

HOUSE COMMITTEE ON COMMERCE

June 22, 1993 Hearing Room D 8:30 a.m. Tape 66 - 67

MEMBERS PRESENT: Rep. Eldon Johnson, Chair Rep. Liz VanLeeuwen,
Vice-Chair Rep. Lee Beyer Rep. Lisa Naito Rep. Michael Payne Rep. Bob
Repine Rep. Hedy Rijken Rep. Charles Starr Rep. Bob Tiernan Rep. John
Watt Rep. Cynthia Wooten

MEMBER EXCUSED:

STAFF PRESENT: Marilyn Johnston, Committee Administrator Janet
McComb, Committee Administrator Kristina McNitt, Committee Assistant

MEASURES HEARD: HB 2001 HB 2298 HB 3069 HB 2525 SB 85 A

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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
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TAPE 66, SIDE A

002 CHAIR JOHNSON: Calls the meeting to order. (9:54 a.m.)

WORK SESSION ON HB 2001

013 MARILYN JOHNSTON, COMMITTEE ADMINISTRATOR: explains provisions of
bill and submits preliminary staff measure summary, -1 and -2 machine
engrossed amendments with conceptual amendments (EXHIBIT A).

_ difference between -1 and -2 amendments is the dollar figure
change from \$30 to \$50 million dollars

_ issue of adding high school graduates in section 2, sub 6

_ page 2 line 24 takes out reference to regional strategy

063 REP. BEYER: The amendments have consolidated the differences of
opinion and technical issues raised by the Employment Division about
how an employer would know whether someone was on public assistance or
unemployment insurance. All other lottery funded programs, in order to
qualify for the funds, seek employees through a first-source hiring
agreement with the Employment Division through a referral network.
This essentially solves Rep. Tiernan's concerns and makes the
priority scheme work better.

Rep. Payne's request of adding a fifth group to embrace recent high
school graduates has raised some concerns from the Speaker's office.

083 MOTION: REP. WATT: Moves the reinstatement of "or;" on page 3 line 13 of the machine engrossed -1 amendments, the deletion on line 15 of "; or", and the deletion of line 16 in its entirety.

_ feels intention of bill is to reach only those individuals receiving unemployment, public assistance, or having trouble with the law.

097 REP. BEYER: Point of clarification: this is a prioritized scheme of how referrals would be made, it is not exclusive. Even with this amendment you would not preclude youth or displaced homemakers from being referred.

106 MOTION: REP. PAYNE: Moves to amend WATT motion to reinsert line 16 and on line 15 the "; or" wording.

_ feels hard working recent high school graduates should receive more consideration than convicted felons who have just left the corrections system.

110 CHAIR JOHNSON: We will have to do these motions separately.

116 REP. VANLEEUEEN: A clerical correction: On line 10 page 3, the word provide should be provided. 130 REP. TIERNAN: Regarding the motion on the table, this bill is greatly improved. I have one problem: on page 3 line 13 let's take out the words "publicly funded" and add something like "publicly recognized" program. There are many programs throughout the state that are not publicly funded but are recognized to be excellent.

140 CHAIR JOHNSON: We'll take that as a separate item.

146 CHAIR JOHNSON: I will accept the PAYNE motion now. That motion is to amend the WATT motion which is on the table to reinstate the "recent high school graduates" language.

VOTE: IN A ROLL CALL VOTE THE PAYNE MOTION FAILS. MEMBERS VOTING NO: NAITO, REPINE, RIJKEN, TIERNAN, WATT, WOOTEN, VANLEEUEWEN, JOHNSON.

164 REP. WATT: Restates WATT amendment for clarity.

172 REP. REPINE: Let's add the correction of the technical error on line 20

176 MOTION: REP. WATT: In addition to what is on the table I move to delete the words on line 20 "been in business for more than one year" and insert the words "fewer than 25 employees" and add "and" after the semicolon.

185 REP. WOOTEN: I have no problem here but with the amount of money...

186 CHAIR JOHNSON: We will address that issue after we deal with the WATT motion on the table.

VOTE: IN A ROLL CALL VOTE THE WATT MOTION TO ADOPT THE -1 AMENDMENTS WITH CONCEPTUAL CHANGES CARRIES. MEMBERS VOTING NO: PAYNE

199 MOTION: REP. WOOTEN: On page 2 line 17 substitute the amount of \$30 for \$50 million dollars.

_ Feels \$30 million dollars is a far more viable amount to appropriate for a pilot program

that has no history. Appropriations would have a better feel for the amount anyway.

214 REP. WATT: That is an appropriations issue. We deal with substantive policy issues in this committee and then send it down for an appropriations decision. I urge the committee to reject this motion.

VOTE: IN A ROLL CALL VOTE THE WOOTEN MOTION FAILS. MEMBERS VOTING NO: PAYNE, REPINE, STARR, TIERNAN, WATT, VANLEEUEWEN, JOHNSON.

241 CHAIR JOHNSON: Asks for unanimous consent to suspend the rules for the purpose of voting out a bill with conceptual amendments.

MOTION: 244 REP. WATT: Moves HB 2001 -1 as amended to appropriations with a due pass recommendation.

VOTE: IN A ROLL CALL VOTE THE MOTION CARRIES UNANIMOUSLY.

WORK SESSION ON HB 2298 witnesses: Mark Houston, Economic Development Marie Bell, Eugene

253 JAN MC COMB, COMMITTEE ADMINISTRATOR: Gives an overview of bill that would establish a program to provide grants and loans from lottery funds for small businesses in order to comply with provisions of Americans with Disabilities Act.

Submits preliminary staff measure summary, proposed amendments, LC -2 amendments, and revenue impact statement (EXHIBIT B).

298 REP. BEYER: Is it necessary to create a separate fund? Possible to earmark this money within existing business development fund?

309 MARK HOUSTON, ECONOMIC DEVELOPMENT: I'm not really sure off the cuff. There are several issues with the Oregon Business Development Fund. Different requirements that may exclude certain industries like retail since the program is directed toward basic sector industries.

334 REP. BEYER: Will you be able to administer this program with existing staff levels within the EDD? Or will this increase administrative costs and staffing?

339 HOUSTON: The fiscal indicates one additional finance officer. With the amendments that may no longer be the case.

349 REP. REPINE: Page 3 line 11 addresses a 5% ceiling on administrative costs.

354 REP. TIERNAN: If one more person is hired as this fiscal indicates then we just went beyond 5%. It looks like this bill has a structural problem already. Can you aggregate the \$5,000 and the \$10,000 grant or are they mutually exclusive? And what defines "small business" and "economic hardship"?

374 HOUSTON: I would read this bill to allow businesses to aggregate the two grants. The definition of "small business" is found on page 3 line 3. The term "economic hardship" was debated.

TAPE 66 SIDE B

011 MARIE BELL, EUGENE: That determination can be addressed by the administrative rules process.

021 CHAIR JOHNSON: Can you establish that by rule? If not I think we should put that ability into the bill

028 HOUSTON: It is difficult to determine hardship on a business. From a policy standpoint, what about overhead improvements like making an area handicapped accessible? It is a business improvement but does nothing for the bottom line. Our initial recommendation was to leave out the economic hardship condition all together.

044 REP. TIERNAN: I agree that it is tough to define it's better to attempt in order to send a message and leave clear legislative intent.

053 REP. STARR: It would be a mistake for us not to recommend passage of this bill.

059 REP. NAITO: My concern is a potential FTE impact. I agree that the expenditure will be \$750,000 but to send a bill with a do pass I'd like to know the administrative costs, the kind of staff requirements and so forth.

MOTION: REP. REPINE: Moves the -2 amendment to HB 2298.

078 REP. RIJKEN: Did the committee come to a conclusion about how to determine hardship? Will it be done by rulemaking authority?

082 CHAIR JOHNSON: We did not. Hearing no objections the motion is accepted and the amendments are adopted.

MOTION: REP. VANLEEUEEN Moves HB 2298 as amended to Appropriations with a do pass recommendation.

VOTE: IN A ROLL CALL VOTE THE MOTION CARRIES UNANIMOUSLY. MEMBERS EXCUSED: WATT.

WORK SESSION ON HB 3069 (EXHIBIT C)

114 CHAIR JOHNSON: Explains provisions of bill which would add certain districts to the list of governmental entities that are eligible for certification as self-insured employer group for purposes of workers' compensation coverage, specifically the newspaper industry.

126 REP. REPINE: The rural routes have always had older employees, at least old enough to drive. The urban routes, however, have seemed to be employing older people. It seems justifiable that newspapers should provide the same protection to employees as all other businesses do.

141 REP. PAYNE: This bill is nothing short of newspaper bashing. I voted no in the labor subcommittee and will be voting no again today.

146 REP. VANLEEUEEN: What really happens with those employees under

18?

150 CHAIR JOHNSON: They become covered. Just as, for example, farm workers are covered.

163 REP. WOOTEN: This bill covers those employees over and under 18. What is the average income for those carriers?

169 CHAIR JOHNSON: Those numbers are all over the map.

172 REP. WOOTEN: You don't have any sense? Not even in an urban area?

178 REP. PAYNE: In my district it goes from anywhere around \$60 - 75 to \$100.

187 REP. WOOTEN: What do you think the cost to the industry will be? You don't have any estimates here?

194 REP. VANLEEUEEN: Do any papers in the state currently carry any workers' compensation coverage?

196 CHAIR JOHNSON: No.

199 REP. BEYER: Page 4 of the amendments, what was line 16 is now line 17. Are we in conflict? This appears we are excluding those...

209 WOOTEN: Is there a secondary agenda to this issue? 226 CHAIR JOHNSON: No

228 REP. WOOTEN: Representative Johnson, do you have another agenda hidden in this bill? This is not simply retaliation directed at newspaper publishers?

234 CHAIR JOHNSON: The law needs to be changed to cover everybody. One small segment of a particular industry should not receive exemptions.

243 REP. VANLEEUEEN: Doesn't section 3 sub 16 deal with independent contractors?

250 REP. BEYER: Feels most of the newspapers, large ones at least, would maintain independent contractor relationship with delivery employees anyway.

259 REP. REPINE: Under the independent contractor statutes, a major stipulation is that individuals are free of direction and must also work for more than one contract. I doubt any newspaper would be properly licensed or bonded as an independent contractor now, and suspect that if the industry has been operating under this premise, they have probably been in strong violation of the law.

273 CHAIR JOHNSON: The statutory language specifically allows that to occur now.

280 REP. BEYER: By leaving this (section 2 sub 16) in here we're effectively doing nothing.

282 CHAIR JOHNSON: We're changing the law for those under 18.

285 REP. BEYER: What is the logic for changing it just for those under 18? If we change it we ought to do it across the board.

289 CHAIR JOHNSON: OK, let's do it. I'll accept a motion to that affect.

290 REP. RIJKEN: For clarification, are we talking about deleting lines 8-11 on page 4 of the -1 amendments?.

295 REP. VANLEEUEEN: This deals specifically with the newspaper industry and no others? What if the newspaper moved from Salem to Scio?

307 CHAIR JOHNSON: Then those employees would probably be employed by someone else. It's about time that this industry be subject to what every other industry is subject to. I would ask for a motion to remove lines 8-11 on page 4 of the engrossed -1 amendments.

MOTION: REP. WATT: Mr. Chair, so moved.

331 REP. PAYNE: Objects.

VOTE: IN A ROLL CALL VOTE THE MOTION CARRIES. MEMBERS VOTING NO: PAYNE.

335 REP. WOOTEN: Did ONPA testify in committee? Did you get any sense of what this would cost from them? I am really concerned about the fiscal impact to the employer.

340 CHAIR JOHNSON: They did not testify but I spoke with Peter Toll and he agreed to work with the bill and any amendments on the Senate side. I think the cost will be very low.

345 REP. NAITO: My huSB and owns an icecream store and pays all of these obligations and he hires kids of the same age and hour schedules. It is fair that these kids are covered just as any adult would be.

MOTION: REP. REPINE: MOVES TO ADOPT THE -1 AMENDMENTS AS FURTHER AMENDED TO HB 3069.

VOTE: IN A ROLL CALL VOTE THE MOTION CARRIES. MEMBERS VOTING NO: PAYNE

MOTION: REP. REPINE MOVES HB 3069 AS AMENDED TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.

VOTE: IN A ROLL CALL VOTE THE MOTION CARRIES. MEMBERS VOTING NO: PAYNE. FLOOR CARRIER: JOHNSON

TAPE 67, SIDE B HOUSE BILL 2525 WORK SESSION (EXHIBIT D) witness: Steve Tagger, Employment Division

025 CHAIR JOHNSON: Introduces bill to committee and explains provisions.

047 REP. VANLEEUEWEN: For teachers, it is fairly clear...

067 REP. JOHNSON: That has been removed. We are working with the -2

amendments. The amendment deletes the original bill and removes the exemption for newspaper delivery or or distribution personnel regarding unemployment insurance.

068 REP. PAYNE: Will the publishers and newspapers be required to pay unemployment insurance tax on those boys and girls who are maybe working only one hour per night?

073 CHAIR JOHNSON: Under this bill they will. You and I would go to jail if we tried to employ these kids.

083 REP. PAYNE: Kids will be priced out of this industry. Adults will be the only ones hired.

091 CHAIR JOHNSON: The employer pays this, not the kids. When they are going to school they are ineligible for the benefit anyway.

097 REP. REPINE: Is there a threshold of hours of employment, like less than 10 hours a month, where the employer would be exempt from paying?

101 REP. NAITO: It is my understanding that the unemployment is geared to your wage; whatever that is, it is geared to a percentage of that, isn't it?

110 STEVE TAGGER, EMPLOYMENT DIVISION: Once you are determined to be an employer, whatever payroll the employer pays to the person, whether for full or part-time work, will be taxed up to limits of taxable payroll which is \$17,000 in this state.

119 REP. TIERNAN: On the original bill Representative Mannix testified and with further research we discovered it would actually put Oregon out of conformity with the Federal Unemployment provisions.

027 REP. PAYNE: Would a newspaper in my home town which employs 60 kids be required to pay on all 60? Even though those kids are not allowed to collect unemployment because they might be in school?

132 TAGGART: There is no exclusion on the basis of age for the filing of a claim. Each individual must, however, earn the minimum threshold for filing which is 18 weeks of work and \$1,000. There is an additional eligibility requirement that you must also be available for work. Generally students have a difficult time meeting this requirement. However, the requirement is for "usual and customary hours of work for the type of work you are seeking". The newspaper occupation is a little different. In this industry a student could be available to work. The difficulty arises when there is only one or two newspapers in town and the employee pool is quickly exhausted.

170 CHAIR JOHNSON: If a student qualified for unemployment at the beginning of summer break could he or she meet the standards and receive benefits?

172 TAGGART: I can envision that scenario. 176 REP. WOOTEN: I can not support the complexities of this measure. MOTION: REP. REPINE: MOVES THE -2 AMENDMENTS TO HB 2525

201 CHAIR JOHNSON: Hearing no objections the motion is adopted.

MOTION: REP. REPINE: MOVES HB 2525 AS AMENDED TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.

VOTE: IN A ROLL CALL VOTE THE MOTION CARRIES. MEMBERS VOTING NO: PAYNE, WOOTEN FLOOR CARRIER: JOHNSON

PUBLIC HEARING ON SB 85 - A

204 MARILYN JOHNSTON, COMMITTEE ADMINISTRATOR: Gives overview of bill which would allow the International Trade Division of the Economic Development Department to charge Oregon businesses contract fees to recover division's overhead expenses for services rendered. Submits fiscal impact statement (EXHIBIT E).

WORK SESSION ON SB 85 - A

MOTION: REP. WATT: MOVES THE -3 AMENDMENTS TO SB 85 - A

244 CHAIR JOHNSON: Hearing no objections the -3 amendments are adopted.

MOTION: REP. WATT: MOVES SB 85 - A AS AMENDED TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.

240 REP. NAITO: This is a good bill and I support its moving forward.

VOTE: IN A ROLL CALL VOTE THE MOTION CARRIES. MEMBERS VOTING NO: PAYNE. MEMBERS EXCUSED: TIERNAN FLOOR CARRIER: NAITO

MEETING ADJOURNED 11:30

submitted by: reviewed by: reviewed by:

Kristina McNitt, Marilyn Johnston, Jan McComb, Committee Clerk
Committee Administrator Committee Administrator

EXHIBIT LOG:

A - HB 2001 preliminary staff measure summary, conceptual amendments electronically engrossed into -1 amendments, conceptual amendments to electronically engrossed -2 amendments, submitted by staff, pp. 8.

B - HB 2298 preliminary staff measure summary, proposed amendments, -2 LC amendments and revenue impact statement submitted by staff, pp. 7.

C - HB 3069 preliminary staff measure summary, -1 LC amendments, and revenue impact statement submitted by staff, pp. 6.

D - HB 2525 preliminary staff measure summary, -2 LC amendments, revenue and fiscal impact statements submitted by staff, pp. 4.

E - SB 85A fiscal impact statement submitted by staff, pp. 1.