

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

April 11, 1991  
P.M.

Hearing Room F 1:30  
Tapes 65 - 68

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

MEMBER EXCUSED: Rep. Carolyn Oakley

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

MEASURES CONSIDERED: HB 2176 WS HB 2132 WS HB 2133 WS HB  
2297 WS SB 41 WS SB 454 PH & WS SB 209 PH & WS SB 3 PH & WS SB 8 PH & WS  
SB 11 PH & WS SB 12 PH & WS SB 13 PH & WS SB 17 PH

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TAPE 65, SIDE A

007 CHAIR SCHOON calls the meeting to order at 1:38 p.m. and opens the work session on HB 217 6.

HB 2176 - REQUIRES BOARD OF NURSING TO ESTABLISH RENEWAL PROCEDURE FOR CERTIFICATES OF NURSING ASSISTANTS.

008 CHAIR SCHOON: We passed this bill out without a subsequent referral to Ways and Means. We found out we do need it.

010 MOTION: REP. WALDEN moves to suspend the rules for purposes of reconsidering the vote by which HB 2176 was passed

014 VOTE: CHAIR SCHOON, hearing no objection to the motion, declares the motion PASSED. REPS. OAKLEY, STEIN AND RIJKEN are EXCUSED.

016 MOTION: REP. WALDEN moves that the committee reconsider the vote by which HB 217 6 was sent to the Floor and that HB 2176 be sent to the Floor with a DO PASS recommendation with a subsequent referral to the Committee on Ways and Means.

021 VOTE: In a roll call vote, REPS. BARNES, NAITO, WALDEN AND CHAIR SCHOON vote AYE. REPS. OAKLEY, STEIN AND RIJKEN are EXCUSED.

023 CHAIR SCHOON declares the motion PASSED.

030 CHAIR SCHOON opens the work session on HB 2132.

(Tape 65, Side A) HB 2132 - AUTHORIZES BOARD OF RADIOLOGIC TECHNOLOGY TO IMPOSE CIVIL PENALTY NOT TO EXCEED \$1,000 FOR VIOLATIONS OF STATUTES AND RULES RELATING TO LICENSING OF RADIOLOGIC TECHNOLOGISTS.

031 CHAIR SCHOON closes the work session on HB 2132 and opens the work session on HB 213 3.

(Tape 65, Side A) HB 2133 - INCREASES FEE FOR LICENSES OR PERMITS TO PRACTICE RADIOLOGIC TECHNOLOGY.

036 TERRY CONNOLLY, Administrator, reviews the provisions of HB 2133 and the HB 2133-1 amendments (EXHIBIT A).

042 CHAIR SCHOON: The amendment came from Oregon State University which has limited use of xray machines to do research.

048 MOTION: REP. WALDEN moves that the HB 2133-1 amendments BE ADOPTED.

050 VOTE: CHAIR SCHOON, hearing no objection to the motion, declares the motion PASSED. REPS. OAKLEY, STEIN AND RIJKEN are EXCUSED.

051 MOTION: REP. WALDEN moves that HB 2133, as amended, be sent to the Floor with a DO PASS recommendation.

052 VOTE: In a roll call vote, REPS. BARNES, NAITO, WALDEN and CHAIR SCHOON vote AYE. REPS. OAKLEY, STEIN AND RIJKEN are EXCUSED.

056 CHAIR SCHOON opens the work session on HB 2297.

(Tape 65, Side A) HB 2297 - REQUIRES INSURERS OR REGISTERED OWNERS TO REPORT TOTALED VEHICLES TO MOTOR VEHICLES DIVISION AND TO SUBMIT CERTIFICATE OF TITLE AND REGISTRATION PLATES IF POSSIBLE. Witnesses: Al Elkins, Oregon Auto Body Craftsmen Association John Powell, State Farm Insurance Companies and North Pacific Insurance Company Bill Murr, Legal Counsel, Oregon Auto Body Craftsmen Association Joanne Peterson, Motor Vehicles Division

058 MR. CONNOLLY reviews provisions of the bill and explains that a hand-engrossed version of bill (EXHIBIT B) and eight sets of amendments (EXHIBIT C) are before the committee. Al Elkins is here today if the committee would like to have him review the amendments.

074 AL ELKINS, Oregon Auto Body Craftsmen Association: We are in agreement with all proposed amendments and have no problem with anything in the bill. He reviews the hand- engrossed bill: >Section 1 adds Section 2 to Chapter 801. >Section 2 is the new definition of a totaled vehicle and incorporates on line 8 the -6 amendments submitted by Mr. Powell and by ourselves and the -8 amendments by the Oregon Auto Body Craftsmen Association. >Section 3 incorporates the -6 amendments and adds Section 4 to 5 because we have incorporated a new Section 4a. >Section 4 is new language and outlines penalty provisions for not adhering to the definition in relation to a total loss vehicle, a stolen vehicle that is not insured or a wrecked vehicle that is not insured. >The amendments on line 28 are the -4 amendments by DMV and Mr. Powell. The same amendments are in line 30 and have to do with the fact you do not have to surrender the registration plates to the Department of Motor Vehicles.

On page 2, plates are referred to in the -4 amendments from the Department of Motor Vehicles and Mr. Powell. >On page 2, lines 2 and 3 show the -4 amendments. >Lines 5-13 on page 2 have been crossed out.

Those are the -6 amendments submitted by Mr. Powell doing away with the penalty provisions. Section 4a speaks to new penalty provisions in relation to the insurance company that insure the vehicle. >On line 14, 4 is changed to 3 in the -6 amendments. >Section 4a is a new section and takes the place of lines 5 -13 listed above in the -6 amendments. It outlines what the insurer must do and lines 28 - 30 make it a violation of the Insurance Code. We are in agreement with that.

On page 2a, the new line 39 is from the -6 amendments. Section 5 has to do with penalty provisions for a person who does not adhere to the requirements. They have clarified that those penalties do not apply to the insurance company.

>In Section 7, on line 41, the new 4a or 5 has been inserted because of the new section. >Section 8, line 46 indicates the reference to the new 4a section.

Page 4, in line 5, are the -6 amendments submitted by Mr. Powell having to do with Section 4a. In previous sections we said a stolen vehicle could be related to theft. Mr. Powell has submitted those amendments so if there was no damage to the stolen vehicle, it would be exempted from being totaled.

164 REP. WALDEN: Doesn't that conflict with Section 2(2) on page 1?

MR. ELKINS: It doesn't conflict. It says if the vehicle is stolen, it is a totaled vehicle, but if it is not wrecked when recovered at a later time, the title does not have to be branded.

186 JOHN POWELL: The concern raised was an example under Section 2 of the bill. A total vehicle is one that is declared a loss by the insurer. If the car had been stolen and the company made payment to the insured, the company would be taking title and it would be, in essence, a total loss. Situations arise where a vehicle may have been stolen and hidden and no damage done. The language on page 4 allows for an exemption in that case from totalling if it is stolen and recovered.

207 REP. WALDEN: Why label a vehicle totaled if it is not damaged?

210 MR. POWELL: The insurer may have declared it a total loss and paid the insured. Now they recover the car after that has taken place and find it has not been damaged.

218 REP. WALDEN: What happens if the vehicle does not have a comprehensive policy on it.

212 MR. POWELL: We wouldn't know about it other than getting a deletion from the policy.

236 BILL MURR, Legal Counsel, Oregon Auto Body Craftsmen Association: If an individual recovered the vehicle there would be no necessity to mark the title. Under Section 2, since the vehicle was stolen and not recovered within 30 days, it would be considered a total vehicle. Whether the uninsured individual chose to turn in the title and mark it stolen to DMV is questionable. I presume they would probably go through the scenario, if for no other reason to establish a loss from a tax standpoint.

256 REP. WALDEN: If they get the vehicle back 31 days later, do they face a Class A misdemeanor if they don't have it branded as totaled?

256 MR. MURR: We have exempted them on page 4, line 27; it is not limited to insurers.

292 REP. WALDEN: If it is not damaged, why bother with this?

297 MR. MURR: We don't know if it is going to come back undamaged. Often times it is taken out on joy rides and beat up and it may be recovered many months later and it has to go to the salvage yard.

303 REP. WALDEN: Would Section 2(3) then apply? It talks about the 80 percent threshold.

327 MR. ELKINS: We wanted something to cover the uninsured vehicle that was stolen. This was the best language we could come up.

331 CHAIR SCHOON: If it is not damaged, why bother with it. The insurance company can take care of it, but why go through the title procedures?

335 MR. POWELL: The uninsured party was not part of our work. In the discussions on this, it has been pretty much understood that, in the case of someone without insurance, that these provisions would probably be fairly loosely interpreted. Meaning, in the case of a stolen vehicle, people are not necessarily going to understand they need to get the title in in a certain time. At the same time, I think there was a feeling that this legislation was trying to capture all vehicles that could possible be seriously wrecked. I think that is why they have tried to pick up the uninsured vehicle. As I read this, even if the party went through this process, submitted the title to be branded as totaled, the language on page 4 would apply to that party just like it would the insurer, i.e. they could go back to DMV and indicate that the car had been stolen and not damaged and get a title that is not branded.

380 REP. BARNES: What is the average time for the police to recover a stolen vehicle.

382 MR. ELKINS: Thirty days is usually the time provided for in insurance contracts.

388 MR. POWELL: In terms of insurance, I think it is realistic.

410 REP. NAITO: If a person doesn't have insurance and his/her car is stolen, does he/she have to wait 30 days before reporting it to DMV as a totaled vehicle?

417 MR. ELKINS: On page 1, Section 4(b) provides if a vehicle is stolen they have 30 days within the day the vehicle became a totaled vehicle to report it.

427 REP. NAITO: If they then recover the vehicle and it was not damaged, would they notify DMV they recovered it and that it was not damaged? Would DMV take the designation off the title?

432 MR. ELKINS: That is our understanding of how it would work through the Department of Motor Vehicles.

TAPE 66, SIDE A

010 CHAIR SCHOON: What does the insurance company do with the title when it has paid for the stolen vehicle.

012 MR. POWELL: In the case of a total loss, it would be surrendered to the Department of Motor Vehicles.

027 CHAIR SCHOON: Does the insurance company give the title to the department when the insurance company pays off a stolen vehicle?

029 JOANNE PETERSON, Motor Vehicles Division: Under present law they wouldn't turn it in to us unless the vehicle was known to be a destroyed

vehicle under the current definition. Under HB 2297, as proposed to be amended, they would turn the title in to us for two purposes. On a totaled vehicle it would be turned in so that if that vehicle ever shows up again it would be looked at and inspected and identified as to whether it was a damaged vehicle. By turning it in on the front end it also helps prevent that title certificate from being used in what is termed as a salvage-switch operation where the stolen vehicle is disassembled and the VIN number is put on another vehicle.

All that happens with our records at the time a title is turned in is we mark them to indicate that it was totaled. The title is surrendered for cancellation; no one has a title or a marked title. When the vehicle shows up again, the determination is made as to what happens and if a title is to be reissued, whether the title will be marked with a brand or not, depends on the amount of damage.

047 REP. NAITO: If a person gets his/her car back and it has not been damaged, what process would they go through?

058 MS. PETERSON: All vehicles, whether it is an insurance company or a private party, which would have a title surrendered under this section would become subject to a vehicle inspection for the VIN number. If a private individual surrendered the title, the person could certify to the damage. The insurance company that originally surrendered the title would need to make the certification if they don't want the title marked as damaged.

068 REP. NAITO: Would you put the burden on them to affirmatively state that the vehicle wasn't 80 percent damaged?

077 MS. PETERSON: I don't believe there is anything required of them except to turn in the title. If they then reapply for title, we are required to brand it unless the only reason for it being turned in originally was because it was stolen. There is no specific language, but I think there is an implication that they have to give us something or we would be putting the total loss on the title.

098 REP. WALDEN: Why do we have the stolen provision in the bill?

099 MS. PETERSON: There is a concern that when vehicles are stolen, they frequently are severely damaged and the vehicle identification number plate and the title certificates are used to title other stolen vehicles.

119 CHAIR SCHOON: What does "recovered" mean?

122 MR. ELKINS: My understanding is the police will probably get it back first and they will notify the owner.

124 CHAIR SCHOON: FOR THE LEGISLATIVE RECORD, it would have to be recovered

by the owner or whoever last held the title.

130 REP. NAITO: What percentage of stolen vehicles are recovered?

138 CHAIR SCHOON: Does the amendment on page 4 make sense?

143 MS. PETERSON: I don't have a problem with the amendment. I think the bill as originally drafted, on line 27 where they are adding "unless the reason for the report was theft..." there was some concern in the original draft that while we were backing out recovered-stolen, we weren't backing it out in all areas of the bill. I think this adds language to make sure we don't carry forth the brand or be required to

carry forth the brand if it was a recovered-stolen.

151 CHAIR SCHOON: You would brand the title of all vehicles reported stolen for over 30 days but if one were recovered with less than 80 percent damage then you would take the brand off.

155 MS. PETERSON: That is correct.

152 CHAIR SCHOON: What do you do to make sure it is the correct vehicle?

163 MS. PETERSON: There is a vehicle inspection of the identification number to ensure that it is the same vehicle. The division routinely does inspection of vehicles such as those coming from other states. If the number is removed it will be referred to Oregon State Police for further inspection. If it is still there and there are no signs of tampering or alteration, then we would be satisfied it was the same vehicle and would title it.

176 REP. BARNES: Total means two different things. In one case it means a financial loss to the owner or the insurance company and in another case it means the degree of damage the vehicle has suffered.

179 MR. ELKINS continues reviewing the hand-engrossed bill (EXHIBIT B). On page 5, lines 10 and 11 further add language to the record keeping process of the titling requirements of the Department of Motor Vehicles. That is in the -6 amendments submitted by Mr. Powell. Lines 25 and 26 do the same.

196 CHAIR SCHOON: In line 11, the last word is "reported" rather than "recovered."

19MR. POWELL: It should be "recovered."

204 MR. ELKINS: On page 7a, line 42 adds a new Section 12 from the -3 amendments proposed by the Department of Motor Vehicles. It requires the wording that goes on the accident reports informing the consumer of he/she has to do in relation to this new law. >On page 8, lines 1-9 are deleted and Section 13 is deleted in relation to the RICO provision and continues on page 9 and six lines on page 10. Lines 10 and 11 should be crossed out on page 8. >On page 11, the amendments in line 8 conform the remaining sections with Sections 4 and 4a. >On page 11, lines 43 and 44 amendments are from the - 6 amendments. The language is added to conform with the language on stolen vehicles that have been recovered.

300 MR. CONNOLLY: The -1 amendments are replaced by the -4 amendments and the -7 amendments are replaced by the -8 amendments.

310 MOTION: CHAIR SCHOON moves that the HB 2297-2, -3, -4, -5, -6 and -8 amendments BE ADOPTED.

338 VOTE: CHAIR SCHOON, hearing no objection to the motion, declares the amendments ADOPTED. REP. OAKLEY is EXCUSED.

338 MOTION: CHAIR SCHOON moves HB 2297, as amended, be sent to the Floor with a DO PASS recommendation and that it be referred to the Committee on Ways and Means.

360 REP. WALDEN: I will support your motion, but I am uncomfortable with the complexity of some of the process. Some of the individuals in my district in this industry expressed the same concern. They are afraid it may get overly burdensome on paperwork. I hope we aren't creating a lot more work and possible severe penalties for some who may not, for whatever reason, be able to comply or fail to comply. I still wonder if the 80 percent damage figure in terms of an older car won't

cause some problems along the way.

390 VOTE: In a roll call vote, REPS. BARNES, NAITO, STEIN, WALDEN, RIJKEN and CHAIR SCHOON vote AYE. REP. OAKLEY is EXCUSED.

403 CHAIR BARNES opens the work session on HB 2132.

(Tape 66, Side A) HB 2132 - AUTHORIZES BOARD OF RADIOLOGIC TECHNOLOGY TO IMPOSE CIVIL PENALTY NOT TO EXCEED \$1,000 FOR VIOLATIONS OF STATUTES AND RULES RELATING TO LICENSING OF RADIOLOGIC TECHNOLOGISTS. Witness: Jayne Bailey, Board of Radiologic Technology

410 CHAIR SCHOON: The last time we discussed this, there was a question on what was going to happen to the civil penalties.

TAPE 65, SIDE B

004 JAYNE BAILEY, Executive Officer, Board of Radiologic Technology: I chose five agencies for review of their statutes based on the size of the licensing board and the type of activity that they deal with. I found all five boards have authority to impose civil penalties of \$1,000 but there are some differences in how their funds are deposited and accounted for. The psychologists statute require that the funds be deposited to an account and are continuously appropriated to pay the expenses related to administering the board. Nurses have a specific clause within the civil penalty clause that says the penalties recovered need to be credited to a special account. Their statute says they need to keep track, by category. The Board of Dentistry asks that all fines imposed and collected be given to the county in which the action takes place. The county then pays for the expenses it incurs and deposits anything left over into the account of the Board of Dentistry to be used in carrying out the activities of that board.

The chiropractic statutes, very much like the psychologists, are not specific. It just says the money will be deposited in an account for chiropractic and will be used to administer the program. The statute for the Mortuary and Cemetery Board stipulates all amounts recovered will go into an account. It says the moneys will be used to enforce the chapter or for the purpose of education of funeral practitioners and embalmers.

054 Our existing statute for the Board of Radiologic Technology is like the Board of Nursing. It requires us to keep, by activity, the amount of money received and dispersed.

068 REP. NAITO: Do the other boards have a separate part of their statute authorizing the civil penalty to go into this fund?

069 MS. BAILEY: A couple of them have it specifically spelled out.

075 CHAIR SCHOON: If the place the money is to go is not specified, does it go in the General Fund?

077 MS. BAILEY: I am not certain.

085 CHAIR SCHOON: I suggest we deal with the bill and ask Mr. Connolly to check to make sure the money goes into the General Fund if we do not specify where it goes. I think that is what happens if they have no authority to keep the money. Are you not relying on this money to fund the enforcement?

091 MS. BAILEY, by nodding, indicated they are not relying on the penalties.

092 REP. NAITO: My concern is that they are able to take out the cost

of legal action.

097 REP. STEIN: The Legislative Fiscal Analysis (EXHIBIT D) indicates the costs will probably be \$5,500 and they will make between \$4,000 and \$7,000. A bite of \$5,000 out of their budget would make a difference.

103 CHAIR SCHOON: An alternative would be the "continuously appropriated" language.

104 REP. STEIN: That is what I would suggest. If it gets out of hand, in two years the Ways and Means Committee will be able to look at it.

111 MS. BAILEY: The expenses indicated in the fiscal impact statement are for the hearings officer. We are anticipating that existing board staff will be able to absorb the additional work load. Presently this is not in our 91-93 budget. We were told if this legislation does pass we could go to the Emergency Board for funds to cover the hearings officer. We are not interested in this issue as a means to enhance our staff; we were interested in being able to cover the fund to hire a hearings officer.

131 CHAIR SCHOON: I will move to have the money continuously appropriated to the division. The Board of Nursing statute has a sentence which reads "such moneys are appropriated continuously and shall be used only for the administration and enforcement of ORS ..."

136 MOTION: CHAIR SCHOON moves, in concept, to amend HB 2132, that the moneys be appropriated to the division for enforcement of the statutes, that Legislative Counsel draft the amendments and that it be brought back to the committee to make sure it is correct.

168 REP. STEIN: I don't know if you want to say "for purposes of enforcement of the statutes" because they may end up with \$500 and ask what they are supposed to do with it. It should be "continuously appropriated."

173 CHAIR SCHOON: It says more than just enforcement.

175 VOTE: CHAIR SCHOON, hearing no objection to the motion, declares the motion PASSED. REP. OAKLEY is excused.

178 CHAIR SCHOON closes the work session on HB 2132.

189 CHAIR SCHOON opens the public hearing and work session on SB 454 B-ENG.

(Tape 65, Side B) SB 454 B-ENG. - REVISES FEES RELATING TO SECRETARY OF STATE'S BUSINESS REGISTRY FUNCTIONS. Witnesses: Mike Greenfield, Deputy Secretary of State Jan Sullivan, Administrator, Corporation Division

The Senate Staff Measure Summary, Legislative Fiscal Analysis and Revenue Impact Statement are hereby made a part of these minutes (EXHIBIT E).

195 MIKE GREENFIELD, Deputy Secretary of State, introduces Jan Sullivan, Administrator, Corporations Division.

199 JAN SULLIVAN, Administrator, Corporations Division, submits and paraphrases a prepared statement in support of SB 454 A-ENG. (EXHIBIT F).

256 Issues discussed: >Fees for non-profit organizations have been reduced from \$40 to \$20 by Ways and Means. The fee was changed from \$30 to \$20 for reinstatements and for annual reports from \$20 to \$10. >Surcharge fees were established in 1985 for the purpose of collecting



money for automation. Automation was completed in 1985 and has been updated over the years. >Division estimates collecting \$1.7 million in surcharge fees during the biennium.

302 REP. WALDEN: When we talk about trying to get credibility with the voters, it gets a little dicey when we tell them we need the extra money for a cause and after the clause has been completed, we say we need the money for something else or we just keep it. It is a philosophical argument. I would understand if there is a need for more automation.

313 MR. GREENFIELD: We took a look at the budget when Secretary Keisling arrived in the office and significantly reduced the fee amounts and asked Ms. Sullivan to closely work with those who have to pay the fees so they would understand what the money would be used and why we were doing this. I think we have had the dialogue with the people who are paying the bill.

364 REP. STEIN: Did you survey the surrounding states to see what their fees are?

364 MS. SULLIVAN: Yes, we did. The majority of the fees in Oregon are lower than what we found in other states. Even in the Northwest states we found we were in many cases lower than most states.

359 REP. BARNES: I would assume some of the required filings are imposed by government. What is the relationship between the cost of making these filings to your office and the charges?

390 MS. SULLIVAN: In processing non-profit corporation filings, we spent much more time processing and perfecting those filings and assisting those people because they are not usually done through a law firm. Assumed business names are not as complicate, however, they are done by individuals and we spend more time hand-holding. Business corporations are usually filed through attorneys and they are pretty much perfected when we get them. Our computer costs are averaging about \$20,000 per month. The fees for non-profits have not been changed since 1959.

438 REP. STEIN: Is Section 2 the standard for-profit corporation fee schedule?

TAPE 66, SIDE B

004 MS. SULLIVAN: Section 1 of the bill establishes the operating account for the General Fund. Sections 2 through 35 starts the fee standardization. Chapter 58 is the professional corporations, Chapter 60 is the business corporations, Chapter 62 relates to cooperatives, Chapter 70 is limited partnerships, Chapter 647 is trademarks and ORS 554 is irrigation districts.

043 When we apply the standardization, some fees may have gone up and some have decreased and there are some new fees.

051 REP. NAITO: Do you pay for your entire division with these filing fees?

051 MS. SULLIVAN: My budget is from General Funds. We have a limitation we use from our Automation Account.

058 CHAIR SCHOON: It looks like you are raising about \$2.0 million for the General Fund.

067 MR. GREENFIELD: The process of standardizing the fees yielded, in the first go through prior to my arrival, a larger increase than that. I think the fees are still lower than the other states and yet yielded

that increase in revenue. Even prior to this time, the fees collected by the Corporation Division had a positive effect on the General Fund.

083 REP. WALDEN: For me, it is the issue of the continuation of the surcharge when it is not needed.

102 CHAIR SCHOON closes the public hearing on SB 454 and opens the work session on SB 454.

101 CHAIR SCHOON: The bill has been to Ways and Means already.

Issues discussed: >Fee structure, in most cases, is a combination of the fee and the surcharge combined. >If the division did away with the surcharge, it would mean \$1.7 million less to the General Fund. >Standardized fees are easier for those using the filings.

REP. STEIN: People are getting a good bargain. It is anticipated in the Governor's budget and I am not willing to give up another \$8 million; I am willing to go along with it.

240 MOTION: REP. STEIN moves that SB 454 B-Eng. be sent to the floor with a DO PASS recommendation and that it be referred to the Committee on Ways and Means.

274 REP. BARNES: I am going to reluctantly vote for this. I have dealt with the Corporation Division and think they are pretty well organized and I think they do things businesslike. I will vote for the motion, but I am not very comfortable.

281 VOTE: In a roll call vote, REPS. BARNES, NAITO, STEIN, RIJKEN and CHAIR

SCHOON vote AYE. REP. WALDEN votes NO and REP. OAKLEY is EXCUSED.

283 CHAIR SCHOON declares the motion PASSED.

287 CHAIR SCHOON opens the work session on SB 41 A-Eng.

(Tape 66, Side B) SB 41 A-ENG. - REQUIRES CERTIFIED SHORTHAND REPORTERS TO PAY CERTIFICATION RENEWAL FEE OF \$100 BIENNIALY.

301 MR. CONNOLLY: When the committee first heard the bill, there was a question as to whether or not there was a sunset required on this bill. There is no sunset. The bill does have a subsequent referral to Ways and Means.

313 CHAIR SCHOON: I have made myself a note to write a letter to the Speaker and suggest we look at all the licensing and registrations bills to determine whether we should have a sunset on them. We sunset boards because we think there may not be a reason for the function and I would think the same would apply to a function even though they don't have the title of a board but are doing much the same thing. I will ask that this be one of the interim items we deal with.

347 MOTION: REP. BARNES moves that SB 41 A-Eng. be sent to the Floor with a DO PASS recommendation and that it be referred to the Committee on Ways and Means.

352 VOTE: In a roll call vote, all members present vote AYE. REP. OAKLEY is EXCUSED.

360 CHAIR SCHOON opens the public hearing on SB 209.

(Tape 66, Side B) SB 209 A-ENG. - REQUIRES SOLE PROPRIETORSHIP, PARTNERSHIP, CORPORATION OR OTHER LEGAL ENTITY ENGAGED IN INCOME TAX

PREPARATION TO REGISTER ANNUALLY WITH STATE BOARD OF TAX SERVICE EXAMINERS. Witnesses: Carol Gee, public member, Board of Tax Service Examiners Joyce Thorbeck, Administrator, Board of Tax Service Examiners

The Senate Staff Measure Summary, Legislative Fiscal Analysis and Revenue Impact statement are hereby made a part of these minutes (EXHIBIT G).

347 CAROL GEE, Vice-Chair and public member of the Board of Tax Service Examiners, submits a prepared statement, board activity information and bill explanation. She reads the prepared statement (EXHIBIT H).

TAPE 67, SIDE A

013 REP. NAITO: If a firm has four tax consultants, would they need to have a firm fee and a fee for each consultant?

015 MS. THORBECK: Each individual consultant would need an individual license, but the firm would only need one firm registration among the four owners.

024 REP. NAITO: Are these fees the sole funds for your operation?

026 MS. THORBECK: Yes, we are entirely supported by our examination and license fee and a couple of miscellaneous fees. We have no General Fund money. These increases are needed even if we did nothing new. The fees were last increased in 1987.

035 CHAIR SCHOON: What is your total budget for the biennium?

036 MS. THORBECK: Our budget request is for \$588,000 for next biennium. The program includes licensing, enforcement, writing and administering exams, a public education program and monitoring the professional education of the licensees. There is a four-person staff and about 4,000 licensees and about 1,600 businesses.

080 CHAIR SCHOON closes the public hearing and opens the work session on SB 209 A-ENG.

089 MOTION: CHAIR SCHOON moves that SB 209 A-ENG. be sent to the Floor with

a DO PASS recommendation and that it be referred to the Committee on Ways and Means.

094 REP. NAITO: I have a problems with there being a fee on the business as well as on each individual in the business. This is in addition to other filings and forms. I have no problem with increasing fees of the individuals to pay for the program, but I do have problems setting up a new classification and will vote no on this.

108 MS. THORBECK: The majority of the licensees we talked to, even those who owned a business, supported the idea of a business registration fee over increases in individual license fees.

148 VOTE: In a roll call vote, REPS. BARNES, STEIN, RIJKEN and CHAIR SCHOON

vote AYE. REPS. NAITO and WALDEN vote NO. REP. OAKLEY is EXCUSED.

153 CHAIR SCHOON declares the motion PASSED.

(Tape 67, Side A) 149 STEVE SMITH, Deputy State Treasurer: We are prepared to deal with the series of bonding bills in any fashion. The bills deal with a lot of types of bonding. We can spend five minutes

talking about the types of bonds we issue and why we issue them to help explain the bills. Chuck Smith, Debt Management Division, will give an overview of the bonds and what we do in the Treasury when we issue debt.

174 CHUCK SMITH, Debt Manager, Oregon State Treasury, using SB 5570 as an aid, explains the various kinds of bonds sold by the State of Oregon: general obligation bonds which are backed with the full faith and credit of the State; revenue bonds which are backed by the revenues of the projects or loans that the original bond proceeds were used to fund; certificates of participation, a mechanism where the State finances through the Department of General Services and are usually based on lease-purchase agreements; and private activity bonds which are sold to benefit private companies and private individuals.

379 CHAIR SCHOON opens the public hearing on SB 3.

(Tape 67, Side A) SB 3 - PERMITS STATE TREASURER TO EXERCISE DISCRETION IN CHARGING FEES FOR CERTAIN BOND TRANSACTIONS. Witness: Darren Bond, Oregon State Treasury

The Senate Staff Measure Summary, Legislative Fiscal Analysis and Revenue Impact Analysis are hereby made a part of these minutes (EXHIBIT I).

379 DARREN BOND, Cash Management Coordinator for the Oregon State Treasury, submits and reads a prepared statement in support of SB 3 (EXHIBIT J).

402 CHAIR SCHOON closes the public hearing and opens the work session on SB 3.

410 MOTION: REP. RIJKEN moves that SB 3 be sent to the Floor with a DO PASS

recommendation.

412 VOTE: In a roll call vote, all members present vote AYE. REPS BARNES and OAKLEY are EXCUSED.

CHAIR SCHOON declares the motion PASSED.

417 CHAIR SCHOON opens the public hearing on SB 8.

(Tape 67, Side A) SB 8 - INCREASES MINIMUM PAR VALUE OF BOND ISSUE FOR WHICH SALE NOTICE IN NATIONAL FINANCIAL NEWSPAPER BE PUBLISHED FROM \$3 MILLION TO \$10 MILLION. Witness: Chuck Smith, Oregon State Treasury

The Senate Staff Measure Summary, Legislative Fiscal Analysis and Revenue Impact Analysis are hereby made a part of these minutes (EXHIBIT K).

420 CHUCK SMITH, Debt Manager, Oregon State Treasury, submits and paraphrases a prepared statement in support of SB 8 (EXHIBIT L).

TAPE 68, SIDE A

024 CHAIR SCHOON closes the public hearing and opens the work session on SB 8.

027 MOTION: REP. RIJKEN moves that SB 8 be sent to the Floor with a DO PASS

recommendation.

028 VOTE: In a roll call vote, all members present vote AYE. REPS.

BARNES and OAKLEY are excused.

030 CHAIR SCHOON declares the motion PASSED.

032 CHAIR SCHOON opens the public hearing on SB 11.

(Tape 68, Side A) SB 11 - AUTHORIZES PRIVATE ACTIVITY BOND COMMITTEE TO REALLOCATE FUNDS FOR USE DURING CALENDAR YEARS. Witness:Chuck Smith, Oregon State Treasury

The Senate Staff Measure Summary, Legislative Fiscal Analysis and Revenue Impact Analysis are hereby made a part of these minutes (EXHIBIT M).

033 CHUCK SMITH, Debt Manager, Oregon State Treasury, submits and paraphrases a prepared statement in support of SB 11 (EXHIBIT N).

055 CHAIR SCHOON closes the public hearing and opens the work session on SB 11.

056 MOTION: REP. RIJKEN moves that SB 11 be sent to the Floor with a DO PASS recommendation.

058 VOTE: In a roll call vote, all members present vote AYE. REPS. BARNES and OAKLEY are EXCUSED.

060 CHAIR SCHOON declares the motion PASSED.

060 CHAIR SCHOON opens the public hearing on SB 12.

(Tape 68, Side A) SB 12 - DISSOLVES THE ADVISORY COUNCIL ON THE ALLOCATION OF THE STATE PRIVATE ACTIVITY BOND LIMIT. Witness:Chuck Smith, Oregon State Treasury

The Senate Staff Measure Summary, Legislative Fiscal Analysis and Revenue Impact Analysis are hereby made a part of these minutes (EXHIBIT O).

061 CHUCK SMITH, Debt Manager, Oregon State Treasury, submits and paraphrases a prepared statement in support of SB 12 (EXHIBIT P).

073 CHAIR SCHOON closes the public hearing and opens the work session on SB 12.

074 MOTION: REP. RIJKEN moves that SB 12 be sent to the Floor with a DO PASS recommendation.

078 VOTE: In a roll call vote, all members present vote AYE. REPS. BARNES and OAKLEY are EXCUSED.

080 CHAIR SCHOON declares the motion PASSED.

082 CHAIR SCHOON opens the public hearing on SB 13.

(Tape 68, Side A) SB 13 - DELETES AUTHORIZATION FOR CERTAIN FORMS FOR BONDS. Witness:Chuck Smith, Oregon State Treasury The Senate Staff Measure Summary, Legislative Fiscal Analysis and Revenue Impact Analysis are hereby made a part of these minutes (EXHIBIT Q).

083 CHUCK SMITH, Debt Manager, Oregon State Treasury, submits and paraphrases a prepared statement in support of SB 13 (EXHIBIT R).

092 CHAIR SCHOON closes the public hearing and opens the work session on SB 13.

093 MOTION: REP. RIJKEN moves that SB 13 be sent to the Floor with a DO PASS recommendation.

095 VOTE: In a roll call vote, all members present vote AYE. REPS. BARNES and OAKLEY are EXCUSED.

097 CHAIR SCHOON declares the motion PASSED.

098 CHAIR SCHOON opens the public hearing on SB 17.

(Tape 68, Side A) SB 17 - DESIGNATES STATE TREASURER AS APPROVAL AUTHORITY FOR REVENUE BONDS ISSUED BY HEALTH, HOUSING, EDUCATIONAL AND CULTURAL FACILITIES AUTHORITY. Witnesses:Mike Ryan, Oregon State Treasury Chuck Smith, Oregon State Treasury Richard Hofland, City of Portland The Senate Staff Measure Summary, Legislative Fiscal Analysis and Revenue Impact Analysis are hereby made a part of these minutes (EXHIBIT S).

099 MIKE RYAN, Executive Assistant to the State Treasurer, submits and reads a prepared statement (EXHIBIT T).

135 REP. STEIN: Who approached you to add health facilities?

145 MR. RYAN: The City of Portland principally did. They are, and have done a number of financings of this nature. I believe a representative of the City of Portland is here to present testimony and will be able to address your specific questions about why they have a concern and why they are in full support of the legislation.

152 REP. STEIN: My concern is we have excess hospital capacity in Portland; I have some sympathy for rural areas. We are also trying in other parts of this building to deal with the proliferation of technological equipment which is driving our health care costs sky high. Why are we making it easier to do this?

159 MR. RYAN: This would not necessarily make it easier to acquire any financings of any proposed facilities. It would provide a different way to go about moving forward with those potential financings. Right now they have the ability to move to the market through their municipality.

171 CHUCK SMITH: I think the stamp of HECFA on the bond issue will make some marginal difference in the cost of the bonds. It would not be a substantial difference because the bonds through HECFA are backed solely by, for instance, the hospitals involved. They would be able to achieve some marginal savings on the interest costs and some reduction in administrative costs to sell the bonds.

180 REP. STEIN: What ability do hospitals and health facilities have to use the municipal system? Is it in the law?

188 RICHARD HOFLAND, Acting Debt Manager, City of Portland: We did initially approach the State Treasurer about amending the HECFA legislation to allow the additional conduit financings for health facilities. We have a couple of reasons for encouraging this change. He submits and reads a prepared statement in support of SB 17 (EXHIBIT U).

266 REP. STEIN: Would you say this is primarily an issue in an urban area where there are multiple jurisdictions in health care?

267 MR. HOFLAND: I think that is the case. It certainly is an issue in the Portland area. It may be the case in other places.

269 REP. STEIN: HECFAs may be appropriate in other rural areas. Have you heard from anyone otherwise?

271 MR. HOF LAND: We did hear there are some rural areas who definitely want to continue using their Local Hospital Facility Authority. We have carefully structured this to not do away with the local authorities. In some communities, memberships on the HFA boards are a community position to hold. They want that body to continue to represent and do the financings in their local communities. In the case of the City of Portland, it administratively takes time. It is stuff we have to deal with and it is not in our business plan. At the same time we don't want to deny hospitals reasonable access to the tax exempt market provided by the Legislature. We don't feel we can say we are just not going to do that for you. As a matter of public policy, we need to do that. We would like to provide an alternative where if someone approaches us, we can tell them to go see the State Treasurer.

295 CHAIR SCHOON closes the public hearing and opens the work session on SB 17.

298 REP. STEIN: I think we were in a very different situation in 1973 in health care. It may have been a good public policy to try to support through tax policy, the building of hospitals and health care facilities. I think we are in a very different situation now and I have done a lot of research on what is driving up health care costs. In the Portland area we have hospitals that are 50 percent empty. I think it is contrary to public policy for us to encourage in any way the building of hospitals. I would rather get rid of the HECFAs. I will not support this and will work against it because I think this is contrary to the best thinking we have now on health policy.

314 CHAIR SCHOON: You were talking about refunding on some of the bonds that were issued previously. Could those bonds, or bonds similar to them, be refunded under the new provisions?

318 MR. HOF LAND: Yes. HECFA would be able to refund HFA bonds issued in the state by a local HFA. That is my understanding of the intent. The state would not assume the debt that has been issued by the local HFAs. I refer to the \$140 million we have outstanding. That would not immediately be assumed under the state. We would continue to carry that and have a local HFA until the bonds are paid.

330 CHAIR SCHOON: Mr. Smith, could you give us your thoughts on that. We would have some concern if we felt that with vacancies in hospitals now some of the bonds might be coming due and that the state would be assuming the obligation.

357 CHUCK SMITH: The current refunding is a good example. It is an opportunity to reduce their interest costs. Communities, businesses and hospitals alike take the opportunity when interest rates drop to go into the bond market and do a refunding. In this case it is a very substantial savings. They issued bonds in the early 1980's when the rates were two and three percent higher than they currently are. They have an opportunity come in and do a refunding. The State does those kind of refundings when they are available as well. The practice of refunding is a good sound fiscal practice whether it is a hospital or the State of Oregon.

If we are looking at an opportunity to do a financing, if we are looking at perhaps restricting hospitals, it would seem like the other mechanisms within state government might control mechanisms and licensing, etc., might be more applicable than working on the financing side. The financing side may provide benefits for some hospital that are truly needed or some other truly needed purpose. The intent of this is to provide an efficient mechanism to help those kinds of hospitals out. If there was a restriction on additional hospital construction or acquisition of high-priced equipment, perhaps that would be more

directly addressed to the hospital regulatory mechanism.

393 MIKE RYAN: I am not an expert in the health field. It is my understanding there are several fairly significant steps that hospitals must go through to prove the need for hospital bed expansion. What we are talking about here is once that whole process has moved forward, which I understand the Legislature does have control of, to test whether the facilities are needed for expansion purposes, the bonds would never be issued if it was not possible to repay those bonds. There are very strict requirements on the stream of revenue to pay off the debt. If that isn't there, the bonds are not going to be issued. This would be perceived as the end of a whole series of tests.

431 REP. STEIN: The mechanisms we have in place are not working. We are sunseting the mechanism for the need process for hospitals right now. If we are going to consider this, I would want to wait a couple of years because there are several bills trying to deal with how to get control over increases in technology and facilities. This doesn't seem like a good time to create a loophole because we may end up with a sunset and nothing to substitute. If they can show themselves to be financially viable they are going to make it, but the cost of showing that financial viability might be to put somebody else out of business that should be in business. Competition in the health care market doesn't work quite the way it does in other markets. That is one of the things I am concerned about.

457 MR. RYAN: If this legislation were to not move forward during the studies, the current authority for hospitals will continue. This bill would allow the centralization of some of that debt. This is not a loophole in the sense of it being a brand new door that has never been opened. The door is open for hospitals to move through municipalities. I understand there have been hospitals that have shopped for municipalities. This would be a centralization of that process.

TAPE 67, SIDE B

038 REP. STEIN: I think we need to be looking at the whole HECFA thing. You are centralizing something that may not be good public policy now. I would like to take a look at the front end policy. There may be reason in terms of the refunding. Once those bonds are out there, we can't get out of the obligations. If the City of Portland doesn't want to deal with bonds for Gresham, it may make some sense for this body to centralize refunding.

044 MR. RYAN: That would be allowable if this...

045 REP. STEIN: It is almost a policy issue of suggesting that the state, by adding health, that this is the kind of thing we want to encourage--to build more hospitals. It just doesn't make any sense. I can't support it the way it is.

052 CHAIR SCHOON: Is the original bill needed for designating someone to be the appropriate body?

054 MR. RYAN: It would make the process simpler in some instances. It really is a ministerial function. Although the process has been completed, the paperwork is essentially bundled and we are in need of a signature. The way HECFA has been structured by the Legislature, the Treasurer has the appointing authority for all five members of HECFA. Through the relationship with HECFA and the review process, the final review process of the issuance of that debt is the State Treasurer. It would seem appropriate to close that loop in the sense of having the final authorization for the issuance of the debt also rest with the State Treasurer.



065 MR. HOFLAND: As the City of Portland approached this proposal (and I am really sympathetic with Rep. Stein's concerns about technology and vacancy rates in hospitals) as an administrative solution to something that is administratively hard for us in Portland to deal with. We are not in the health business and we have nobody who is a health expert. When the hospital approaches the authority, we are required to keep seven members of a board that meets infrequently. We always have a problem having enough people willing to serve on a board that essentially doesn't have any work to do. Then when there is something to do they have to meet like three times a week for two months. People are not interested in serving in a public capacity of that sort, but we have to have board members in order to have a legal entity.

080 When they come to me as the Debt Manager for the City of Portland, the hospital pays all the cost of the financing. They reimburse us for financial advice, bond counsel services and staff time I spend on it, but it doesn't translate into my ability to go out and get somebody to help me do the deal. It translates into a lot more work always at an inconvenient time. Unlike City debt where I control the schedule, we are at the whim of when the hospital wants to do this. We could be hard nosed about it and say it is inconvenient and we won't do it, but that doesn't fit with our overall policy of having the HFA which is to be a service to the hospitals as a conduit financing. It is an administrative hassle for us to have to do it.

100 REP. STEIN: Do you have to have one (HFA)?

100 MR. HOFLAND: We do not have to have one.

101 REP. STEIN: Why don't you say we are not going to have one in the City of Portland because we don't need any more hospitals in Portland?

102 MR. HOFLAND: That is an option. The City has felt they want to be in the business of providing the conduit opportunity for local health care providers.

105 REP. STEIN: When did they make that decision?

105 MR. HOFLAND: In 1973.

105 REP. STEIN: I think they ought to review their decision. Maybe the refunding authority could be shifted and the City of Portland could get out of the business of having a Health Authority because we don't need any more hospitals in Portland. It may be time to take a look at that decision.

111 REP. WALDEN: It is more than just creating new hospitals in Portland. In my own community there was an extensive private fund raising drive to expand the existing hospital which had not been expanded since the 1940's. In order to get chemotherapy you had to be wheeled outside and back into another room where the doctor came once a week. There are areas of the state that do need some assistance in development. Maybe we need to modify where this can happen. We have people who have to commute to Portland every day for radiation, 60 miles each way.

120 REP. STEIN: I am very sympathetic with rural health care. We need to know if the HECFAs are enough for the rural areas. It doesn't sound like you save very much money by doing this. It sounds like an urban problem for health care and we perhaps need to deal with it differently in the rural areas. I would like to know from other communities if the local Health Financing Agency is enough.

132 REP. NAITO: Is there a way we can pass this bill to allow the refunding to take place without granting new authority to put bonds out

for this purpose?

134 MR. HOFLAND: We could restrict the authority at the HECFA level.

140 CHAIR SCHOON closes the public hearing on SB 17 and declares the meeting adjourned at 4:40 p.m.

Respectfully submitted, Reviewed by,

Annetta MullinsTerry Connolly Assistant

Administrator

EXHIBIT SUMMARY

A -HB 2133, HB 2133-1 amendments, Keith Mobley B -HB 2297, hand-engrossed HB 2297, Al Elkins C -HB 2297, HB 2297-1 through -8 amendments, various persons D -HB 2132, Legislative Fiscal Analysis, staff E -SB 454, Senate Staff Measure Summary, Legislative Fiscal Analysis and Revenue Impact Analysis, staff F -SB 454, prepared statement, Jan Sullivan G -SB 209, Senate Staff Measure Summary, Legislative Fiscal Analysis and Revenue Impact Analysis, staff H -SB 209, prepared statement, Carol Gee I -SB 3, Senate Staff Measure Summary, Legislative Fiscal Analysis and Revenue Impact Statement, staff J -SB 3, prepared statement, Darren Bond K -SB 8, Senate Staff Measure Summary, Legislative Fiscal Analysis and Revenue Impact Statement, staff L -SB 8, prepared statement, Chuck Smith M -SB 11, Senate Staff Measure Summary, Legislative Fiscal Analysis and Revenue Impact Statement, staff N -SB 11, prepared statement, Chuck Smith O -SB 12, Senate Staff Measure Summary, Legislative Fiscal Analysis and Revenue Impact Statement, staff P -SB 12, prepared statement, Chuck Smith Q -SB 13, Senate Staff Measure Summary, Legislative Fiscal Analysis and Revenue Impact Statement, staff R -SB 13, prepared statement, Chuck Smith S -SB 17, Senate Staff Measure Summary, Legislative Fiscal Analysis and Revenue Impact Statement, staff T -SB 17, prepared statement, Mike Ryan U -SB 17, prepared statement, Richard Hofland