

SENATE COMMITTEE ON  
BUSINESS AND CONSUMER AFFAIRS

Hearing Room  
Tapes , 65, 66, 67 & 68

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 439 Public Hearing  
SB 790 Public Hearing And Work Session  
SB 940 Public Hearing  
SB 942 Public Hearing  
SB 1035 Public Hearing And Work Session  
SB 1036 Public Hearing And Work Session  
SB 909 Public Hearing  
SB 51 Work Session  
SB 548 Work Session  
SB 550 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 64, A

005 CHAIR: Opens the meeting at 3:05 p.m.

010 CHAIR: Opens PUBLIC HEARING on SB 439.

WITNESSES: Gerald Rothenfluch, Consumers and Agents Action Committee  
Daniel Bostrom, Association Insurance Management  
Michole Huff, Insurance Options of Oregon  
Chuck Huggins, Independent Insurance Agents  
Chris Davie, State Accident Insurance Fund  
Karen Thomet, State Accident Insurance Fund  
Kevin Earls, Association Oregon Industries

018 GERALD ROTHENFLUCH, Consumers and Agents Action Committee: Testimony in support of the bill (EXHIBIT A). Addresses the current system; represented by SAIF, favors larger business. Refers to:  
--driving up expenses;  
--training would be nil;  
--independent business/client relationship;  
--fairness;

046 MICHELE HUFF, Insurance Options of Oregon: Submits written testimony in support of the bill (EXHIBIT E).  
Refers to small to med. size businesses and relationships. Refers to:  
--87 percent of or. business have fewer than ? employees.  
--small business is Oregon's ...

--telephone call to SAIF, list of information

(SEN. LIM arrives at 3:10 p.m.)

HUFF: Continues, refers to:

--to list for examples of direct writers, Farmer's, State Farm, direct writer.

--assigned high-risk pool

--which companies are able to write workmen's comp. coverage.

--SAIF..

--annual premiums; SAIF is not for their company.

--Business Journal, Cecil Tibbets of SAIF and quotes from same.

109 --creation of SAIF.

--March issue of Oregon Business and reads from it.

126 --sums up.

125 DANIEL BOSTROM, Association Insurance Management: Submits written testimony in support of the bill

(EXHIBIT B). Gives overview of their coverage; refers to agricultural,

etc.,--SAIF is not interested in small employer;

but in many cases they are the only workmen's compensation carrier that

will consider. SAIF is owned by all of us but

discriminates against small employers. Refers to:

162 --memo by Chris Davie of SAIF; disputes items from the memo;

--a 1-page application, compared to a 20-page application for other coverage;

--competition of carriers;

--SAIF and Liberty Northwest. Liberty Northwest is a direct writer,

doesn't use agents;

--expense.

200 (Sen. dukes arrives at 3:20 p.m.)

201 --savings to employers;

--agent sold out to a California firm;

--have worked with SAIF to save some accounts; SAIF was not concerned;

--agriculture as main coverage area;

--Sedgewick-James, owned by an English company;

--Oregon money going out of the country;

--SAIF sends Oregon dollars to England and discriminates against Oregon employers;

--suggestion to solve;

--letter from SAIF to client, he would not receive a commission, however.

--letter from Hockstein Nursery (EXHIBIT C) and problem incurred when finally had a large claim, after only two

tiny ones in the past, SAIF would not help at all;

--Dan Bostrom did help and come to his aid (this is from Mr. Hockstein's letter);

--Mr. Hockstein has never seen an agent from SAIF and in ten years saw no one from Sedgewick-James.

293 CHRIS DAVIE, State Accident Insurance Corporation: Submits written testimony in opposition to the bill

(EXHIBIT F). Testimony in opposition to the bill. Refers to:

--separate agency program;

--says they are a public corporation, at behest of Legislature;

--numbers of people writing workmen's compensation claims;

355 --market share is 35 percent, gives other statistics;

--business written through agents;

--three issues causing them to oppose the bill:

--commissions;

--client performance in reducing costs;

--agent influence on the way clients do business;

--payroll;

--raising expertise of agents who do business with them

426 --flexibility;

--agent authority;

TAPE 65, SIDE A.

003 CHRIS DAVIE, continues:

--EBI and AIG competitors write only through agents;

--Liberty Northwest is a direct-write company;

035 CHAIR: Is it not accurate that it was only recently that your organization developed objective written standards for what would constitute suitable agents?

040 KAREN THOMET, State Accident Insurance Fund: Objective criteria for appointment of agencies; gives history, in 1990 expanded agency force. Agency profile application, loss ration,

producers, etc.

051 CHAIR: States he asked for the objective standards for the agents. Why were they not made available to my office on request?

055 THOMET: My boss is no longer with the company. I was told that there were standards written, but ..

063 SEN. DERFLER: Question regarding conflicting testimony between previous witness and yourself. Can you explain, and gives the information that he is referring to.

074 DAVIE: Disputes the information that was given.

078 THOMET: Suspects it is a dated list; gives examples.

085 SEN. DERFLER: Question that THOMET says she cannot answer.

090 SEN. DUKES: If I were an agent and wanted to write for SAIF, do you have something in writing I could look at so I would know what my chances were?

100 DAVIE: Refers to testimony submitted and information therein. (EXHIBIT G)

113 SEN. DUKES: Refers to criteria. Question.

122 THOMET: Gives their usual procedure.

134 SEN. DUKES: Refer to tape for gist of her questions; maybe we should pay more attention to you.

1551 DAVIE: This is not an arbitrary process. Explains.

162 SEN. DUKES: Question regarding number of agents in the state.

170 THOMET responds. They are close to the saturation point.

178 SEN. DUKES: Comments regarding including the written information in the statutes..

184 DAVIE: It would lock in and prevent flexibility.

189 SEN. DUKES: Comments relative to occurrences ten years ago.

209 CHAIR: Announces we will move SB 940 to end of the meeting; it is a public hearing.

214 CHUCK HUGGINS, Independent Insurance Agents: In opposition to the bill. Refers to Section two of the bill. refers to criteria set for agents. not appropriate for legislature mandate two parties do business with each other. contract.

228 KEVIN EARLS, Association Oregon Industries: Has substantial workmen's compensation programs. Here to speak against the bill. Gives statistics. premiums; associate memberships. Distribution system; dividends since 19.. legislation. Refers to disadvantages in the marketplace for SAIF. Refers to why agents want to sell SAIF products. Quality and cost.

272 CHAIR: Would you meet with Mr. Rothenfluch and get back with me?

280 SEN. LIM: Refers to agent selection process. We need to look at some criteria to see who is qualified and who is not. Need policy on criteria.

294 THOMET: We will do that. We promise.

CHAIR: Closes PUBLIC HEARING on SB 439.

300 CHAIR: Opens PUBLIC HEARING on SB 909.

305 WITNESSES: Senator Mae Yih, District 19  
Richard Owen  
Mr. Yih

310 SENATOR MAE YIH, District 19: Submits written testimony in support of SB 909 (EXHIBIT H). The bill does not change existing authority. Explains present law and conditions under it. The bill clarifies, refers to ORS'S

enclosed with her testimony, and:

- property damage and electrician liability;
- authority being clearly spelled out;
- training and experience;
- safety is primary concern.

345 SEN. YIH: Introduces huSB and, former president of Wah Chang and Mr. Owen.

360 RICHARD OWEN: Submits written testimony in support of the bill (EXHIBIT I). Gives laws that electricians are under and explains existing law and the clarification this will give; refers to statutes that govern electricians.

- Board of Engineering criteria;
- exemptions regarding small services;
- horror stories that show necessity of the bill.

TAPE 64, SIDE B

OWEN, Continues, gives example of a near catastrophe. Refers to:  
--practicing engineering without a license;

--load sizes;  
--state inspector requiring something that would cause an explosion and fire;  
--sign he posted after that inspection to prevent a problem;  
--a recommendation for the committee .

040 MR. YIH: The state has given too much to the inspector; they know nothing about electrical engineering. Give the engineer some power. Limit authority. Agrees with Mr. Owen.

060 BRIAN CHRISTOPHER, Christenson Electric: Testimony in opposition to SB 909. Gives overview and history of past legislation. Refers to:

- southern Oregon, coast, others;
- specifications;
- job meeting coming up;
- supervising electrician is very qualified;
- inspectors;
- electrical safety law enforcement;
- size of their firm; have two elec. engineers;
- roadblock would be created by this legislation;

115 SEN. DERFLER: Question. Why can't you do ?

126 OWEN: Testimony again. Refers to electrician's law . Contractor.... that could be anybody..

- engineer doctor-nurse analogy;
- past troubles with inspectors and staff drawings;
- Board has asked electrical community to do something; they have not done it.

CHAIR: Closes PUBLIC HEARING on SB 909.

CHAIR: Opens PUBLIC HEARING on SB 790.

WITNESSES:

Mark Nelson,

Jennifer Hoch, Southland Corporation  
Sandra Bishop, Wine Institute  
Paul Williamson, OLCC

157 MARK NELSON: Refers to :  
--OLCC

178 JENNIFER HOCH, Southland Corporation: Refers to Seven Eleven Stores and their procedures via electronic means. Explains number of stores and use of electronic data.

- Benefits to buyer and seller;
- accuracy;
- beer draft;
- purchase data;
- amendment to 790; initiate,
- same day transfers.

211 SEN. DERFLER: Question regarding same as cash.

218 HOCH: does not do what.

220 PAUL WILLIAMSON, OLCC: Current law does not allow? something. In support of the bill probably original statute was written in 1934..

234 CHAIR: By rule currently or do you need statutory authority?

239 WILLIAMSON: Responds and feels this is the safest course of action.

246 SANDRA BISHOP, Wine Institute: Submits written testimony in support of the bill (EXHIBIT J). Supports 790, explains bill, standard banking practices.  
 --wholesalers and manufacturers;  
 --no change in policy;  
 --enhances safety of drivers;  
 --convenience to retailers in license keeping;  
 --OLCC under existing law, believes it needs to be explicit;  
 --OLCC drafting rules.

283 BISHOP: This is not a policy change of any kind; simply allows the use of latest technology. Mr. Burns had to leave, was to have testified for Valley Wine in support of the bill.

289 RUBY HAUGHTON, U.S. Bank: In support of the bill. SB 790. EFT is not be confused with credit, it is cash in the 20th and 21st century. States Frank E. Brawner, who was to have testified, is out of town, they got her instead.

300 CHAIR: Closes PUBLIC HEARING on SB 790.  
 CHAIR: Opens WORK SESSION on SB 790.

MOTION: SEN. DERFLER moves to ADOPT the SB 790 -1 amendments.

VOTE: CHAIR: Hearing no objection, the SB 790 -1 amendments are ADOPTED.

MOTION: SEN. DERFLER moves SB 790, as amended, to the Floor with a DO PASS recommendation.

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

345 CHAIR: Closes WORK SESSION on SB 790.  
 CHAIR: Opens WORK SESSION on SB 51.

CHAIR: Gives history of the bill and explains we do not have time to do an adequate hearing. Suggests we adopt the -8 amendments and meet later. The discussion will be a week from today.

MOTION: SEN. DERFLER moves the ADOPTION of the SB 51 -8 amendments.

369 MCCOY: Asks for an explanation of the amendments.

398 CHAIR: SEN. MCCOY, the good senator says they are 60 pages.

400 FULLER: Explains, says it is a gut and stuff. Asked Legislative Counsel to bring in all of the changes that we have made in a number of meetings.

424 VOTE: CHAIR: Hearing no objection, the SB 51 -8 amendments are ADOPTED.

426 CHAIR: We will plan to have a follow-up WORK SESSION on Thursday, the 13th.

430 CHAIR: Closes WORK SESSION on SB 51.

435 CHAIR: Opens PUBLIC HEARING on SB 942.

WITNESSES: Jane Cummins, League of Oregon Cities  
 Jeff Condit, City of Lake Oswego  
 Jerry Justice, Clackamas County

TAPE 65, SIDE B

020 JANE CUMMINS, League of Oregon Cities: Explains, mentions Federal Fair Housing Act, Oregon Buildings Division, violations of the Fair Housing Act.

037 JEFF CONDIT, City of Lake Oswego: Explains the bill. Refers to state building codes;  
 --adults care foster home;  
 --additional review;  
 --building code;

--fire and life safety requirements;  
--fair housing act ;  
--conciliation process;  
--building code section;  
--authority to do what, can't follow this story, technical, etc.  
--region 10 guy; federal government;  
--housing administrator;  
--no legislative authority;  
--other municipalities having problem, gives those.

083 Explains what they are asking the legislature to allow them to do under this bill. Gives what their intent is; only asking it to defend when it is the code itself; are left twisting in the wind.  
--building codes division referral.

109 CHAIR: Wants more something done.

112 SEN. DERFLER: Question about five something?

120 JERRY JUSTICE, Clackamas County: Group homes; refers to four sessions back, past legislation, use this... The real nub of the issue has historical basis in the and explains, refers to  
--cities and counties agents of the state and explains;  
--"hometown" agency;  
--inability of cities and counties to deviate from the code;  
--federal agency in their belief,  
--thrust of the bill;  
--indemnification  
--actions in compliance of code, not interpretation;

170 SEN. DERFLER: Question if we change the bill to say: " would that solve the problem.

181 SEN. DUKES: Isn't it still optional for city or country to choose their own people to enforce their codes.

190 JUSTICE: Responds, regarding indemnification, explains, that is a legal possibility.

200 SEN. DUKES: Some cities and counties would find themselves....

206 JUSTICE: Some felt they were not adequately staffed. They have chosen not to participate. In others viewed as a reasonable public service to try to come to a one stop service. The system works well. Unanticipated glitch here involving the federal code; protracted and expensive..

CHAIR: Constitutional problem with this bill. Is there anything else that needs to be said or put on the record. We are going to discuss further.

236 CONDIT: Will submit his written testimony for the record (EXHIBIT O).

CHAIR: Closes PUBLIC HEARING on SB 942.  
CHAIR: Opens PUBLIC HEARING on SB 1035.

234 FULLER: Explains the bill.

250 WITNESSES: William Schaub, Capital Consultants

273 WILLIAM SCHAUB, Capital Consultants: Testimony in support of the bill. Explains the bill.  
--institutional bonds and corporate bonds;  
--institutional grade;  
--Triple A ratings, and so forth;  
--public policy standpoint;  
--diversification to the funds;  
--enhanced returns;

297 --AAA Ford Motor Company why was excluded;  
--improved return..

313 SEN. DERFLER: Looking at the other investments would this be a higher risk investment?

318 SCHAUB: Puts in perspective.

333 CHAIR: Your testimony is this is a very safe investment?

338 SCHAUB: Explains; we would remove any bond that dropped below an a? rating.

349 SCHAUB: Refers to second part that they would change. Refers to:

--guaranteed and non-guaranteed contracts;  
--management fees, custodial fees;  
--non-guaranty;  
--money market funds;  
--conservative investment profile;

380 CHAIR: Closes PUBLIC HEARING on SB 1035.

TAPE 66, SIDE A

004 CHAIR: Opens WORK SESSION on SB 1035.

MOTION: SEN. DERFLER moves SB 1034 to the Floor with a  
DO PASS recommendation.

009 VOTE: MOTION PASSES, unanimously, all members are present.  
CARRIER: SEN. LIM

011 CHAIR: Opens PUBLIC HEARING on SB 1036.

012 WITNESSES: Denise Mcphail, Portland General Electric  
Pamela Lesh, Public Utilities Commission  
Phil Nyegaard, Public Utilities Commission

014 DENISE MCPHAIL, Portland General Electric: Testimony in support of the  
bill. Introduces Pamela Lesh.

PAMELA LESH, Public Utilities Commission: Explains the bill. Refers to  
various parts of the bill;  
--uniform commercial code;  
--something for tax purposes;  
--conservation bonds, missed the first part of the sentence.  
--commission process;  
--subsection two, conservation investment  
--notice and requirement for hearing  
--heart of the bill; boondoggle ... investment; recognize it;  
--subsection four, applies to about 70 million;  
--five, does definitions;  
--existing authority of commission over their something;

064 CHAIR: Question regarding the emergency clause.

068 DENISE MCPHAIL, Portland General Electric: Responds, can take it out.  
Refers next to the -1 amendments, gives  
page and part, take out was caused by re-numbering the bill; a technical  
amendment.

081 PHIL NYEGAARD, Public Utilities Commission: Endorses the concept.  
Refers to qualifying investments and  
designation. Refers to utility companies seeking the action. Responds to  
chair Kennemer that the emergency clause is  
not necessary.

098 SEN. LIM: Question.

101 NYEGAARD: responds. Have not requested a formal Attorney General's  
opinion.

1008 DENISE: Outlines conversations with Attorney General's office..

114 SEN. LIM: Comments.

118 NYEGAARD: Questions were raised by us, they did not have any questions  
regarding the section that SEN. LIM is  
referring to..

127 CHAIR: Makes a suggestion.

CHAIR: Closes PUBLIC HEARING on SB 1036.  
CHAIR: Opens WORK SESSION on SB 1036.

MOTION: SEN. MCCOY moves amendments the -1 as  
technically amended,

also remove emergency clause...  
VOTE: CHAIR: Hearing no objection the SB 1036 technical  
amendments are adopted.

MOTION: SEN. MCCOY, moves SB 1036 as amended with a DO  
PASS recommendation.

VOTE: MOTION PASSES.

EXCUSED: DERFLER  
CARRIER: KENNEMER

CHAIR: Closes WORK SESSION on SB 1036.

163 CHAIR: Opens WORK SESSION on SB 548.

Amendments are discussed, the history. the amendments are in good shape.

181 SEN. DUKES: is there a subsequent referral to judiciary in here?

MOTION: CHAIR: moves the ADOPTION of the SB 548 -3  
amendments.

817 MOTION: SEN. DUKES, moves SB 548, AS AMENDED, to the floor  
or JUDICIARY as directed .

CHAIR: Closes WORK SESSION on SB 548.

203 CHAIR: Opens WORK SESSION on SB 550.

WITNESSES: Mike Reed, Oregon Liquor Control Commission  
Richard Sadler, Dundee Brandied Fruit  
Chris Lyons, Oregon Liquor Control Commission

MIKE REED, Oregon Liquor Control Commission: Testimony in support of the  
bill. Explains that the  
amendments address all of our concerns. Explains that point of sale needs  
to be understood.

224 SEN. DUKES: Voices concern about the alcohol level at 21 percent. We  
are saying legal to sell 21 percent in the  
grocery store. Still nervous about. Refers to the requester of the bill  
and alcohol content need to preserve the fruit.  
Explains further, product with a syrup with 21 per cent alcohol.

260 CHAIR: Lets lay over until next Thursday.

267 REED: Addresses language he just did to address the concerns and reads  
the suggestion for the bill ends at 296.

301 RICHARD SADLER, Dundee Brandied Fruit: In response to question from  
chair regarding SEN. DUKES  
concerns. Refers to the Bureau Of Alcohol, Tobacco and Firearms standards.  
Voices what his preference would be.  
Expands.

337 SEN. DUKES: Refers to the fact that this is a policy decision. When we  
reach the point that we can buy hard liquor in  
the grocery stores.. another question: humorous, but don't mean it to be.  
Is it true that the little candies that have  
alcohol in them fall under the bottle bill. They come in a container.

370 REED: Only refers to a malt beverage.

385 SEN. MCCOY: Who asked for the bill and why?

394 MR. SADLER: Responds, explains products, etc. usually used at Christmas  
time.

406 SEN. LIM: Could this become liability issue?

432 CHAIR: Closes WORK SESSION on SB 550.

TAPE 67, SIDE 2A

013 CHAIR: Opens PUBLIC HEARING on SB 940.

022 WITNESS: Patricia O Sullivan, Department OF CONSUMER AND  
Business Services  
Del Isham  
Amy Stanton  
Richard Scott  
Seam Hagenmiller  
Leroy Tournquist, Willamette Valley Law Professor  
Harmik Issakhanian

030 PATRICIA O SULLIVAN, Department of Consumer and Business Services:  
Gives reason, result of bill last  
session. House bill. Sixty kids from Jefferson paid money in deposits,  
kids lost 60,000? House bill raised bond and



created a registration program. The bond requirement is in the unlawful trade practices act. I was given the task of creating that program. Found that the bill was really unworkable; that amount is

(4:30 SENATORS LIM and DUKES leave the meeting.)

046 SULLIVAN, continues: Outlines the problems, 1,2,3 issues. This will take care of these issues. Explains what they did.

059 on the counter; hold on rules, result of their hearing. Refers to:

--travel boat operators;

--passage on the House side today;

060 --damage; liability, public at risk;

--outside agencies and zeroing out the bond;

--sums up. Does not created anything, fixes what was passed last session, lowers what business can live with and what;

--registration amount in the statute; \$100 in the statute.

094 SEN. DERFLER: Refers to the problem in Jefferson, which was an out of state agency. Question regarding registration to sell here?

105 SULLIVAN: Refers to proactive and reactive. Bonded, .

116 SEN. DERFLER: Difficulty in enforcing.

120 SULLIVAN: Gives an analogy regarding drivers.

124 SEN. DERFLER: Question regarding business from Washington. Seems like it would be very difficult to...discussion regarding the bond.

137 SEN. MCCOY: Is it possible to prevent advertising that says you are bonded in Oregon.

150 SULLIVAN: That is already in the program, it has not been implemented, that was part of Senate bill. We are two years late in trying to fix this.

164 SEN. MCCOY: Refers to a personal experience during his travel with travelers that were stranded..

174 SEN. DERFLER: Refers to the bond issue again.

182 SULLIVAN: Again, this has been a ..Explains. It will be more proactive than it is now.

197 SEN. KENNEMER: Question. Regarding Fair Trade Practices.

206 SEN. DERFLER: Feels better to not pass if cannot enforce. Discussion continues between he and CHAIR KENNEMER regarding this point.

(5:45 SEN. LIM re-enters the meeting)

226 CHAIR: Create the public awareness and self-policing.

232 SULLIVAN: States the Division of Consumer and Business Services is all a dedicated fund.

245 CHAIR: Comments,

254 PAUL DONHEFFNER, Marine Board: Submits written testimony in support of the bill (EXHIBIT S). Refers to charter boat operators. No evidence to suggest those two industries were meant to be included in that bill. Refers to a House bill that did pass today. Gives the amendments to it. Refers to:

--day guides and deposits, exemptions.

--river canyon operators; outfitters;

--hunting outfitters;

--consumer fraud hunting operators.. and ..

--professionalism;

--language committee could delete;

--compromise language is acceptable;

--minimum bonding.

(SEN. DERFLER leaves meeting at 5:50.)

329 \*\*WITNESS: Dark hair , female, outlines what their business is. Refers to:

--surety bonds;

--scam artists;

--telemarketing;  
--Internet;  
--fraud;  
--current law;  
--public education campaign;  
--unlawful, for fair trade practices act;

TAPE 66, SIDE B

022 DEL ISHAM, RAZ Transportation Company: Submits written testimony in support of the bill (EXHIBIT W).

Concerns about existing legislation, and present proposed bill. Purpose of the statute is to protect consumer. Also

protect the states image as a place for visitor destination. Refers to:

--one incident which gave Oregon national attention;

--statistics on tourism, travel, visitors;

--deletions on page one; bond is two low;

--page two, error in drafting;

--exemptions provided on page two; inequities between tax paying business entities versus non;

079 --right of action clause, page three;

--\$75,000 bond would be satisfactory.

(6:00 SEN. LIM leaves the meeting.)

088 AMY STANTON, Independent Contractor: Submits written testimony to the bill

(EXHIBIT X). Refers to;

--home office;

--ARC appointed agency;

--we are in subcommittee?

--existing clientele and something;

--commission rate cannot be raised to cover the bond;

--good testimony;

--targets in-state small business person;

--reputation, business rests on;

--unlawful trade practices act;

140 --differentiation between operators, personally would have a problem with a \$10,000 bond;

--refers to MCCOY's example;

146 CHAIR: Comments about being fair.

153 O'SULLIVAN:

--language in the bill in reference to the bond;

--errors and omissions;

--not a clear \$10,000 bond, alternatives;

172 RICHARD SCOTT, Attraction Tours: Explains the distinction, tour operator versus. I develop, sell and something in the Western united states, testimony in support, as amended with the -2 amendments.

190 --national tour association;

--consumer protection;

--loophole in legislation; non-profit sellers;

--non-profit sellers of travel being exempted exposes purchasers; inequity between, no protection for the consumer;

--registration, public education, gullibility on the part of the public to buy the cheapest;

--242 --implementation;

--PUC license for 14 years, already bonded, have never heard of the various fathers and grandfathers of the bill you are talking about, i.e. enforcement;

258 LEROY TOURNQUIST, Willamette Valley Law Professor:

--using the law to effect competitive what. the bill, Catherine Webber's

bill was laughable, told her that. To reduce to

10,00 is more palatable, refers to Amy STANTON, What you are doing is forcing small business person to do, but not

the large travel agency. Refers to proportion, large, versus small. Major problem; giving protection and aid to outside

operators; they don't have the FTP? Instrumentalism, using government as the agent. That is what this is. I think it is

important that something be done, but not require the bond. Agrees with STANTON and ?. Don't treat apples and

oranges alike; lumping the sellers together shouldn't be done in a bill

such as this. Refers to cost of bond now, but

what could happen. You are at the mercy of the insurance industry. I ? the committee to look at this question. Would ?

more to require registration, not a bond, and missed one part.. then instrumentalism. Sums up.

349 WITNESSES: missed.....

366 SEAM HAGENMILLER, "Slow Poke Tours: Submits written testimony in support of the bill (EXHIBIT AA). Operates a business out of my home. Refers to her testimony, refers next to amendments: Date the amendments were will be pertinent will show later. Refers to  
--coalition;  
--small business people in the industry;  
--travel protection for consumer;  
--plan of action

TAPE 67, SIDE B

022 HAGENMILLER: continues:  
--disclosures;  
--collection of monies;  
--promise of services;  
--Step Two gathered information regarding consumer protection. Checked out the feasibility of something,.. impact, implementation, enforcement, . Determined specific business scams was beyond the regulatory methods because you find out about them after the fact.  
--Step Three  
--Florida, Massachusetts;  
--State of Washington, recently killed a bill consumer cost recovery fund;  
--Step Four  
--had LC draft amendments; Section 8;  
--common recurring problems;  
--copy of Massachusetts study lends credibility to our study;;  
--Milestone Education Institute;  
--Pages in report that refer to the above company;  
--methods that don't work, including bonding;  
--Attorney General's office of Massachusetts and our amendments;  
--computer database.

110 JEFFREY DAVIES, Eco Tours: Submits written testimony in support of the bill  
(EXHIBIT BB). Explains his business. Refers to:  
--SB 2386 to fix problems. It did not fix; has created problems instead. Were lumped into with other groups (dishonest ones);  
--International Travel; --income on the side;  
--specifics regarding recommendations for oversight from Massachusetts.  
170 --insurance coverage; trust; escrow; other states have tried;  
--unregistered will still be able to or will file false accounts;  
220 --Webber's law;  
--regulation of in-state versus out-of-state.

235 HARMAC ARSEKHANIAN, Travel Services: Submits written testimony in support of the bill (EXHIBIT Y).  
--Refers to SEN. MCCOY's earlier example;  
--different environments;  
--article by Greg Farmer; Milton Friedman's quote of wood pencil, lead, wood, et cetera. Gives rest of the process . It cost ten cents. Equates this to travel industry. Good testimony and examples.  
--Second largest something;  
--gross national product;  
--federal and state taxes;  
--Gives history of bill. starting with nameless person, it is in the archives and quotes.  
--Karen Ritter;  
--1993 registration program;  
--ALSG specializes in student travels; Include this...it is excellent, giving details and sense of proportion on the Jefferson travel, the man made off with ? millions;  
--fraud cases;  
--failure to return deposits was one company;  
--the  
--In Oregon in 1994 there were .. gives the number of complaints. Gives other states. this is 388 on the counter. This is excellent. He called Department of..  
end of tape.....

TAPE 68, SIDE A

019 ARSEKHANIAN: Continues; levity - dry here. 019  
--registration, why works;  
--amendments, explains;

--establish industry association to talk with Attorney General's to help  
each other not create a barrier;  
--bonding against;  
--letter of credit,  
--trust account; who controls, you, what's the use;  
--missed this; association;  
--Internet. People are buying tickets through the computer system;  
050 --sums up. 050

060? CHAIR: Closes PUBLIC HEARING on SB 940.

065 CHAIR: Adjourns the meeting at 7:00 p.m.

Submitted by, Reviewed by,

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

EXHIBIT SUMMARY:

A -