

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.

HOUSE COMMITTEE ON BUSINESS AND CONSUMER AFFAIRS

January 17, 1991
p.m.

Hearing Room F 1:15
Tapes 3 - 4

MEMBERS PRESENT: Rep. John Schoon, Chair Rep. Hedy L. Rijken,
Vice-Chair Rep. Jerry Barnes Rep. Lisa Naito Rep. Carolyn Oakley Rep.
Beverly Stein Rep. Greg Walden

STAFF PRESENT: Terry Connolly, Committee Administrator Annetta
Mullins, Committee Assistant

MEASURES CONSIDERED: HB 2305 PH & WS HB 2309 PH & WS

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TAPE 3, SIDE A

004 CHAIR SCHOON calls the meeting to order at 1:16 p.m.

ORGANIZATIONAL MEETING

008 CHAIR SCHOON reviews the revised proposed committee rules (EXHIBIT A) including language "or in the absence of the Chair, the Vice-Chair" suggested at the last committee meeting and new language on minority reports in Rule 11.

032 REP. BARNES: Does Rule 1 mean that only the Chair or Vice-Chair would be able to conduct the committee meetings?

CHAIR SCHOON: Yes, it must be one of the two and presumably the Speaker would make sure the business of the committee would continue otherwise.

041 CHAIR SCHOON: There was some ambiguity about what constituted notice and when it was required. Rule 11 on minority reports has been amended to provide for both contingencies. If a member thought he/she might want to file a minority report he/she could serve notice at the meeting, but if that is not done the individual could still give notice to the Chair in writing before the end of the session day. That occasion could occur where you leave the meeting and not serve notice but you would still have time to give notice to the Chair of intent to file a minority report.

058 REP. WALDEN: If the Chair is not in the building, could the notice be given to the Committee Administrator?

CHAIR SCHOON: Yes, or it could be given to the Vice-Chair.

063 MOTION: REP. BARNES moves that the proposed committee rules (EXHIBIT A)

BE ADOPTED.

070 VOTE: The Assistant calls the roll with all members present and voting AYE.

072 CHAIR SCHOON declares the motion PASSED.

(Tape 3, Side A) (Continued on page 5) HB 2305 - EXEMPTS MORTGAGE BANKERS FROM REGISTRATION AS COLLECTION AGENCY BUSINESS Witnesses: Frank Brawner, Business Director, Oregon Mortgage Bankers Association Cecil Monroe, Administrator, Division of Finance and Corporate Securities, Dept. of Insurance and Finance

076 TERRY CONNOLLY, Administrator, reviews the Preliminary Staff Measure Summary on HB 2305 (EXHIBIT B). The Legislative Fiscal Analysis is hereby made a part of these minutes (EXHIBIT C). The Revenue Impact Analysis is hereby made a part of these minutes (EXHIBIT D).

100 FRANK BRAWNER, Business Manager, Oregon Mortgage Bankers Association, submits and reads a prepared statement in support of HB 2305 (EXHIBIT E).

Issues discussed: >Debt Collection Practices Act applies to everybody. >Provisions of Debt Collection Practices Act. >Federal act sometimes preempts state statute. >Removing licensing requirement does not remove these people from requirements under the Debt Collection Practices Act. >Purpose of registration of collection agencies and reasons for exemptions. >The exemptions in statute are not primarily collection agencies and they have other regulatory oversight.

206 CECIL MONROE, Administrator, Division of Finance and Corporate Securities: We are the primary regulator of collectors under ORS 697 and will respond to question of the program. We have no objection to mortgage bankers being exempt from registration for the reasons Mr. Brawner listed. Their primary business is not collecting other people's debt, but they would fall under the definition without the exemption. It is apparent that the mortgage bankers did assume they were exempt because we only have six mortgage bankers registered as debt collectors.

248 CHAIR SCHOON closes the public hearing on HB 2305 and opens the public hearing on HB 2309.

(Tape 3, Side A) HB 2309 - AUTHORIZES MOBILE BANKING FACILITIES UPON APPROVAL OF DIRECTOR OF DEPARTMENT OF INSURANCE AND FINANCE Witnesses: Frank Brawner, Oregon Bankers Association and State Chartered Banks of Oregon Cecil Monroe, Division of Finance and Corporate Securities, Dept. of Insurance and Finance.

257 TERRY CONNOLLY, Administrator, reviews the Preliminary Staff Measure Summary on HB 2309 (EXHIBIT F). The Legislative Fiscal Analysis is hereby made a part of these minutes (EXHIBIT G). The Revenue Impact Analysis is hereby made a part of these minutes (EXHIBIT H).

270 FRANK BRAWNER, Oregon Bankers Association and State Chartered Banks of Oregon, submits and reads a prepared statement in support of HB 2309 (EXHIBIT I).

Issues discussed: >Operating territory of banks. >Branch banking in Oregon. >Regulations by state. >Community service. >Market areas.

373 CECIL MONROE, Administrator, Division of Finance and Corporate

Securities, Department of Insurance and Finance: We are the primary regulator for state-chartered banks in Oregon. We have no objection to this bill and see no safety and soundness or other regulatory or supervisory problems with the concept.

TAPE 4, SIDE A

026 CHAIR SCHOON: The last sentence of the bill which says "Each Mobile facility shall be affiliated with an approved office of the institution, and shall operate within and about the community served by the approved office" is ambiguous and we need, for the record, to have some indication of how your office would interpret it.

035 MR. MONROE: Would we permit a mobile facility of a bank in Salem to operate in a 50 miles radius in the Willamette Valley? I don't think we would allow them to do that.

039 CHAIR SCHOON: I assume you would not let them go to Stayton because Stayton is served by banking facilities, but would you allow an Albany branch to run a mobile facility to HarriSB urg which doesn't have a bank?

045 MR. MONROE: Probably not unless the bank was able to make a case the community was not currently being served by the existing financial institutions in the area.

052 MR. BRAWNER: The sentence is intentionally written the way it is because it does not amend the other requirements for a branch application, nor does it seek to interfere with FDIC's approval. To obtain authorization even for a machine, one needs to pass it through Mr. Monroe if it is a state-chartered bank or through the OCC if it is a national bank and FDIC's approval is also needed. The branch must serve the convenience of the public.

063 REP. WALDEN: Will this lead to closure of branches and have them replaced by mobile facilities?

069 MR. BRAWNER: I think the reverse is true. This is not the whole picture of branching. I wouldn't see a mobile facility expanding the market area, but if the market area includes the town, this would provide the opportunity. Crater Bank resulted in full-fledged banking as they marketed that bank on Tuesdays and Thursday. They finally opened the branch five days a week.

094 REP. BARNES: Would there be other reasons why you would disapprove such a request from a bank?

095 MR. MONROE: Typically, when we get a branch application we investigate the need for the facility in that location and we evaluate it based on the safety and soundness of the institution and we ask how it will affect the overall financial operation of the bank. We ask who will be running the facility. Those are three or four considerations when we weigh the need for any facility.

113 REP. BARNES: Would you interfere with the competitiveness of the bank?

119 MR. MONROE: My philosophy is the regulator doesn't have any business interfering with the market place. If someone has a way to provide better service to a community, the regulator doesn't have any business interfering with the process, all things being equal. The market place should make the determination.

131 CHAIR SCHOON closes the public hearing and opens the work session on HB 230 9.

135 MOTION: REP. WALDEN moves that HB 2309 be sent to the Floor with a DO PASS recommendation.

143 VOTE: The Assistant calls the roll with all members present and voting AYE.

CHAIR SCHOON declares the motion PASSED.

(Tape 4, Side A) HB 2305 - EXEMPTS MORTGAGE BANKERS FROM REGISTRATION AS COLLECTION AGENCY BUSINESS

149 CHAIR SCHOON opens the work session on HB 2305.

152 MOTION: REP. WALDEN moves that HB 2305 be sent to the Floor with a DO PASS recommendation.

159 VOTE: The Assistant calls the roll with all members present and voting AYE.

162 CHAIR SCHOON declares the motion PASSED.

191 CHAIR SCHOON: Rep. Naito will carry HB 2305 on the Floor and Rep. Barnes will carry HB 2309.

216 CHAIR SCHOON declares the meeting adjourned at 2:00 p.m.

Respectfully submitted,

Reviewed by,

Annetta Mullins

Terry Connolly Assistant Administrator

EXHIBIT SUMMARY

A - Committee Rules, 3 pgs. B - HB 2305 Preliminary Staff Measure Summary, 1 pg. C - HB 2305 Legislative Fiscal Analysis, 1 pg. D - HB 2305 Revenue Impact Analysis, 1 pg. E - HB 2305, prepared statement, Frank Brawner, 3 pgs. F - HB 2309, Preliminary Staff Measure Summary, 1 pg. G - HB 2309, Legislative Fiscal Analysis, 1 pg. H - HB 2309, Revenue Impact Analysis, 1 pg. I - HB 2309, prepared statement, Frank Brawner, 2 pgs.