

SENATE COMMITTEE ON
BUSINESS AND CONSUMER AFFAIRS

Hearing Room
Tapes 51 & 52

MEMBERS PRESENT:

Sen. Bill Kenemer, Chair
Sen. Gene Derfler
Sen. Joan Dukes

MEMBER EXCUSED:

Sen. William McCoy
Sen. John Lim, Vice Chair

STAFF PRESENT:

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

MEASURES HEARD:

SB 266: Work Session
SB 410: Work Session
SB 412: Work Session
SB 413: Work Session
SB 462: Work Session
SB 473: Work Session
SB 479: Work Session
SB 480: 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 51, A

004 CHAIR: Calls the meeting to order at 3:00 p.m. as a subcommittee. Announces we are entirely in work session only today. SENATORS LIM and MCCOY are excused, we are waiting for SEN. DUKES. States the committee increasingly is receiving amendments a few moments before the scheduled meetings for a work session. They are not in LC draft form. Also received four pages from the Department of Justice two hours before a hearing on a bill that had been on the schedule for a week for a work session.

010 CHAIR: SB 431 at the request of the proponents is held over.

029 CHAIR: Calls a recess while we wait for additional members to arrive.

030 (3:15 SEN. DUKES joins the meeting.)

031 CHAIR: Reopens the meeting as a full committee.

032 CHAIR: Opens WORK SESSION on SB 266.

033 DARRELL FULLER, Committee Administrator: Gives overview, and outlines work done. Lists amendments to be considered (EXHIBIT B). The adopted amendments will nullify fiscal impact.

045 WITNESSES: Mike Reed, Oregon Liquor Control Commission

050 MOTION: SEN. DUKES moves to ADOPT the SB 266 conceptual amendments.

VOTE: CHAIR: Hearing no objection the SB 266 conceptual amendments are ADOPTED.

EXCUSED: LIM and MCCOY

064 CHAIR: Refers to alcohol amount. Invites testimony from REED of the Oregon Liquor Control Commission.

070 MIKE REED, Oregon Liquor Control Commission: Testifies in support of SB
266; does not have concerns about
the -8 or the conceptual amendments.

070 SEN. DERFLER: There is no fiscal impact?

072 REED: No.

080 MOTION: SEN. DUKES moves SB 266, AS AMENDED, to the
Floor with a DO PASS recommendation.

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

CHAIR: Closes WORK SESSION on SB 266.

094 CHAIR: Opens WORK SESSION on SB 410.

DARRELL FULLER, Committee Administrator: Reads overview and history. The
-3 amendments are before us
(EXHIBIT G). No fiscal or revenue impact.

100 MOTION: SEN. DUKES moves to ADOPT SB 410-3 amendments.

VOTE: CHAIR: Hearing no objection, the SB 410-3 amendments
are ADOPTED.
EXCUSED: LIM and MCCOY

112 MOTION: SEN. DERFLER moves SB 410, AS AMENDED,
to the floor with a DO PASS recommendation.

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

CHAIR: Closes WORK SESSION on SB 410.

128 CHAIR: Opens WORK SESSION on SB 412.

DARRELL FULLER, Committee Administrator: Reads overview of the bill. The
committee has before it the -2
amendments. There are no subsequent referrals.

138 MOTION: SEN. DERFLER moves to ADOPT the SB 412-2
amendments.

VOTE: CHAIR: Hearing no objection, the SB 412 -2 amendments
are ADOPTED.
EXCUSED: LIM and MCCOY

140 MOTION: SEN. DERFLER moves SB 412, AS AMENDED, to the Floor
with a DO PASS recommendation.

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

CHAIR: Closes WORK SESSION on SB 412.

149 CHAIR: Opens WORK SESSION on SB 413.

DARRELL FULLER, Committee Administrator: Reads overview and history of the
measure. The -1
amendments are before the committee; no subsequent referral.

WITNESSES: Paul Romain, MCI Telecommunications
Scott Girard, Public Utilities Commission
Gary Wilhelms, U.S. West Communications

159 PAUL ROMAIN, MCI Telecommunications: Submits written testimony in
support of the bill (EXHIBIT C).
States amendments need one correction. States how it should read.

174 CHAIR: Explain what this does.

175 ROMAIN: Adds an additional standard that the Public Utilities
Commission looks at when considering the public
interest.

CHAIR: Asks ROMAIN to give his intent.

184 ROMAIN: The amendments address the change from a rate-of-return
regulation. The change should be to promote
a more efficient supply of telecommunication services. Makes a second
reference to changes to be made; refers to

complaint procedure. Spoke to Assistant Attorney General, PAUL GRAHAM.
From MCI's perspective we need
these amendments and then are in full agreement with the bill.

221 SCOTT GIRARD, Public Utility Commission: The commission supports SB 413
and believes as written is
acceptable. Addresses the amendments as referenced by ROMAIN. We feel
they are not necessary to the bill.

240 CHAIR: These are not necessary?

243 GIRARD: Responds to CHAIR; refers to an opinion by SOCOLOFSKY, of the
PUC.

260 GARY WILHELMS, U.S. West Communications: Testifies in support of the
bill. We do not feel the amendments
are necessary either; but if the committee decides to adopt this is it not
a deal breaker. However, the statement from the
representative from MCI that the bill is pro-consumer is strictly an
opinion. I also would like to say I do not know what
"promote a more efficient telecommunications system" means.

280 WILHELMS: There will be a rate case in 1998. Refers to the language in
the third amendment; authority lies with the
PUC; gives the Oregon Revised Statutes reference.

293 SEN. DERFLER: Asks a question regarding language in the bill; reads
from the bill.

298 WILHELMS: Doesn't know.

299 ROMAIN: This is being added to the findings that the commission must
make. The things they have to look at before
they determine whether this is in the public interest. All we are doing
here basically is giving the PUC the authority to go
to this alternate form of regulation. We need to have a little flexibility
in regulation. Refers to current rate-of-return
system.

335 GIRARD: I take a different tack than ROMAIN has. The determination
that the PUC is charged with does not change
by adding that factor. What they have to find is that in the overall
balance it is in the public interest.

359 SEN. DERFLER: The way I read it says it has to provide a more
efficient public telecommunication system. Gives
reservations.

378 MOTION: SEN. DUKES moves SB 413 to the Floor with a
DO PASS recommendation.

VOTE: SEN. DUKES withdraws her MOTION.

390 CHAIR: Let's lay over until Tuesday and we will vote then.

391 CHAIR: Closes WORK SESSION on SB 413.

400 CHAIR: Opens WORK SESSION on SB 462.

418 FULLER: Gives overview and history. Explains the amendments.

WITNESSES: Tom Bessonette, Oregon Mutual Insurance Company
Representative Liz Van VanLeeuwen
Eileen Rasmussen

421 TOM BESSONETTE, Oregon Mutual Insurance Company: Submits written
testimony in opposition to SB 462
(EXHIBIT F). States the years that he also opposed it in the past.

TAPE 52, SIDE A

BESSONETTE: Cites two specific cases that occurred. The courts look for
coverage, then stretch it. Gives a third
example and cost to settle that case. Emphasizes the policy is
automatically reinstated until it terminates. Oregon
Mutual does not wish to expose their other customers. Refers to Section
two. It tries to help us but it hasn't helped in
California. The ORS's are 3 1/2 inches thick. Refers to HB 2036 passed out
of Commerce today; it has a section that
says a foreign company can move into Oregon and be a domestic insurance
company. Our company is 99 years old;
cites several other small Oregon companies that are very, very, old.
Explains what his amendments do; if a fire occurs,
the home is still under the homeowner's policy.

071 CHAIR: If these were amended, would this be acceptable to your company?

077 BESSONETTE: Responds.

079 REP. LIZ VANLEEUEWEN: States she is one of the cosponsors of the bill.
Refers to a part in the bill and says she
thought that it says almost what his amendment does.

097 BESSONETTE: Responds in the negative and refers to fire loss.

100 VANLEEUEWEN: Gives what her original intent was in the bill.

102 EILEEN RASMUSSEN: Submits written testimony in support of the bill
(EXHIBIT I). The amendment will undo
the bill. The only thing we might change is the fire insurance part. I
feel we are back to square one. We will have no
coverage if that part is taken out.

128 SEN. DUKES: Question regarding coverage that won't be lost if running
a day care.

139 FULLER: Explains, homeowners policy versus homeowners day care coverage
and protecting the mortgage.

140 CHAIR: We do not votes to move the bill today. My preference is to
move the -1 amendments which creates a
technical correction.

MOTION: SEN. DUKES moves to ADOPT the SB 462 -1
amendments.

VOTE: CHAIR: Hearing no objection the SB 462-1
amendments are ADOPTED.

EXCUSED: LIM and MCCOY

168 CHAIR: Closes WORK SESSION on SB 462.

170 CHAIR: Opens WORK SESSION on SB 473.

DARRELL FULLER, Committee Administrator: Reads overview of the bill and
-1 and -2 amendments. History
of prior meetings. There is no revenue impact. There are no subsequent
referrals.

WITNESSES: Genoa Ingram-Read, Association of Realtors.
Emily Cedarleaf, Multnomah Housing Council Of Oregon
Steve Hawes, Real Estate Commission

181 GENOA INGRAM-READ, Association Of Realtors: Neither set of amendments
is a policy change. There is a
glitch in the law that if become inactive you do not need to take the
continuing education requirements; that has been
addressed. Refers to CEDARLEAF's amendments and specific parts of the
amendment. Explains what it does.
Refers to property managers on a par with other licensees.

203 EMILY CEDARLEAF Multnomah Housing Council of Oregon: Submits written
testimony in support of the bill
(EXHIBIT E). Refers to -2 amendments and the problem that the amendments
clean up.

207 STEVE HAWES, Deputy Real Estate Commissioner: Should pass.

208 MOTION: SEN. DERFLER moves to ADOPT the SB 473-1 and
-2 amendments.

VOTE: CHAIR: Hearing no objection the SB 473-1 and -2
amendments are ADOPTED.

EXCISED: LIM and MCCOY

214 SEN. DERFLER: Not thrilled about the bill.

218 SEN. DUKES: I am not for the bill either.

229 CHAIR: Gives the reservations the committee has.

234 HAWES: States the bill is a blessing and a curse.

259 MOTION: SEN. DERFLER moves SB 473, AS AMENDED, to
the Floor with a DO PASS recommendation.

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

278 CHAIR: Closes WORK SESSION on SB 473.

279 CHAIR: Opens WORK SESSION on SB 479.

280 DARRELL FULLER, Committee Administrator: Gives overview of the bill and

the -2 amendments.

WITNESSES: Ray Gribling, Oregon Cemetery Association
Cynthia Potter, State Cemetery and Mortuary Board

292 RAY GRIBLING, Oregon Cemetery Association: Submits written testimony in support of the bill. The reservations have been taken care of by the amendments.

303 CYNTHIA POTTER, Executive Director of State Cemetery and Mortuary Board: Have looked the amendments over and worked with the industry to come up with language that was agreeable. They do differ from amendments from Legislative Counsel. I think the amendments that we came up with in our meetings streamline the bill even more.

338 CHAIR: It is workable, but you would prefer it be streamlined?

343 GRIBLING: I see very little difference and explains. Recommends go ahead with the -2 amendments.

356 SEN. DUKES: Feels the board should take their amendments and streamlining to the House committee.

358 MOTION: SEN. DUKES moves to ADOPT the SB 479 -2 amendments.

VOTE: CHAIR: Hearing no objection the SB 479 -2 amendments are ADOPTED.
EXCUSED: LIM and MCCOY

360 MOTION: SEN. DUKES moves SB 479, AS AMENDED, to the Floor with a DO PASS recommendation.

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

370 CHAIR: Closes WORK SESSION on SB 479.

371 CHAIR: Excuses SEN. DERFLER from the hearing.

381 CHAIR: Opens WORK SESSION on SB 480.

400 DARRELL FULLER, Committee Administrator: Provides overview and history of the bill.

WITNESSES: Ray Gribling, Oregon Cemetery Association
Pete Shepherd, Department of Justice
Lucinda J. Potter, State Mortuary and Cemetery Board
Diane Basset

410 RAY GRIBLING, Oregon Cemetery Association: Would prefer to respond to the opponents of the bill.

TAPE 51, SIDE B

002 PETER SHEPHERD, Department of Justice: Submits written testimony (EXHIBIT A). Our concern is with the appeal and the door-to-door solicitation. Explains areas where they feel changes should be made.

043 GRIBLING: Addresses price list of at-time- of-need sales.

034 LUCINDA POTTER, State Mortuary and Cemetery Board: The information I submitted today was a result of meetings. The board is not opposed to the changes that are being proposed.

085 GRIBLING: I guess we would object to another agency doing trust accounts. The authority vests with the Secretary of State's office. Expands on that fact; it should not go to the board.

100 CHAIR: Are your investigators competent to the audit that would be required here. Also, if I understand, your budget has been cut by \$30,000. Questions taking on more work.

110 POTTER: We would not be doing audits. Refers to an employee that made allegations regarding the unnumbered contracts and those not being caught by the Secretary of State.

125 SEN. DUKES: Asks GRIBLING why his clients need the bill.

126 GRIBLING: Because of ambiguity in the law in selling pre-need contracts. They are trust funded and there are those that are insurance funded. They were doing it and nobody was aware of it;

that's why we introduced the bill. It was on
our initiative last session to register pre-need people.

130 SEN. DUKES: Question about salespeople looking at the obituaries then
soliciting the grieving family.

150 CHAIR: Clarifies for SEN. DUKES what the provision does.

162 SHEPHERD: Reads from the existing law to further clarify.

149 CHAIR: Both of these?

160 SEN. DUKES: There is something else in the law that allows for these
if they are trust funded? Are they on line 44?

170 CHAIR: More work is needed. Want you to work with SHEPHERD.

177 SEN. DUKES: Refers to a personal experience that occurred in 1975.

186 DIANE BASSET: Gives testimony in opposition to the bill; suggests
additions.

236 GRIBLING: Refers to existing laws. There are protections there.

238 CHAIR: Asks GRIBLING to work with other parties regarding concerns that
have been brought forward and talk
further later; see that adequate protections are in place.

240 CHAIR: Closes WORK SESSION on SB 580.

261 CHAIR: Adjourns the meeting at 4:30 p.m.

Submitted by, Reviewed by,

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

EXHIBIT SUMMARY:

A -- Testimony on SB 480, Pete Shepherd, Department of Justice - 12 pages
B -- Proposed SB 266 amendments, Paul Romain - 4 pages
C -- Proposed SB 413 amendments, Paul Romain, MCI Telecommunications - 1
page
D -- Proposed SB 412 amendments, Ray Gribbling, Oregon Automobile Dealers
Assn. - 5 pages
E -- Proposed SB 473 amendments, Emily Cedarleaf, Multifamily Housing
Council - 1 page
F -- Proposed SB 462 amendments, Tom Bessonette, Oregon Mutual Insurance -
1 page
G -- Proposed SB 410-3 amendments, Emily Cedarleaf, Multifamily Housing
Council - 1 page
H -- Proposed SB 479-2 amendments, Ray Gribbling, Oregon Cemetery Assn. - 2
pages
I -- Proposed SB 462 amendments, Eileen Rasmussen - 1 page
J -- Proposed SB 266 amendments, OLCC - 70 pages