

HOUSE COMMITTEE ON COMMERCE SUBCOMMITTEE ON BUSINESS

June 29, 1993 Hearing Room H170 9:30 a.m. Tapes 157-160

MEMBERS PRESENT: Rep. Bob Repine, Chair Rep. Hedy Rijken, Vice-Chair
Rep. Lisa Naito Rep. Liz VanLeeuwen Rep. Cynthia Wooten

STAFF PRESENT: Janet McComb, Committee Administrator Debbie
Schieno, Committee Clerk

MEASURES CONSIDERED: SB 689A - Public Hearing/Work Session SB
31A - Public Hearing/Work Session SB 32 - Public Hearing/Work
Session SB 33A - Public Hearing/Work Session SB 964A - Public
Hearing/Work Session HB 2114 - Public hearing

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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. [--- Unable To Translate
Graphic ---]

TAPE 157, SIDE A

003 CHAIR REPINE: Calls the meeting to order at 11:50 a.m.

016 CHAIR REPINE: Recesses the meeting at 11:51 a.m., moving the
agency forward.

CHAIR REPINE: Reconvenes the meeting at 6:15 p.m. in Hearing Room E.

PUBLIC HEARING ON SB 32

034 JANET McCOMB, COMMITTEE ADMINISTRATOR: Outlines the Preliminary
Staff Measure Summary (EXHIBIT A).

041 GARY WICKS, BUILDING CODES AGENCY: Testifies in favor of SB 32.

WORK SESSION ON SB 32

060 MOTION: REP. WOOTEN moves SB 32 to the full Commerce Committee
with a do pass recommendation.

VOTE: Hearing no objection, the motion carries. Rep. VanLeeuwen is
excused.

REP. REPINE will lead discussion in the full Commerce Committee. PUBLIC
HEARING ON SB 33

073 JANET McCOMB, COMMITTEE ADMINISTRATOR: Outlines the Preliminary
Staff Measure Summary (EXHIBIT B).

080 GARY WICKS, BUILDING CODES AGENCY: Testifies in favor of SB 33.

WORK SESSION ON SB 33

096 MOTION: REP. RIJKEN moves SB 33 to the full Commerce Committee with a do pass recommendation.

VOTE: Hearing no objection, the motion carries. Rep. VanLeeuwen is excused.

REP. RIJKEN will lead discussion in the full Commerce Committee.

PUBLIC HEARING ON SB 31

111 JANET McCOMB, COMMITTEE ADMINISTRATOR: Outlines the Preliminary Staff Measure Summary (EXHIBIT C).

129 GARY WICKS, BUILDING CODES AGENCY: Testifies in favor of SB 31. -Bill does three things: Gives authority to approve testing laboratories; expands the authority of the Plumbing Board; allows specific inspections on products. -Answers questions from the members.

170 REP. JOHNSON: Will the testing agencies use national standards or will the Building Codes Agency set the criteria for testing?

MR. WICKS: Currently those products must meet national standards. We will not impose beyond that.

176 REP. WOOTEN: Why is this bill necessary?

MR. WICKS: To assure the people of Oregon that the plumbing products currently sold have been properly tested by an accredited agency.

212 REP. NAITO: What type of testing is currently done?

MR. WICKS: Reviewing data and making a determination as to whether it should be approved.

257 RICHARD R. POOLEY, BEAVERTON, OREGON: Submits and reviews testimony in favor of SB 31A (EXHIBIT D).

281 ROBERT POLLUCK, UNDERWRITERS LABORATORIES INC.: Testifies in favor of SB 31A. -Product certification is more than just testing. -Answers questions from the members.

332 REP. WOOTEN: Questions examples of products that might be coming under the certification criteria.

MR. WICKS: Oregon Plumbing Code has 50-100 standards referenced for various parts of the plumbing system.

WORK SESSION ON SB 31A

369 MOTION: REP. RIJKEN moves SB 31A to the full Commerce Committee with a do pass recommendation.

VOTE: Hearing no objection, the motion carries. Rep. VanLeeuwen is excused.

REP. NAITO will lead discussion in the full Commerce Committee.

PUBLIC HEARING ON SB 964A

401 JANET McCOMB, COMMITTEE ADMINISTRATOR: Outlines the Preliminary Staff Measure Summary (EXHIBIT E) and SB 964-A5 amendments (EXHIBIT F).

TAPE 158, SIDE A

022 BILL CROSS, BUILDING OWNERS AND MANAGERS ASSOCIATION: Submits and reviews testimony in favor of SB 964 (EXHIBIT G).

040 RAY KERRIDGE, CITY OF PORTLAND: Submits and reviews testimony in favor of SB 964A (EXHIBIT H).

100 REP. RIJKEN: Questions the definition of minor installation.

MR. KERRIDGE: This would be defined by the Board.

158 GARY WRIGHT, LOCAL 290: Testifies in favor of SB 964 without the amendments.

WORK SESSION ON SB 964A

174 MOTION: REP. RIJKEN moves SB 964A to the full Commerce Committee with a do pass recommendation.

VOTE: Hearing no objection, the motion carries. Rep. VanLeeuwen is excused.

REP. WOOTEN will lead discussion in the full Commerce Committee.

PUBLIC HEARING ON SB 689A 192 JANET McCOMB, COMMITTEE ADMINISTRATOR: Outlines the Preliminary Staff Measure Summary (EXHIBIT I).

Submitted, but not reviewed, testimony from Terry Meagher, Insurance Division (EXHIBIT J).

Submitted, but not reviewed, testimony from John Evey, Oregon State University (EXHIBIT K).

236 GARY ANDEEN, OREGON INDEPENDENT COLLEGES ASSN.: Testifies in favor of SB 690A.

WORK SESSION ON SB 689A

282 MOTION: REP. RIJKEN moves SB 689A to the full Commerce Committee with a do pass recommendation.

VOTE: Hearing no objection, the motion carries. Rep. VanLeeuwen is excused.

REP. NAITO will lead discussion in the full Commerce Committee.

PUBLIC HEARING ON HB 2114

300 JANET McCOMB, COMMITTEE ADMINISTRATOR: Outlines the Preliminary Staff Measure Summary (EXHIBIT L).

332 REP. WOOTEN: Is there any indication that lawsuits would be brought if the bill were to pass.

342 REP. JOHNSON: A foreign carrier served notice on the Department of Insurance and Finance of their intent to file a lawsuit.

361 GARY WEEKS, DEPARTMENT OF INSURANCE AND FINANCE: Testifies in favor of HB 2114 and offers proposed amendments (EXHIBIT M) and handouts

(EXHIBITS N AND O).

TAPE 157, SIDE B

001 MR. WEEKS: Continues with testimony.

084 ELIZABETH HARCHENKO, DEPARTMENT OF JUSTICE: Outlines lawsuit in the State of Oregon. This issue is more than 12 years old. -Insurance companies are protected by the Equal Protection Clause of the US Constitution. -Refers to chart on foreign insurance companies (EXHIBIT P).

Panel responds to questions from the members.

258 MS. HARCHENKO: Outlines Tax Table and how it was developed (EXHIBIT P).

387 REP. WOOTEN: If the amendments are adopted, would there be a liability incurred during the time that the equalization is phased in?
MS. HARCHENKO: It depends on the pending lawsuit.

TAPE 158, SIDE B

001 Panel responds to questions from the members.

033 REP. JOHNSON: Questions the State's ability to raise taxes.

MR. WEEKS: Refers to chart (EXHIBIT P). -The best case scenario raises the tax from 2 to 2.4% which would

generate a considerable amount of money. The worst case scenario would double the tax to off-set losses.

086 CHARLES NICHOLOFF, DEPARTMENT OF INSURANCE AND FINANCE: Outlines the Oregon Insurance Premium Tax Proposal (EXHIBIT O) and the techniques

used to arrive at the numbers on the tax chart (EXHIBIT P). -Outlines page by page.

182 REP. WOOTEN: Requests a description of the difference between alternatives 1 and 2.

MR. NICHOLOFF: Explains.

262 JIM GARDNER, ALLIANCE OF NATIONAL INSURERS: Responds to the likelihood of litigation. -Cautions regarding the proposed amendments. -Industry looking at a phase in.

322 ROBERT BALDWIN, METROPOLITAN LIFE INSURANCE COMPANY: Testifies in favor of HB 2114. -Refers to handouts.

TAPE 159, SIDE A

001 MR. BALDWIN: Continues. -Urges Committee to pass this bill with a do pass recommendation. -Answers questions from the members.

112 RICHARD SAXE, PRUDENTIAL INSURANCE COMPANY: Testifies in favor of HB 2114. -Bill will solve a long standing problem. -Prudential and other companies have agreed to withdraw their refund

claims and protests if this bill is passed. -State's revenues are at risk if this bill does not pass. -Refers to a letter addressed to Gary Weeks, dated June 17, 1993

(EXHIBIT Q) and a letter addressed to Gary Weeks, dated January 6, 1993 (EXHIBIT R).

162 AL THOMPSON, STANDARD INSURANCE COMPANY: Testifies in opposition to HB 2114.

175 JOHN MANGAN, STANDARD INSURANCE COMPANY: Submits and reviews testimony in opposition to HB 2114 (EXHIBIT S). -Requests Committee to defer action on this bill. -Addresses comments made by Department of Insurance and Finance.

TAPE 160, SIDE A

001 MR. MANGIN: Continues testimony. -Speaks of a letter addressed to Speaker Campbell, dated May 21, 1993

(EXHIBIT T). -Answers questions from the members.

108 RODERICK BUNNELL, BLUE CROSS/BLUE SHIELD OF OREGON: Submits and reviews testimony in opposition to HB 2114 (EXHIBIT U).

165 BRUCE BISHOP, KAISER PERMANENTE: States opposition to HB 2114 and introduces Denise Honzel.

170 DENISE HONZEL, KAISER PERMANENTE: Submits and reviews testimony in opposition to HB 2114 (EXHIBIT V). -Answers questions from the members.

324 PATRICK CROSS, SELECTCARE HEALTH PLANS: Submits and reviews testimony in opposition to HB 2114 (EXHIBIT W). -Answers questions from the members.

TAPE 159, SIDE B

025 KENNETH HORNER, NORTH PACIFIC AND THE OREGON AUTOMOBILE INSURANCE COMPANIES: Submits and reviews testimony in opposition to HB 2114

(EXHIBIT X).

103 RANDY TREECE, SUBLIMITY INSURANCE CO.: Testifies in opposition to HB 2114 and explains the operation of his company. -Refers to a handout of Sublimity Insurance Company's earnings (EXHIBIT Y).

278 DENNIS WALKER, OREGON MUTUAL: Testifies in opposition to HB 2114. -Outlines the Oregon Mutual Insurance Co. -Company owned by the policyholders.

373 MIKE KEYES, OREGON MUTUAL: Outlines the financial impact.

410 BURT GARAVAGLIA, FARMERS INSURANCE GROUP OF COMPANIES: States their opposition to HB 2114 and introduces Tony Morris.

TAPE 160, SIDE B

020 TONY MORRIS, FARMERS INSURANCE GROUP OF COMPANIES: Submits and reviews testimony in opposition to HB 2114 (EXHIBIT Z).

072 TIM BICKLER, OREGON DENTAL: Testifies in opposition to HB 2114.

100 PEGGY ANET, LEAGUE OF OREGON CITIES EMPLOYEE BENEFITS SERVICE TRUST: Submits and reviews testimony in opposition to HB 2114 (EXHIBIT AA).

167 CHAIR REPINE: Adjourns the meeting at 9:40 p.m.

Submitted by:

Reviewed by:

Debbie Schieno
Administrator

Janet McComb Clerk

EXHIBIT LOG:

A - Staff Measure Summary on SB 32 - 3 pages B - Staff Measure Summary on SB 33 - 3 pages C - Staff Measure Summary on SB 31 - 3 pages D - Testimony on SB 31 - Pooley - 1 page E - Staff Measure Summary on SB 964 - 3 pages F - Amendments to SB 964 - 5 pages G - Testimony on SB 964 - Cross - 1 page H - Testimony on SB 964 - Kerridge - 8 pages I - Staff Measure Summary on SB 689 - 2 pages J - Testimony on SB 689 - Meagher - 3 pages K - Testimony on SB 689 - Evey - 1 page L - Staff Measure Summary on HB 2114 - 2 pages M - Testimony on HB 2114 - DIF - 3 pages N - Testimony on HB 2114 - DIF - 9 pages O - Testimony on HB 2114 - DIF - 3 pages P - Testimony on HB 2114 - DIF - 1 page Q - Testimony on HB 2114 - Saxe - 4 pages R - Testimony on HB 2114 - Saxe - 4 pages S - Testimony on HB 2114 - Mangan - 10 pages T - Testimony on HB 2114 - Harchenko - 11 pages U - Testimony on HB 2114 - Bunnell - 2 pages V - Testimony on HB 2114 - Honzel - 15 pages W - Testimony on HB 2114 - Cross - 1 page X - Testimony on HB 2114 - Horner - 5 pages Y - Testimony on HB 2114 - Treece - 5 pages Z - Testimony on HB 2114 - Morris - 7 pages AA - Testimony on HB 2114 - Anet - 2 pages