

SENATE COMMITTEE ON BUSINESS, HOUSING, AND CONSUMER AFFAIRS

January 25, 1993 Hearing Room 343 3:00 p.m. Tapes 1 - 2

MEMBERS PRESENT: Sen. Peg Jolin, Chair Sen. Brady Adams Sen. Ron Cease  
Sen. Bill Dwyer Sen. Bill Kennemer

MEMBER EXCUSED:

VISITING MEMBER:

STAFF PRESENT: Cherie Copeland, Committee Administrator Richard  
Day-Reynolds, Committee Assistant

ORIENTATION MEETING Public and agencies oriented the committee on their  
issues.

[--- 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 1, SIDE A

003 CHAIR JOLIN: Calls meeting to order at 3:10 p.m. Asks committee  
to look over rules. Introduces Committee Administrator and Committee  
Assistant.

021 MOTION: SEN. KENNEMER: Moves the ADOPTION of the  
Committee Rules.

CHAIR JOLIN: Hearing no objection, SO ORDERED.

029 RON EACHUS, PUBLIC UTILITIES COMMISSIONER: Introduces  
COMMISSIONER JOAN SMITH and COMMISSIONER ROGER HAMILTON. Presents  
(EXHIBIT A) to the committee. Reads from exhibit, giving overview of  
PUC, legislative proposals, budget, and staffing levels.

049 CHAIR JOLIN: Asks about status of 1989 Session's telephone  
solicitation laws, specifically the automatic-dial "ADAD" systems.  
EACHUS: Refers to staff who say the regulation was referred to Dept. of  
Justice because it was a consumer issue.

CHAIR JOLIN: Asks about possible court challenges to  
constitutionality.

EACHUS: This is a federal case, because the calls are interstate in  
nature.

150 CHAIR JOLIN: Will there be any bills from PUC related to the Trojan shutdown?

EACHUS: No.

172 SENATOR ADAMS: Do position reductions in exhibit reflect lost positions or people?

EACHUS: Both.

SEN. ADAMS: How many?

201 EACHUS: PUC relied on attrition, retirements, and unfilled vacancies (page 24 in exhibit).

219 SEN. CEASE: Is the PUC fee based? No General Funds?

EACHUS: Yes.

225 RON HARLAND, VETERANS OF FOREIGN WARS: Introduces HAL WOODS, AMERICAN LEGION, and ED HUGHES, COALITION OF VETERANS ISSUES. Describes the Oregon Veterans Home and presents (EXHIBIT B). Explains federal matching funds. Project would be funded by the Veterans Administration per diem payments, making it self-sustaining.

314 SEN. KENNEMER: Asks for clarification of benefits.

327 HAL WOODS: Asks the committee to submit a bill on set asides to help fund veterans home.

HUGHES: We have the bill language if needed.

327 CHAIR JOLIN: Invites input for committee bills starting Wednesday (Jan. 27).

348 SEN. DWYER: What is the cost per bed?

WOODS: I don't know.

HUGHES: Refers question to later testimony of Veterans Department.

367 SEN. ADAMS: A quick calculation of estimated cost per bed is approximately \$84,000. SEN. DWYER: The average cost of a home in my district is about \$62,000.

385 JON MANGIS, OREGON DEPARTMENT OF VETERANS' AFFAIRS. Presents (EXHIBIT C). Discusses legislation and grant possibilities pertaining to the veterans' home. LYALL FRAZIER, ADMINISTRATOR OF VETERANS' SERVICES, ODVA, introduced as expert on the Oregon Veterans' Home.

TAPE 2 SIDE A

036 SEN. DWYER: Expert on building a home or on not building a home?

MANGIS: The funds for building a home have not been made available by the Legislature, but should they become available, Lyall would be the expert in how to get one built. Should you have a question, you could ask Lyall.

SEN. CEASE: Would the cost to the state be a portion of the construction costs?

MANGIS: The initial cost to the state would be \$5,000,000, but then there would be an offset through Medicaid payments.

064 SEN. CEASE: I support this program. What argument would you use to say this program should be considered over other social service programs?

074 MANGIS: It would be hard to say this program is better than other programs, but "dollar wise it makes sense."

092 CHAIR JOLIN: In the interest of time, asks for brief overview of ODVA.

098 MANGIS: Guides the committee through (EXHIBIT C) and (EXHIBIT D).

158 CHAIR JOLIN: What is the status of the loan program today?

160 MANGIS: Largest veterans' home loan program in US. Interest rates are 7% on a 15-year and 7.3% on a 30-year fixed rate mortgage. It is a viable program. Last year we wrote 45 loans. Our delinquency rates are below the mortgage bankers. One bill has been introduced into the House that would increase loan limit, an "adjustment bill," and an educational aid bill. HJR 1 allows vets who served after 1977 to qualify for loans. HB 5049 covers ODVA bonding authority.

334 JOE GILLIAM, NATIONAL FEDERATION OF INDEPENDENT BUSINESS MIKE McCALLUM, OREGON RESTAURANT ASSOCIATION, representing OREGON SMALL BUSINESS COALITION: Put together a packet of information along with FRED VAN NATTA of THE OREGON HOME BUILDERS to give legislators an overview of the concerns of small business owners. (EXHIBIT E)

McCALLUM: Want to be a sounding board and an information resource for the members of the Committee.

416 STEVE RODEMAN, OREGON CREDIT UNION LEAGUE introduces also JOHN McLAUGHLIN, PRESIDENT OF WOOD PRODUCTS CREDIT UNION and CO-CHAIR GOVERNMENTAL AFFAIRS COMMITTEE. (EXHIBIT F). Gives overview of exhibit. Expresses opposition to legislation that would prohibit or restrict automobile brokerage activities.

TAPE 1 SIDE B

047 SEN. DWYER: Do the credit unions license brokers?

RODEMAN: No, the credit unions have a referral relationship with brokers.

SEN. DWYER: Where do the brokers get their vehicles?

RODEMAN: From licensed dealers in Oregon.

051 McLAUGHLIN: Dislocated workers in wood products industry received funds from VISA card use through the community college system in Oregon.

063 TIMOTHY WOOD, ASSISTANT ATTORNEY GENERAL, OREGON DEPARTMENT OF JUSTICE, JAN MARGOSIAN, CONSUMER INFORMATION COORDINATOR, OREGON DEPARTMENT OF JUSTICE, and JIM PRUNTY, ASSISTANT ATTORNEY GENERAL, OREGON DEPARTMENT OF JUSTICE, TELEMARKEET EXPERT: Gives Committee an overview of Unlawful Trade Practices Act. Certain that the Committee will have a number of bills that will use the Unlawful Trade Practices Act as remedy. There are problems with this. Very few individuals make use of the law and the Dept. of Justice's resources are spread thinly enough that they can't cover all of the complaints. Public education, litigation, rule making main ways to protect consumers from white collar crime. Attorney General Kulongoski is committed to public education on scams. 900 numbers and telemarketing are the latest scams. (EXHIBIT G) Expresses concerns over a very thin staffing level, though they are doing a good job for the numbers of cases handled. Ballot Measure 5 is going to further weaken staffing levels. Thanks the Committee for its past work on legislation addressing telemarketing, 900 numbers, and no-solicitation laws. Oregon first state to ban auto-dialers. Laws declared unconstitutional by Appeals Court and is on appeal to the Supreme Court. 900 legislation is legislation that worked. Would like to focus on telemarketing. There are serious problems with telemarketing scams right now.

226 SEN. DWYER: Has had calls regarding companies using 900 numbers to service warranties.

235 MARGOSIAN: We have had no complaints filed with us. If the company is following the law, there's nothing we can do.

SEN. DWYER: Consumers should know it will cost them money to get warranty information. "How about a bill?"

250 WOOD: Describes action taken by Dept. of Justice concerning "negative option" service and advance loan fees from time shares and campgrounds since the last Legislative session. Top 10 list of complaint areas. Sweepstakes and lotteries (not the Oregon Lottery) are in the top five. Refers to other states' legislation in exhibit. Credit repair clinics are a problem. Budget concerns: Any added responsibilities should have a referral to Ways and Means in order to be adequately staffed. Last session this Committee found \$125,000 to address the 900 number and telemarketing problems.

315 FRANK BRAUNER, OREGON BANKERS ASSOCIATION, STATE CHARTERED BANKS OF OREGON: The banking system in Oregon is strong and sound. Fifty-five banks in the state, forty-seven are state chartered. Gives a brief overview of assets, returns on investments, and profits of Oregon banks. No Oregon bank is in danger of failing. 45% of deposits in state system. Bills this session in trust and banking system, the dual chartering system. Article 3 and 4 of the Uniform Commercial Code is redone, and there is legislation for this committee from that. ATM's, "a couple of court decisions that need clarification," and interstate branching. Other bills will include Saturday banking, garnishment, and three "housekeeping bills." 17 standing committees in Oregon Banking Commission. Regulatory burden is excessive, costs as much as \$17 billion. 60% of profit last year went to the federal regulatory burden. Hands out (EXHIBIT H).

DAVE BARROWS, OREGON LEAGUE OF FINANCIAL INSTITUTIONS: The savings and loan institutions share many of the same concerns as the bankers. Overview: Thrift industry (savings and loans) are down

from 36 to 12 in Oregon. Savings and loans are primarily residential home lenders. In the early-80's, some S&L's got into trouble when it cost more to borrow money than they were making from that money.

TAPE 2 SIDE B

060 SEN. CEASE: Was that because of a lack of regulation?

BARROWS: The problem institutions were hurt by a lack of regulation.

SEN. ADAMS: It was not only a lack of regulation, it was inappropriate regulation. BARROWS: S&L's still in business stuck with making loans to family home owners in Oregon. The remaining institutions are in good shape and will continue to make loans to individual homeowners in Oregon.

102 GENOA INGRAM, OREGON ASSOCIATION OF REALTORS: Proposing two pieces of legislation this session. Agency disclosure and seller's property disclosure. Bills introduced in previous sessions but were unsuccessful. We are more optimistic this session. Working with Sen. Bradbury to introduce them.

141 KATIE EYMANN, EXECUTIVE DIRECTOR, OREGON TRIAL LAWYERS ASSOCIATION: Discusses legislation. LC 2318: Underinsurance and other driver's liability insurance. LC 985: Consumer sign-off on lack of underinsured motorist insurance, a "knowing waiver of the right to insure themselves." Also they want some changes in the Personal Injury Protection (PIP) rules to address consumer remedies.

251 CHAIR JOLIN: Adjourns committee at 4:52pm.

Submitted by:

Reviewed by:

Richard Day-Reynolds  
Administrator

Cherie Copeland Assistant

EXHIBIT LOG:

A - Utility Program Overview, Public Utility Commission, 30 pages. B - Caring for Oregon's Veterans, Oregon State Veterans Home, 19 pages. C - Overview Presentation, Oregon Department of Veterans Affairs, 13 pages. D - Written Testimony, Jon Mangis, Oregon Department of Veterans Affairs, 4 pages. E - The Basics for 1993, Oregon Small Business Coalition, 6 pages. F - Why You Should Know More About Oregon Credit Unions, Oregon Credit Union

League, 1 page. G - Written Testimony, Timothy Wood, Oregon Department of Justice, 30 pages. H - Cut the Red Tape, Oregon Bankers Association, 6 pages. I - Witness Registration, Staff, 4 pages.