

SENATE COMMITTEE ON BUSINESS, HOUSING AND CONSUMER AFFAIRS

June 30, 1993      Hearing Room 343 3:00 p.m.      Tapes 97 - 99

MEMBERS PRESENT:    Sen. Bill Dwyer, Chair Sen. Bill Kennemer, Vice-Chair  
Sen. Brady Adams Sen. Ron Cease Sen. Karsten Rasmussen

MEMBER EXCUSED:

VISITING MEMBER:    Rep. Cynthia Wooten, District 41 Rep. Tony Federici,  
District 1

STAFF PRESENT:      Richard Day-Reynolds, Committee Administrator  
Willie Tiffany, Committee Assistant

MEASURES CONSIDERED:      Public Hearing and Possible Work Session: HB  
2119-A    -    Increases    financial    regulation    of industry under  
Insurance Code. HB    2603-A    -    Increases    annual    limit  
on brew-pub manufacturing. HB    2609-A    -    Directs    State    Building  
Code    Administrator to adopt One and Two Family Dwelling Code based on  
nationally      recognized      code.

HB 3114-A    -    Increases    cost    basis    of    construction project  
sites that are required to have sanitary

facilities. HB 3121-B    -    Requires    licensing    of    mortgage  
bankers and mortgage brokers by Department Insurance and Finance. HB  
3481-A    -    Allows    investment    of    public    funds    in life  
insurance for purposes other than funding

deferred compensation for public employees. HB 3484-A    -    Decreases  
amount of capital surplus required of wet marine hull insurance  
company until

January 1, 2000. HB    2203-A    -    Authorizes    Public    Utility  
Commission of Oregon    to    allow    local    exchange

telecommunications service in service area of another telecommunications  
utility if Public Utility Commission determines competition

would    be    in    public    interest.

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

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 97, SIDE A

001 CHAIR DWYER: Calls the meeting to order at 3:15 p.m.

(Tape 97, Side A) HB 2203-A - AUTHORIZES PUBLIC UTILITY COMMISSION OF OREGON TO ALLOW LOCAL EXCHANGE TELECOMMUNICATIONS SERVICE IN SERVICE AREA OF ANOTHER TELECOMMUNICATIONS UTILITY IF PUBLIC UTILITY COMMISSION DETERMINES COMPETITION WOULD BE IN PUBLIC INTEREST - PUBLIC HEARING Witnesses: Rep. Cynthia Wooten, District 41 Ron Eachus, Public Utility Commission Chuck Lenard, US West Communications Pat McCormick, Electric Light Wave

010 REPRESENTATIVE CYNTHIA WOOTEN, DISTRICT 41: Testifies in support of the bill as member of the House committee. This bill is important to

consumers and business. This bill was a compromise between all parties involved.

065 CHAIR DWYER: How come no consumer advocates were involved in the work group?

067 REP. WOOTEN: The citizens utility board was included.

070 RON EACHUS, PUBLIC UTILITY COMMISSION: There was never just one work group. Citizens groups were periodically involved in the process.

078 REP. WOOTEN: We worked this bill thoroughly in the House.

083 CHAIR DWYER: What's it going to do for the consumer.

086 REP. WOOTEN: They will receive more services at a lower cost.

100 CHAIR DWYER: Hands the gavel to SEN. KENNEMER.

106 RICHARD DAY-REYNOLDS, COMMITTEE ADMINISTRATOR: Is this going to impact competitive providers?

112 EACHUS: That is a term from existing statute. Reads from written testimony (EXHIBIT A).

150 SEN. KENNEMER: Hands the gavel to Sen. Dwyer.

195 SEN. RASMUSSEN: Is there a definition of competition?

205 EACHUS: Yes. It's based on a price and service criteria.

220 SEN. RASMUSSEN: So, you're going to use price as a definition for competition.

229 EACHUS: There is no real definition of competition.

230 RASMUSSEN: Well what's included? Price is easy.

237 EACHUS: We need to realize the difference between here and existing statute.

262 RASMUSSEN: Are you looking at some percentage of market share?

265 EACHUS: No.

267 CHAIR DWYER: Hands the gavel to Sen. Kennemer.

280 REP. WOOTEN: There's not a definition of competition. This bill will define competition in the public interest.

300 EACHUS: The existence of effective competition is not the standard here.

350 SEN. RASMUSSEN: Does there need to be a notice to industry what competition is?

376 EACHUS: The issue is what response do you allow the local exchange company.

TAPE 98, SIDE A

028 SEN. RASMUSSEN: You want to include the criteria we talked about earlier, but not be limited to those.

034 EACHUS: We have a relevancy clause, to determine relevancy.

050 CHUCK LENARD, US WEST COMMUNICATIONS: Available for questions.

055 PAT McCORMICK, ELECTRIC LIGHT WAVE: We support the bill.

(Tape 98, Side A) HB 2203-A - AUTHORIZES PUBLIC UTILITY COMMISSION OF OREGON TO ALLOW LOCAL EXCHANGE TELECOMMUNICATIONS SERVICE IN SERVICE AREA OF ANOTHER TELECOMMUNICATIONS UTILITY COMMISSION DETERMINES COMPETITION WOULD BE IN PUBLIC INTEREST - WORK SESSION

062 MOTION: SEN. CEASE moves HB 2203-A to the floor with a Do Pass recommendation.

VOTE: The motion carries 5-0. Sen. Rasmussen will carry.

(Tape 98, Side A) HB 2609-A - DIRECTS STATE BUILDING CODE ADMINISTRATOR TO ADOPT ONE AND TWO FAMILY DWELLING CODE BASED ON NATIONALLY RECOGNIZED CODE - PUBLIC HEARING Witnesses: Gary Wright, Plumbers and Pipefitters Local 290 Glenn Havener, Building Codes Agency Pat Bridges, Oregon State Home Builders Association Mike Grainey, Department of Energy

075 GARY WRIGHT, PLUMBERS AND PIPEFITTERS LOCAL 290: Testifies in support of the bill.

080 GLENN HAVENER, BUILDING CODES AGENCY: Testifies in support of the bill.

084 PAT BRIDGES, OREGON STATE HOME BUILDERS ASSOCIATION: We are in support.

088 SEN. CEASE: What does this do to the way we currently do building codes?

092 MIKE GRAINEY, DEPARTMENT OF ENERGY: This doesn't change the way we consider energy provisions. Introduces (EXHIBIT B).

(Tape 98, Side A) HB 2609-A - DIRECTS STATE BUILDING CODE ADMINISTRATOR TO ADOPT ONE AND TWO FAMILY DWELLING CODE BASED ON NATIONALLY RECOGNIZED CODE - WORK SESSION

110 MOTION: SEN. CEASE moves HB 2609-A to the floor with a Do Pass recommendation

VOTE: The motion carries 5-0. Sen Rasmussen will carry.

(Tape 98, Side A) HB 3481-A - ALLOWS INVESTMENT OF PUBLIC FUNDS IN LIFE INSURANCE FOR PURPOSES OTHER THAN FUNDING DEFERRED COMPENSATION FOR PUBLIC EMPLOYEES - PUBLIC HEARING Witnesses: Rep. Tony Federici, District 1 Richard Jacobus, St. Helens Fire District M.E. Wheeler, Devils Lake Fire District

128 REPRESENTATIVE TONY FEDERICI, DISTRICT 1: Testifies in support of the bill. Reads from written testimony (EXHIBIT C).

172 SEN. KENNEMER: I'm going to support the bill, but I have some problems with using insurance vehicles as a way to create retirement annuities.

180 CHAIR DWYER: Hands the gavel to Sen. Kennemer.

192 RICHARD JACOBUS, ST. HELENS FIRE DISTRICT: Testifies in support of the bill. 211 M.E. WHEELER, DEVILS LAKE FIRE DISTRICT: Testifies in support of the bill. Reads from written testimony (EXHIBIT D).

(Tape 98, Side A) HB 3481-A - ALLOWS INVESTMENT OF PUBLIC FUNDS IN LIFE INSURANCE FOR PURPOSES OTHER THAN FUNDING DEFERRED COMPENSATION FOR PUBLIC EMPLOYEES - WORK SESSION

222 CHAIR KENNEMER: Hands gavel to Sen. Dwyer.

227 MOTION: SEN. CEASE moves HB 3481-A to the floor with a Do Pass recommendation.

VOTE: The motion carries 5-0. Sen. Adams will carry.

(Tape 98, Side A) HB 3484-A - DECREASES AMOUNT OF CAPITAL SURPLUS REQUIRED OF WET MARINE HULL INSURANCE COMPANY UNTIL JANUARY 1, 2000 - PUBLIC HEARING Witnesses: Katy Eyeman, Oregon Trial Lawyers Gary Conkling, Commercial Fisherman's Exchange

255 KATY EYEMAN, OREGON TRIAL LAWYERS: Testifies in support of the bill and asks to add SB 366 in the form of amendments.

272 CHAIR DWYER: Hands the gavel to Sen. Kennemer and leaves the committee.

298 SEN. CEASE: Is this HB identical to SB 366?

305 CHAIR KENNEMER: This is a gut and stuff and Katy is asking for an additional amendment.

311 EYEMAN: This is actually a shortened SB 366.

317 GARY CONKLING, COMMERCIAL FISHERMAN'S EXCHANGE: This was a gut and stuff in the house. We are in support of what came out of the house.

340 CHAIR KENNEMER: Hands the gavel to Sen. Dwyer.

373 SEN. CEASE: What impact do the A-2 amendments have?

378 SEN. RASMUSSEN: These are a completely different matter.

388 SEN. CEASE: I gather that the proponents of the original bill are afraid this attachment might torpedo the whole thing.

394 CONKLING: I don't know about SB 366, but there is a company out there that needs this legislation. If this was a peaceful situation, I

wouldn't object.

TAPE 97, SIDE B 013 SEN. RASMUSSEN: This was originally a gut and stuff and now we're stuffing without gutting?

017 SEN. ADAMS: I can support the bill as it stands, but I can't support the amendment.

024 SEN. CEASE: I would hate to see the fisherman's insurance die.

026 EYEMAN: The amendments did have 24 votes in the Senate. If it does go to conference committee I will withdraw my amendments to preserve the

original bill.

034 SEN. CEASE: With that understanding, I can support the bill.

036 SEN. RASMUSSEN: I can support it without that assurance.

(Tape 97, Side B) HB 3438-A - DECREASES AMOUNT OF CAPITAL SURPLUS REQUIRED OF WET MARINE HULL INSURANCE COMPANY UNTIL JANUARY 1, 2000 - WORK SESSION

040 MOTION: SEN. RASMUSSEN moves the -2 amendments.

042 SEN. ADAMS: Objects to the amendments.

043 SEN. CEASE: I'm not objecting, but I am supporting the bill with the understanding of Katy Eyeman's agreement.

045 CHAIR DWYER: Objection, SO NOTED.

046 MOTION: SEN. RASMUSSEN moves HB 3484-A, as amended, to the floor with a Do Pass recommendation.

VOTE: The motion carries 4-1. NAYS: Sen. Adams. Sen. Rasmussen will carry.

(Tape 97, Side B) HB 3121-B - REQUIRES LICENSING OF MORTGAGE BANKERS AND MORTGAGE BROKERS BY DEPARTMENT OF INSURANCE AND FINANCE - PUBLIC HEARING Witnesses: Dennis Jordan, Phoenix Mortgage David Shirk, Mortgage Bankers Association Keith Burns, Oregon Financial Services Association Dave Anderton, Citizen Rep. Cynthia Wooten, District 41 Cecil Monroe, Department of Insurance and Finance Terry Leggert, Department of Justice Ray Gribbling, Mortgage Bankers Association

068 DENNIS JORDAN, PHOENIX MORTGAGE: Testifies in support of the bill. Reads from written testimony (EXHIBIT H).

110 DAVID SHIRK, MORTGAGE BANKERS ASSOCIATION: Testifies in favor of the bill. Reads from written testimony (EXHIBIT I). 136 CHAIR DWYER: On page 2, line 25 do you have any objection to changing word "person" to "licensee".

140 SHIRK: Yes, and it should be line 30.

144 CHAIR DWYER: It already says "a person licensed". Why does that have to be changed?

146 SHIRK: I don't know. It's fine with us.

154 CHAIR DWYER: Why we need it is beyond me. Can a person be licensed under ORS, 725?

156 SHIRK: Yes.

163 CHAIR DWYER: Keith, come explain why we need this.

166 KEITH BURNS, OREGON FINANCIAL SERVICES ASSOCIATION: Testifies in support of the amendment. It should say line 30, not 25. It's

inaccurate to say a person because a person doesn't have a license.

Each location has a license.

179 DAVID ANDERTON, CITIZEN: Testifies in opposition to the bill. Reads from written testimony (EXHIBIT O).

255 CHAIR DWYER: Address the bill.

258 ANDERTON: I would only support this bill out of fear that worse legislation would be enacted.

262 REPRESENTATIVE CYNTHIA WOOTEN, DISTRICT 41: The fees will be set at \$500 - \$700. It's a complete fee-funded program.

293 CHAIR DWYER: How many mortgage brokers are there?

295 SHIRK: That number is undetermined.

310 REP. WOOTEN: The reason for the bill was consumer complaints.

333 CHAIR DWYER: How many complaints were lodged in the last fiscal year?

335 REP. WOOTEN: There have been a significant number.

348 SEN. KENNEMER: Isn't there a problem in reporting?

358 REP. WOOTEN: Yes. This bill doesn't breed unnecessary bureaucracy.

368 CHAIR DWYER: I have some of the concern that the citizen has.

374 REP. WOOTEN: These are the responsible brokers and they aren't the target of this bill.

385 CHAIR DWYER: This isn't a crime?

395 REP. WOOTEN: Yes. They are totally unregulated.

415 CHAIR DWYER: His reluctance has a different reason.

418 REP. WOOTEN: Given the opportunity I would prefer not to regulate either.

TAPE 98, SIDE B

015 CHAIR DWYER: Is someone from DIF here? How many people has this happened to?

017 CECIL MONROE, DEPARTMENT OF INSURANCE AND FINANCE: I don't have the exact number, but it's our largest number of complaints.

030 CHAIR DWYER: Did the House ask you these questions?

032 MONROE: Yes. 35 states have done this kind of regulation. There is enough concern nationwide that the Congress may step in on this issue.

043 CHAIR DWYER: Is this going to give Congress more fodder to do this nationally?

045 MONROE: I believe it would be the reverse.

052 ANDERTON: How many of those that were taken advantage of, called someone for a reference?

064 REP. WOOTEN: There is a section that requires a \$10,000 bond.

075 CHAIR DWYER: Do we have to have a \$700 fee to require a \$10,000 bond?

078 REP. WOOTEN: There is not a \$700 fee adopted.

080 CHAIR DWYER: It will be adopted by rule, right?

081 REP. WOOTEN: That number will be reduced as we create efficiency in the department.

090 CHAIR DWYER: Would you object if we limited the amount they could charge by rule?

094 REP. WOOTEN: There is no general fund money here and the fees must cover the cost of the program.

102 MONROE: I believe we should do it as responsibly as possible.

112 CHAIR DWYER: Why do we need 3.5 FTEs for this?

113 MONROE: Some of those FTEs are for start up. If don't need them we won't use them.

117 DAY-REYNOLDS: Submits Genoa Ingram's letter in support of the bill (EXHIBIT J). 122 REP. WOOTEN: This is an important bill for both industry and consumers.

133 TERRY LEGGERT, DEPARTMENT OF JUSTICE: Testifies in support of the bill.

148 CHAIR DWYER: How can this not be against the law?

149 LEGGERT: We can pursue some of the cases, but some of these people just have no experience as mortgage brokers.

165 CHAIR DWYER: What's the average loss?

167 LEGGERT: Minimum of \$500.

171 JORDAN: Gives an example of fraud.

186 CHAIR DWYER: Will the people in your example be licensed under this law?

188 JORDAN: They could achieve a license, but the next time they defraud someone we will have a vehicle to combat them.

196 SEN. KENNEMER: Part of the problem is, there isn't one place for complaints.

214 RAY GRIBLING, OREGON MORTGAGE BANKERS ASSOCIATION: The amount of the bond is not important, it's the fact that you need a bond to have a

license.

(Tape 98, Side B) HB 3121-B - REQUIRES LICENSING OF MORTGAGE BANKERS AND MORTGAGE BROKERS BY DEPARTMENT OF INSURANCE AND FINANCE - WORK SESSION Witnesses: Frank Brawner, Oregon Bankers Association

232 MOTION: SEN. RASMUSSEN moves the conceptual amendments.

237 SEN. ADAMS: Declares a potential conflict of interest.

240 CHAIR DWYER: Hearing no objection, SO ORDERED.

244 MOTION: SEN. RASMUSSEN moves the -7 and -8 amendments.

249 CHAIR DWYER: Hearing no objection, SO ORDERED.

250 FRANK BRAWNER, OREGON BANKERS ASSOCIATION: Explains the amendments.

274 DAY-REYNOLDS: Legislative counsel will merge the amendments.



279 MOTION: SEN. RASMUSSEN moves HB 3121-B as amended to the floor with a Do Pass recommendation.

VOTE: The motion carries 5-0. Sen. Rasmussen will carry. (Tape 98, Side B) HB 2603-A - INCREASES ANNUAL LIMIT ON BREW-PUB MANUFACTURING - PUBLIC HEARING Witnesses: Fred Bowman, Portland Brewing Company

300 FRED BOWMAN, PORTLAND BREWING COMPANY: Testifies in support of the bill.

(Tape 98, Side B) HB 2603-A - INCREASES ANNUAL LIMIT ON BREW-PUB MANUFACTURING - WORK SESSION

333 MOTION: SEN. CEASE moves HB 2603-A to the floor with a Do Pass recommendation.

VOTE: The motion carries 3-0, Sen. Adams, Sen. Rasmussen excused. Sen. Cease will carry.

(Tape 98, Side B) HB 3114-A - INCREASES COST BASIS OF CONSTRUCTION PROJECT SITES THAT ARE REQUIRED TO HAVE SANITARY FACILITIES - PUBLIC HEARING Witnesses: Kim Mingo, Associated General Contractors

356 KIM MINGO, ASSOCIATED GENERAL CONTRACTORS: Testifies in support.

370 CHAIR DWYER: How do you comply currently?

373 MINGO: They have special trailers.

375 CHAIR DWYER: What do they cost?

378 MINGO: \$1200 per month.

380 CHAIR DWYER: Does this apply to home building?

383 MINGO: Yes, if your home was over \$1,000,000.

390 CHAIR DWYER: How come it doesn't exempt non-commercial projects?

400 MINGO: I don't know.

402 CHAIR DWYER: If it takes me a month to build my home it's going to cost me an extra \$1200.

TAPE 99, SIDE A

011 CHAIR DWYER: Can we add an amendment?

012 MINGO: We have no problems with that. 015 GREG TEEPLE, OREGON STATE BUILDING CONSTRUCTION TRADES COUNCIL: I would object to the generic term residential. Single family dwellings would

be fine.

025 SEN. CEASE: Where is this \$3,000,000 figure?

030 SEN. KENNEMER: That was the original bill.

HB 3114-A - INCREASES COST BASIS OF CONSTRUCTION PROJECT SITES THAT ARE REQUIRED TO HAVE SANITARY FACILITIES - WORK SESSION

033 MOTION: SEN. CEASE moves HB 3114-A to the floor with Do Pass recommendation.

VOTE: The motion carries 5-0. Sen. Cease will carry.

HB 2119-A - INCREASES FINANCIAL REGULATION OF INSURANCE INDUSTRY UNDER INSURANCE CODE - WORK SESSION

047 MOTION: SEN. KENNEMER moves that HB 2119-A be taken from table.

049 CHAIR DWYER: Hearing no objection, SO ORDERED.

052 MOTION: SEN. KENNEMER moves HB 2119-A to the floor with a Do Pass recommendation.

VOTE: The motion carries 5-0. Sen. Kennemer will carry.

070 CHAIR DWYER: adjourns the meeting at 5:10 p.m.

Submitted by:

Reviewed by:

Willie Tiffany  
Administrator

Richard Day-Reynolds Assistant

EXHIBIT LOG:

A - Testimony on HB 2203 - Ron Eackus - 1 page B - Testimony on HB 2609 - Mike Grainey - 2 pages C - Testimony on HB 3481 - Rep. Federici - 2 pages D - Testimony on HB 3481 - M.E. Wheeler - 5 pages E - Packet on HB 3481 - Richard Jacobus - 50 pages F - -2 Amendments to HB 3484 - Staff - 2 pages G - Testimony on HB 3484 - Gary Conkling - 2 pages H - Testimony on HB 3121 - Dennis Jordan - 17 pages I - Testimony on HB 3121 - David Shirk - 4 pages J - Testimony on HB 3121 - Genoa Ingram - 4 pages K - -7 Amendments to HB 3121 - Staff - 1 page L - -8 Amendments to HB 3121 - Staff - 2 pages M - Amendments to HB 3121 - Keith Burns - 1 page N - Testimony on HB 2609 - Glenn Havener - 3 pages O - Testimony on HB 3121 - James Anderton - 10 pages P - -6 Amendments to HB 2119 - Staff - 1 page Q - Amendments to HB 2119 - Staff - 1 page