Gilliam, Oregon Small Business

Coalition - 12 pages

B - Testimony on SB 410, Building Codes Division, Patrick Lewis - 1 page

C - Testimony on SB 410, Sample Lindholm, Manufactured Housing Communities - 30 pages

D - Testimony on SB 415, Phil Ward, Oregon Department of Agriculture - 3 pages

E - Testimony on SB 266, Mike McCallum - 3 pages

F - Proposed SB 266-2 amendments, Paul Romain, Oregon Beer and Wine Distributors - 1 page

G - Proposed SB 266-3 amendments, Oregon Liquor Control Commission - 2 pages

H - Proposed SB 266-4 amendments, Oregon Liquor Control Commission - 12 pages

I - Proposed SB 266-5 amendments, Committee - 1 page

J - Proposed SB 266-6 amendments, Mike McCallum, Oregon Restaurant Association - 1 page

