

SENATE COMMITTEE ON BUSINESS, HOUSING AND CONSUMER AFFAIRS

January 27, 1993 Hearing Room 343 3:00 p.m.  
Tapes 3 - 5

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

MEASURES CONSIDERED: Orientation Overview Held Over From January 25,  
1993. Introduction of Committee Bills LC 2318 LC 985 LC 992 LC 993

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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 3, SIDE A

005 CHAIR JOLIN: Calls the meeting to order at 3:06 p.m. Reminds  
committee that member bill files will be kept in the committee

office.

019 DAVID NEBEL, OREGON LEGAL SERVICES, (EXHIBIT A): Proposed  
legislation falls into three main areas. A general

landlord-tenant bill that would make changes to the Landlord-Tenant Act  
that will start in the House, a measure that will involve the rights of  
mobile home park tenants, and a measure that would preserve and expand

the Oregon Housing Fund.

061 CHAIR JOLIN: The Governor is proposing an additional \$5 million.

065 SEN. DWYER: Are you planning on reinstating the HARRP program?

068 NEBEL: It doesn't appear there will be any money to reinstate  
it. I might also be appearing before you this Session on issues  
affecting the rights of debtors and creditors.

076 SEN. DWYER: Who pays you? 079 NEBEL: Oregon Legal Services,  
which is funded by Congress and the Oregon Law Foundation, among  
others.

SEN. DWYER: It's good to see someone lobbying for the poor. Wish there

were more of you.

090 REY RAMSEY, DIRECTOR, OREGON HOUSING AND COMMUNITY SERVICES  
DEPARTMENT: Introduces LYNN SCHOESSLER, DEPUTY DIRECTOR, OREGON  
HOUSING AND

COMMUNITY SERVICES DEPARTMENT. There are still major housing problems  
in Oregon: Low vacancy rates, federal policy that has not restored the  
cuts suffered since 1980. 75% of Housing and Urban Development's budget  
has been cut since 1980 and new construction funds have been cut 90%.  
1986 Tax Act devastated new housing in Oregon. We have done a lot of  
work in the downsizing of Fairview, building a lot of group homes. We  
have limitations in our statutes as regards the Americans with  
Disabilities Act and housing for the disabled, and we hope to have a  
bill before you to give us the capacity to do more for the disabled.  
There has been a general bond moratorium, but the new State Treasurer  
has lifted that. Role began to change last biennium, when the State,  
for the first time, put General Fund money into housing.

143 SEN. DWYER: What happened to HARRP funds?

RAMSEY: The HARRP funds were reabsorbed into the General Fund. I don't  
know where they ended up.

155 CHAIR JOLIN: There are several members that didn't like the way  
HARRP was done away with. HARRP was one of the best programs the  
state

offered, and if there was a way to reinstate it, we would. There will  
be plenty of time to talk about this in more depth later. Please  
continue.

RAMSEY: Highlights the Oregon Housing Trust Fund (EXHIBIT B), the  
Immediate Building Program, and the Emergency Housing Account.  
Describes merger with Community Services and the establishment of a  
local delivery system. We rely heavily on local Community Action  
Agencies and get lots of community input.

270 SEN. DWYER: What part of your budget goes to community  
development, as opposed to housing?

RAMSEY: Uses charts and graphs in EXHIBIT B to explain funding and

program issues to Sen. Dwyer.

320 SCHOESSLER: Discusses construction financing issues and legislative concepts that will enable the Department to work better with banks and

lending institutions.

462 DON MINER, OREGON MANUFACTURED HOUSING ASSOCIATION: Going to be dealing with bills affecting manufactured housing.

TAPE 2, SIDE A

079 MINER: HB 2863 in 1989 allowed owners of mobile homes to buy both their home and their land so they weren't confined to mobile home parks as

renters. Overall, the legislation is working well in most communities.

The law doesn't work in some cities. Some cities are basically ignoring the 1991 deadline of the law (EXHIBIT C). Passes around photographs of

manufactured homes (EXHIBIT D). Concerned about the way cities are not

complying with law allowing siting of manufactured homes. This map of

Gresham shows how some cities are getting around the law (EXHIBIT E).

We are concerned that cities that do comply will allow that compliance

to erode as they see noncompliance going unpunished. Shows model

ordinance (EXHIBIT C).

111 SEN. DWYER: Would the legislation allow you to put manufactured homes everywhere?

MINER: You can put them anywhere you could put a site-built home if they meet community architectural and aesthetic standards. We are getting

complaints about the amount of time it's taking to secure a permit to

place manufactured homes on a site. It's getting harder to build

nonsubsidized housing because the cost of site-built, single family

dwellings has increased so dramatically.

145 SEN. KENNEMER: What is the cost of the homes in the pictures?  
(EXHIBIT D)

MINER: \$60 - \$100,000, including lot price. Manufactured housing costs

30% to 40% less than non-factory built houses. Proposed legislation

would require energy efficiency that matches that of site-built homes.

Every manufacturer in Oregon has agreed to match or exceed recommended

energy efficiency standards.

170 SEN. DWYER: The electrical is safer than in site-built.

MINER: Yes. You can't use aluminum wiring in manufactured homes.

CHAIR JOLIN: Manufactured housing has indeed come a long way in quality and aesthetics.

MINER: Most local officials have been very cooperative in their compliance with the law. Some local officials have trouble taking manufactured homes seriously. It isn't an issue in most places; in Portland, I was the only person who showed up at public hearings on the ordinance.

SEN. DWYER: Springfield has not complied and they don't like to be reminded of that fact.

MINER: We have spent \$10,000 in Springfield to get compliance, and they haven't complied with the law.

206 ARDYTH BADGER, OREGON STATE TENANTS ASSOCIATION: Reads verbatim from (EXHIBIT F).

251 CHAIR JOLIN: Is this a committee bill?

BADGER: Yes. It is in rough LC draft form.

270 SEN. DWYER: It's always good to see unpaid lobbyists.

286 JON STUBENVOLL, CONSUMER ADVOCATE, OREGON STATE PUBLIC INTEREST RESEARCH GROUP (OSPIRG): Submitted written testimony (EXHIBIT G). Proposed

legislative concepts include the issue of child safety. Wants legislation that would address toy and playground safety. OSPIRG also wants better consumer information when a product has been recalled. OSPIRG has also been working with other groups on "a whole host of issues" relating to playground safety. Wants the Legislature to give authority to the Department of Education to promulgate rules on playground safety.

379 CHAIR JOLIN: Special request for additional time for ED HUGHES, COALITION FOR VETERANS' ISSUES, AMERICAN LEGION: Introduced DICK LUCHT, UNITED VETERANS GROUPS OF OREGON, LEGISLATIVE DIRECTOR FOR DISABLED

AMERICAN VETERANS.

417 LUCHT: Our major concern is with the Oregon Veterans' Home.

The 65% funding from the federal government has been set aside for this project, but the grant money may dry up by late September if something is not

done. There is an extreme need. The Oregon Veterans' Home would be an extended care facility. Nursing home vacancies are not in extended care. Urges the committee to help.

TAPE 3, SIDE B

049 SEN. DWYER: Do you want identical legislation from this side? Is that productive? Where's the money coming from?

LUCHT: Economic development or revenue bonds. Treasurer's office is looking into funding through revenue bonds.

069 CHAIR JOLIN: Is this in LC form?

HUGHES: The information is with Committee staff.

073 CHAIR JOLIN: I really want to work on getting these folks a hearing on this issue. If there is movement on the House side, great, but if not,

I want us to provide movement from here.

080 SEN. CEASE: Which committee has this bill in the House?

HUGHES: Rep. Hayden's committee.

087 CHAIR JOLIN: Work directly with committee staff on the bill language.

HUGHES: This would show significant savings in Medicare that over the long haul would help pay back the initial investment. That's an opportunity that doesn't come along very often.

097 SEN. DWYER: Could the Medicare savings be used as the revenue stream used to retire the revenue bonds?

109 HUGHES: I don't think so. The savings would be real, but there would be no direct connection. 107 SEN. CEASE: Is there a list for people to occupy the beds?

HUGHES: No, sir.

114 LUCHT: This is not to be an old veterans' retirement home. It will be an extended care facility.

HUGHES: And it will provide 121 jobs.

(Tape 3, Side B) INTRODUCTION OF COMMITTEE BILLS - LC 2318, LC 985, LC 992, LC 993. Witness(es): Cherie Copeland, Committee Administrator

121 CHERIE COPELAND, COMMITTEE ADMINISTRATOR: All of the measures

are at the request of the Oregon Trial Lawyers Association, and all deal with

automobile insurance: LC 2318, LC 985, LC 992, and LC 993.

155 CHAIR JOLIN: We are authorizing staff to introduce these bills. Any objections? SO ORDERED.

166 GARY WEEKS, DIRECTOR, OREGON DEPARTMENT OF INSURANCE AND FINANCE: Introduces TOM ERWIN, INSURANCE ADVOCATE, OREGON DEPARTMENT OF INSURANCE AND FINANCE. (EXHIBIT H). Weeks, continuing, states that ODIF is one

of Oregon's principal regulatory agencies. Regulates the insurance industry, the securities industry, state chartered banks and credit unions, savings and loans, Oregon OSHA, Workers' Compensation Program. Contains the Workers' Compensation Board. ODIF is charged with the mission of insuring that men and women who work in Oregon have a safe place to do so. ODIF has 939 employees. That number will go down to 902 this biennium. Almost all of the budget is Other Funds, not General Fund. We administer the Handicapped Workers Reserve, Reemployment Reserves and four others. Relatively new department. Formed in 1987 from Department of Commerce. Brought together several departments to form an agency to get Worker's Comp under one roof. This model is being considered in other states because it has worked. Three years in a row there has been a double-digit reduction in insurance premiums. These rate reductions have benefited business, but not at the workers' expense. Awards have dramatically increased since 1987. The decision making process has speeded up. Consumer Protection Unit has returned \$900 million to policy holders in the last calendar year. Insurance Division is involved in health care to help small employers be insured by reluctant insurance companies.

We have played a role, through Finance and Corporate Securities, in monitoring state chartered banks, credit unions, check sellers, debt collectors, and pawnbrokers.

Legislative proposals include: Transferring regulation of pawnbrokers from state to local jurisdiction. One savings and loan in state and state has very little authority to regulate it. Leave it to the feds to

regulate. We have bills to regulate debt collectors and debt consolidation agencies. We have a bill to deregulate check sellers. We have never had a complaint about a check seller and maybe it's time to deregulate. House bills include one for accreditation of the Insurance Division, and one that would change the premium tax method for state insurance companies. The Justice Department has informed us of a potential tax liability of millions of dollars if we don't make this change.

TAPE 4, SIDE B

068 CHAIR JOLIN: And this is a House Bill?

WEEKS: Yes. HB 2114.

079 SEN. CEASE: What kind of money are we talking about from this tax?

WEEKS: This tax on premium of foreign insurers is 2 1/4%, which generates \$61 million a year for the General Fund. There will be two different rates, which is allowed by the Supreme Court.

SEN. CEASE: Would this money go into the General Fund?

WEEKS: Yes, but it has been constructed to be revenue neutral. We hope to avoid a negative impact on the General Fund. We have a hundred different scenarios. Legislation in Senate would cut a lot of agencies, boards and commissions loose from government. Often developing a budget for some of these boards and commissions will cost more than their biennial budget.

ERWIN: Two bills submitted on House side. One would regulate auto insurance discounts. Other bill establishes underwriting after minor accidents.

177 MARGOT BUETLER, CITIZENS' UTILITY BOARD: Thirteen thousand members statewide. Consumer advocacy for utility consumers. Presented (EXHIBIT

I). Legislative proposals include a telephone unit pricing bill.

220 CHAIR JOLIN: Is this in LC form?

BEUTLER: Yes, it is. CUB is going door-to-door raising funds. CUB is asking for ability to recover rates for intervention in ratepayer

issues. Looking to open up competition among telecommunications (HB 2203).

283 DENISE McPHAIL, PORTLAND GENERAL ELECTRIC: Not sponsoring any legislation. SB 191 prohibits Public Utility Commission from allowing

utilities from making profit on any sale linked to volume of our product. Tracking PUC legislative proposals. Looking to adopt principles on de-coupling. We support that.

354 RAY GRIBLING, OREGON MORTGAGE BANKERS ASSOCIATION, OREGON AUTOMOBILE DEALERS ASSOCIATION: Looking at introducing legislation dealing with

broker sales, and supports legislation on shorter time limits on payout from consignment sales. I represent FUNERAL SERVICE DIRECTORS and we

are looking at legislation establishing a fund to reimburse members for dealing with unclaimed indigent remains. I also represent the NATIONAL

DIRECT MARKETERS ASSOCIATION and we think Oregon's law on solicitation calls need some fixing.

TAPE 5, SIDE A

038 GARY BAUER, OREGON INDEPENDENT TELEPHONE ASSOCIATION: Local telephone companies. Overview of small telephone companies and cooperatives.

Concerned that rural phone companies will be left behind in infrastructure development. Most investment will be in urban areas.

Look to encourage infrastructure development on state-wide basis. Need to insure parity. Competition will be in high-market areas.

Competition will take high revenue customers off of the service. Take care of all customers in state.

104 GARY WILHELMS, DIRECTOR OF GOVERNMENT RELATIONS, US WEST: US West has many of the same concerns as OITA. 4700 employees and 3500 retirees.

Telecommunications has changed in last 20 years. It's a big market with big money. Transition from old monopoly to deregulated market environment. We are anxious to complete that transition. We are interested in regulatory equalization. HB 2203 is a very important bill.



149 SEN. CEASE: What is the bill about?

WILHELMS: It breaks the local monopoly and allows local service competition. It would allow the PUC, not the local service utilities, to let new competitors in the local market.

SEN. CEASE: Who is the sponsor?

WILHELMS: The PUC. Competition is not necessarily good in rural development. Averaging of rates is a problem. We may need to look at getting away from the rate of return form of regulation. May be more bills not yet drafted as a result of the infrastructure study just done.

211 CHAIR JOLIN: Meeting adjourned at 5:11.

Submitted by:

Reviewed by:

Richard Day-Reynolds  
Administrator

Cherie Copeland Assistant

EXHIBIT LOG:

A - Overview testimony - David Nebel - 1 page B - An Introduction to Housing Issues and the Housing and Community Services Department  
- Rey Ramsey - 17 pages C - Information Overview (HB 2863, 65th Legislative Assembly) - Don Miner - 9 pages D - Photographs - Don Miner - 2 pages E - Map of Gresham, Oregon - Don Miner - 1 page F - Written Testimony - Ardyth Badger - 1 page G - Written Testimony - Jon Stubenvoll - 8 pages H - 1989 - 1991 Biennial Report, Oregon Department of Insurance and Finance - Gary Weeks - 42 pages I - CUB's Agenda for Consumer Rights - Margot Buetler - 38 pages J - Witness registration - Staff - 2 pages K - Committee Rules - Staff - 2 pages