

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

May 28, 1991
P.M.

Hearing Room F 1:15
Tapes 83 - 84

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: SB 4 WS SB 10 WS SB 492 WS SB 798 WS
SB 832 WS SB 601 WS SB 789 WS SB 205 WS SB 206 WS SB 227 WS SB 230 WS SB
470 WS

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TAPE 84, SIDE A

010 CHAIR SCHOON calls the meeting to order at 1:28 p.m. and announces that the Speaker did not give the committee permission to have a work session on HB 3356. Therefore the committee will not act on the bill.

016 CHAIR SCHOON opens the work session on SB 4.

(Tape 83, Side A) SB 4 - ADDS TO PUBLIC RECORDS LAW EXEMPTIONS CERTAIN INFORMATION IN POSSESSION OF STATE TREASURER RELATING TO COLLATERAL AT DEPOSITORY BANKS, UNLESS PUBLIC INTEREST REQUIRES DISCLOSURE IN PARTICULAR INSTANCE. Witnesses: Michael Ryan, Office of State Treasurer Gary Brubaker, Office of State Treasurer

017 TERRY CONNOLLY, Administrator, reviews provisions of the bill.

022 CHAIR SCHOON: Public interest is described by the Attorney General under ORS 192.450 determining what disclosure is needed in the public interest. This is not a new task for the Attorney General.

032 REP. BARNES: Subcommittee No. 1 held a hearing on the bill and voted it out with a do pass recommendation to the full committee.

044 MICHAEL RYAN, Executive Assistant to the State Treasurer: The bill addresses one specific piece of information. That is whether the names of financial institutions which the director of the Department of Insurance and Finance would notify the State Treasurer to move (to require 110 percent collateral), based on information in the possession of the Department of Insurance and Finance. There is a flaw in the statute. The information at the point of notification of the State Treasurer is exempt from public disclosure. When it is received by the State Treasurer's office it is no longer exempt. We are talking about names of the institutions and correspondence between the Treasurer and those institutions and the Collateral Pool Manager that moves them from 25 to 110 percent.

061 Issues discussed: >Whether the public should know that the institution must increase its collateral. >No time limit on period of time that information may be withheld.

121 MOTION: REP. BARNES moves that SB 4 A-Eng. be sent to the Floor with a DO PASS recommendation.

147 GARY BRUBAKER: Most communications would be between the Department of Insurance and Finance and the Attorney General's office as to whether they would disclose the information. They are in a much better position to disclose the reasons why an institution might be put on the 110 percent list. The reason we would like the information to not be disclosed is that private funds would already be insured up to \$100,000 through the FDIC. The reason we increase the collateral is that public funds are only collateralized up to 25 percent on anything above \$100,000. Once the increase is made to 110 percent all public funds are insured through the delivery of the collateral. No public funds would be lost should that institution be closed.

176 MR. RYAN: If there is a request for disclosure of a list of those institutions that are on the 110 list, that request would go to the Attorney General's office for determination. The requestor would have to provide information to the attorney general on why they requested the information. The attorney general would take that under advisement. There is not an automatic review created within this bill, but a process.

203 VOTE: In a roll call vote all members present vote AYE. REP. RIJKEN is

EXCUSED. REP. RIJKEN, by unanimous consent of the committee, votes AYE (Tape 83, Side A at 458).

206 CHAIR SCHOON declares the motion PASSED. Chair Schoon will lead discussion on the Floor.

213 CHAIR SCHOON opens the work session on SB 10 A-Eng.

(Tape 83, Side A) SB 10 A-ENG. - ALLOWS STATE AGENCIES TO REQUIRE THAT PAYMENTS TO AGENCIES ABOVE DESIGNATED AMOUNTS BE MADE BY ELECTRONIC FUNDS TRANSFER.

217 MR. CONNOLLY reviews provisions of the bill and informs the committee that the SB 10 A-2 amendments were submitted by the State Treasurer's office (EXHIBIT A).

231 CHAIR SCHOON: The amendments would require that all electronic fund transfer be done through the automated clearing house following the rules of the National Automated Clearing House Association. That is the way transfers are now made between banks and it establishes it as the procedure to use.

240 REP. STEIN: Do we run into the problem of applying our law to the federal law or an association?

248 MR. CONNOLLY: There have been other measures before this committee where the concern of linking an Oregon statute to a federal rule in event the federal law changes. The committee changed HB 2308 and gave the Health Division authority in another bill to establish a rule on small parts of toys as opposed to linking it to the federal law. Legislative Counsel advised that gives more flexibility to the Oregon statute.

262 MOTION: CHAIR SCHOON moves that the SB 10-A2 amendments be amended to add "in effect on the effective date of this act."

285 CHAIR SCHOON: This does not affect individual tax payers. It is for payments made to state agencies for various things including insurance premiums which was a major consideration of the Treasurer in bringing this to us because a lot of them are from Eastern banks and there is a lot of float time. These are very large payments and the Treasurer's office has assured me they only intend to implement this for large tax payers with large withholdings.

309 TIM MARTINEZ, Oregon Bankers Association: We worked with the Treasurer's office and clearing house on the amendments. The clearing house association is an association of clearing houses throughout the country that process checks.

321 CHAIR SCHOON: The problem is this tends to be a delegation of legislative authority to an outside entity.

328 MR. MARTINEZ: We would probably have a problem with the amendment because the rules do change. We would have to come back every time a change occurs if we said "in effect on the effective date."

338 REP. WALDEN: How important is this amendment?

MR. RYAN: It puts some consistency throughout the financial community in not only how the information flows but also the transfer of the dollars. It is an association comprised of the financial community itself so they are all talking common language for the transfer of funds and information.

350 REP. NAITO: Could it be changed to put the requirement (SB 10-A2 amendments) under Section 2 as a new subsection? That would leave it up to the discretion of the agency to adopt rules.

371 CHAIR SCHOON: It appears that we aren't creating a law that requires people to do something based on a particular set of rules. We are simply saying that the organizations that do the transfers, in order to maintain consistency, will follow the rules and regulations of the clearing house.

414 CHAIR SCHOON withdraws his motion to amend the SB 10-A2 amendments.

419 MOTION: REP. STEIN moves that the SB 10-A2 amendments be amended to say "All electronic funds transfer entries through an automated clearinghouse shall follow the rules promulgated by the State Treasurer which shall be substantially similar to those adopted by the National Automated Clearing House Association."

434 VOTE: CHAIR SCHOON, hearing no objection to the motion, declares the motion PASSED. All members are present.

438 MOTION: CHAIR SCHOON moves that the SB 10-A2 amendments, as

amended, BE

ADOPTED.

438 VOTE: CHAIR SCHOON, hearing no objection to the motion, declares the amendments ADOPTED.

443 MOTION: REP. RIJKEN moves that SB 10 A-Eng., as amended, be sent to the Floor with a DO PASS recommendation.

447 VOTE: In a roll call vote, all members vote AYE.

450 CHAIR SCHOON declares the motion PASSED.

453 MOTION: REP. RIJKEN requests unanimous consent that the rules be suspended in order that she may vote on the passage of SB 4.

458 VOTE: CHAIR SCHOON, hearing no objection to the motion, declares the motion PASSED.

458 REP. RIJKEN votes AYE on passage of SB 4.

016 CHAIR SCHOON opens the public hearing on SB 492.

(Tape 84, Side A) SB 492 A-ENG. - REQUIRES MAIL AGENTS TO VERIFY SPECIFIED INFORMATION ABOUT TENANTS.

018 REP. BARNES: Subcommittee No. 1 held a public hearing on the bill and the SB 492-A4 amendments (EXHIBIT B). The new system of mail delivery, mainly utilizing commercial depositories, has create problems with the banking industry. People are using the private post offices as mailing addresses. The bill with the proposed amendments would tighten this up to where it would require the person who owns the private carrier to do a number of things beginning on line 23 of page 1 of the bill. The SB 492-A4 amendments were submitted by the banking industry to clarify it and make it easier on people who are providing service incidental to the landlord-tenant relationship and in a couple of other instances.

049 CHAIR SCHOON: People use these boxes for defrauding businesses, including banks. They use the mail service which makes it sound like they are occupying an office by giving a suite address.

066 REP. WALDEN: I have circled the \$5,000 on page 2 in line 16.

069 CHAIR SCHOON: Perhaps it was because the \$5,000 may be substantially high considering that the person running the mail service is not the one committing the fraud.

081 MOTION: REP. BARNES moves that the SB 492-A4 amendments BE ADOPTED.

089 VOTE: CHAIR SCHOON, hearing no objection to the motion, declares the motion PASSED.

091 MOTION: REP. WALDEN moves that SB 492 A-Eng. BE FURTHER AMENDED on page 2, line 16, delete "\$5,000" and insert "\$1,000."

112 VOTE: CHAIR SCHOON, hearing no objection, declares the motion PASSED.

116 CHAIR STEIN: Will this preclude the homeless from using the mail drops?

121 CHAIR SCHOON: I don't think so.

126 MOTION: REP. BARNES moves that SB 492 A-Eng., as amended, be sent to the Floor with a DO PASS recommendation.

132 REP. NAITO: The subcommittee had assurances that next session there would be a report from the attorney general and bankers on how this is working and whether we should be registering the mail drop locations. I was also concerned about the lack of attorney fees in suits which I feel might prohibit individuals who are defrauded from having the same remedy that a corporation which has its own staff attorneys might have.

142 CHAIR SCHOON: Let the record show that we are supposed to have a report back from the attorney general's office and the bankers will provide information also.

144 VOTE: In a roll call vote, all members vote AYE.

147 CHAIR SCHOON declares the motion PASSED. Rep. Barnes will lead discussion on the Floor.

144 CHAIR SCHOON opens the work session on SB 798.

(Tape 84, Side A) SB 798 - SPECIFIES CERTAIN RECORD KEEPING REQUIREMENTS FOR BANKING INSTITUTIONS EXERCISING FIDUCIARY POWERS.

154 MR. CONNOLLY reviews provisions of the bill.

160 REP. BARNES: Banks can maintain a record in any given manner if they so desire, electronically or by paper. It is an updating of the requirement so the records will be kept and can be inspected by the Department of Insurance and Finance.

171 MOTION: REP. BARNES moves that SB 798 be sent to the Floor with a DO PASS recommendation.

172 VOTE: In a roll call vote, all members vote AYE.

175 CHAIR SCHOON declares the motion PASSED. Rep. Walden will lead discussion on the Floor.

178 CHAIR SCHOON opens the work session on SB 832.

(Tape 84, Side A) SB 832 - LIMITS TRUST COMPANIES AND NATIONAL BANKS FROM INVESTING TRUST FUNDS IN STOCK OR OBLIGATIONS OF, OR PROPERTY ACQUIRED FROM, CERTAIN INDIVIDUALS AND ORGANIZATIONS.

180 MR. CONNOLLY reviews provisions of the bill.

197 MOTION: REP. NAITO moves that SB 832 be sent to the Floor with a DO PASS recommendation.

199 VOTE: In a roll call vote, all members vote AYE.

201 CHAIR SCHOON declares the motion PASSED. Rep. Naito will lead discussion on the Floor.

206 CHAIR SCHOON opens the work session on SB 601.

(Tape 84, Side A) SB 601 REQUIRES PHYSICIANS TO REPORT TOY RELATED DEATHS OR INJURIES TO DEPARTMENT OF HUMAN RESOURCES.

208 MR. CONNOLLY reviews provisions of the bill.

245 REP. NAITO: I think it is important that we start collecting this information to take more of a preventive posture in dealing with accidents related to toy parts and toys rather than letting private lawsuits stop dangerous toys.

254 REP. WALDEN: How is toy defined?

250 JON STUBENVOLL, OSPERG: We had this discussion on the Senate side and I have discussed with the Oregon Medical Association. Toys typically mean that which we would call a toy and also other types of children's articles such as pacifiers. Toy does not include sporting goods items or bicycles. Motorized vehicles are not toys.

276 REP. WALDEN: Is there a penalty provision in the bill?

280 MR. STUBENVOLL: There is no penalty provision in the bill. The Oregon Medical Association and physicians within that association have had discussions about this bill and they think it is a good bill. I don't see a problem with compliance.

287 MOTION: REP. STEIN moves that SB 601 be sent to the Floor with a DO PASS recommendation.

296 VOTE: In a roll call vote, all members vote AYE.

300 CHAIR SCHOON declares the motion PASSED. Rep. Oakley will lead discussion on the Floor.

306 CHAIR SCHOON opens the work session on SB 789 A-Eng.

(Tape 84, Side A) SB 789 A-ENG. - AUTHORIZES COMBINED ASSESSMENT FOR MEDICAL INSURANCE POOL OF INSURERS THROUGH END OF BIENNIUM IN WHICH REINSURERS BECOME EXEMPT FROM ASSESSMENT.

312 MR. CONNOLLY reviews provisions of the bill.

316 REP. STEIN: The Oregon Medical Insurance Pool is an important component of our current health care system. It allows people who cannot get insurance otherwise to get insurance at 150 percent of premium. It is funded through an assessment of insurers and reinsurers. This adds to current law that if there is a court order that assessments against reinsurers is not proper that they can continue to assess insurers to the end of the biennium. There was opposition from Kaiser but their opposition was based on their being fearful this would encourage the reinsurers to sue. There is no evidence the reinsurers are ready to sue or intend to.

348 MOTION: REP. STEIN moves that SB 789 A-Eng. be sent to the Floor with a DO PASS recommendation.

365 VOTE: In a roll call vote, all members vote AYE.

368 CHAIR SCHOON declares the motion PASSED. Rep. Stein will lead discussion on the Floor.

350 CHAIR SCHOON opens the work session on SB 205.

(Tape 84, Side A) SB 205 - AUTHORIZES STATE BOARD OF PSYCHOLOGIST EXAMINERS TO ADOPT RULES CREATING RESIDENCY STATUS FOR CERTAIN APPLICANTS FOR PSYCHOLOGIST LICENSES.

377 MR. CONNOLLY reviews provisions of the bill.

399 MOTION: REP. RIJKEN moves that SB 205 be sent to the Floor with a DO PASS recommendation.

403 VOTE: In a roll call vote, all members vote AYE.

408 CHAIR SCHOON declares the motion PASSED. Rep. Rijken will lead discussion on the Floor.

413 CHAIR SCHOON opens the work session on SB 206.

(Tape 84, Side A) SB 206 - AUTHORIZES BOARD OF PSYCHOLOGIST EXAMINERS TO REQUIRE ORAL EXAMINATION FOR ISSUANCE OF LICENSE.

416 MR. CONNOLLY reviews provisions of the bill.

435 REP. NAITO: There was testimony that the board sends out information to the applicant that they will be tested on.

444 MOTION: REP. RIJKEN moves that SB 206 be sent to the Floor with a DO PASS recommendation.

447 VOTE: In a roll call vote, all members vote AYE.

451 CHAIR SCHOON declares the motion PASSED. Rep. Rijken will lead discussion on the Floor.

TAPE 83, SIDE B

020 CHAIR SCHOON opens the work session on SB 227.

SB 227 A-ENG. - REQUIRES INTRASTATE TELECOMMUNICATIONS TOLL SERVICE PROVIDERS TO IDENTIFY SERVICE LEVEL TO PUBLIC UTILITY COMMISSION AND TO MAINTAIN THAT LEVEL AS CONDITION OF CERTIFICATION FOR SERVICE.

021 MR. CONNOLLY reviews provision of the bill.

029 REP. RIJKEN: The Public Utility Commission has brought this bill to us. It is important that consumers be aware of the service standards of long distance carriers and the commission has to have the means for enforcing these standards. That is what this bill does.

061 MOTION: REP. RIJKEN moves that SB 227 A-Eng. be sent to the full committee with a DO PASS recommendation.

063 VOTE: In a roll call vote, all members vote AYE.

066 CHAIR SCHOON declares the motion PASSED. Rep. Naito will lead discussion on the Floor.

067 CHAIR SCHOON opens the work session on SB 230.

(Tape 83, Side B) SB 230 - REMOVES JURISDICTION OF PUBLIC UTILITY COMMISSION OVER CONTRACTS FOR PRODUCTION, TRANSMISSION, DELIVERY OR FURNISHING OF HEAT, LIGHT, WATER OR POWER TO OR FOR PUBLIC BETWEEN TELECOMMUNICATIONS UTILITIES WHICH ARE ONLY INDIRECTLY ENGAGED IN SUCH BUSINESS.

072 MR. CONNOLLY reviews provisions of the bill.

079 MOTION: REP. RIJKEN moves that SB 230 be sent to the Floor with a DO PASS recommendation.

081 VOTE: In a roll call vote, all members vote AYE.

083 CHAIR SCHOON declares the motion PASSED. Rep. Rijken will lead

discussion on the Floor.

082 CHAIR SCHOON opens the work session on SB 470 A-Eng.

(Tape 83, Side B) SB 470 A-ENG. - REVISES METHOD OF AUTHORIZING TELECOMMUNICATIONS UTILITY SERVICE TO PRESENTLY UNSERVED AREAS.

Witness:Oren Floyd, United Telephone of the Northwest

089 MR. CONNOLLY reviews provisions of the bill.

098 REP. RIJKEN reviews the definition of "unserved person" as defined in Section 1. This would provide that Oregon citizens be offered the lowest cost option and would provide more opportunities to obtain access to basic telephone service.

176 MR. OREN FLOYD, United Telephone of the Northwest: The bill is a right of first refusal bill. A customer goes to a local telephone company and applies for service. Each company has a set of "line extension charges." Those are basically charges on a per-foot basis to extend the line beyond the end point to the customer. That can be very expensive.

This bill was put forth by Sen. Brenneman and Ed Parker to try to find a way that would reduce the amount of line extension charges that a customer would have to pay while at the same time not disrupting the territory of the local exchange carrier in the area. The bill is worked out so that the local exchange carrier could try to find a way to serve that customer at a reasonable price, but if they couldn't do that and the customer could find an alternative for service, they would have that option. We find that acceptable to us.

We don't think there will be too many times that a customer will find the service at a less costly rate than what the telephone company could provide.

217 MOTION: REP. RIJKEN moves that SB 470 A-Eng. be sent to the Floor with a DO PASS recommendation.

219 VOTE: In a roll call vote, all members vote AYE.

222 CHAIR SCHOON declares the motion PASSED. Rep. Rijken will lead discussion on the Floor.

229 CHAIR SCHOON and MR. CONNOLLY review the committee's remaining work load, time frames for completing work and potential meeting times.

279 CHAIR SCHOON declares the meeting adjourned at 2:43 p.m.

Respectfully submitted, Reviewed by,

Annetta MullinsTerry Connolly AssistantAdministrator

EXHIBIT SUMMARY

A -SB 10, SB 10-A2 amendments, State Treasurer B -SB 492, SB 492-A4 amendments, Frank Brawner