

HOUSE COMMITTEE ON STATE AND FEDERAL AFFAIRS

. ~. February 1, 1991 Hearing Room E 8:30
a.m. Tapes 18 - 20 MEMBERS PRESENT: Rep. Bill Markham,
Chair Rep. Larry Sowa, Vice-Chair Rep. Marie Bell Rep. Mary Alice Ford
Rep. Tom Novick Rep. Carolyn Oakley Rep. Lonnie Roberts MEMBER
EXCUSED: None VISITING MEMBER: Rep. William Dwyer,
District 42 STAFF PRESENT: Randall Jones, Committee Administrator
Carolyn Cobb, Committee Assistant MEASURES CONSIDERED: HB 2061 -
Exempts Certain Units of Government from Contractor Registration
Requirement, PH, WS HB 2434 - Deletes Expenditures of State Treasurer
and Department of Justice from Definition of "Governmental Service
Expense", PH, WS HJR 6 - Requires Person Holding Lucrative Office to
Resign Upon Declaration of Candidacy, PH, WS HB 2464 - Exempts Precinct
Committeepersons From Requirement That Occupation, Educational and
Occupational Background be Included in Nominating Petition or
Declaration of Candidacy, WS

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.

TAPE 18, SIDE A

003 CHAIR MARKHAM: Calls the meeting to order at 8:37 a.m.

HB 2464 - EXEMPTS PRECINCT COMMITTEEPERSONS FROM REQUIREMENT THAT
OCCUPATION, EDUCATIONAL AND OCCUPATIONAL BACKGROUND BE INCLUDED IN
NOMINATING PETITION OR DECLARATION OF CANDIDACY - WORK SESSION House
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006 RANDALL JONES, COMMITTEE ADMINISTRATOR: Calls attention to an error
in HB 2464 (voted out of committee on January 25, 1991) in that on page
4, the LC version forgot to delete the words "political party office".

015 MOTION: REP. SOWA moved the committee rules be suspended in order
to reconsider the vote on HB 2464 and adopt proposed amendments.

018 CHAIR MAIIKIIAM: Hearing no objections, it is so ordered.

029 MOTION: REP. SOWA moved to reconsider the vote whereby HB 2464
was passed out of committee on January 25, 1991. 023 CHAIR MARKHAM:
Hearing no objections, it is so ordered. 026 MOTION: REP. SOWA moved
the proposed LC 360 amendments (EXHIBIT A) be adopted, and incorporated
into HB 2464. 028 CHAIR MARKHAM: Hearing no objections, it is so
ordered. 030 MOTION: REP. SOWA moved HB 2464 as amended to the floor
with a ~ do pass" recommendation. VOTE: In a roll call vote, the motion
carried, with Rep. Bell, Rep. Ford, Rep. Novick, Rep. Oakley, Rep. Sowa,
and Chair Markham voting AYE. Rep. Roberts is excused.

HJR 6 - REQUIRES PERSON HOLDING LUCRATIVE OFFICE TO RESIGN UPON
DECLARATION OF CANDIDACY - PUBLIC HEARING Witness: William Dwyer, State
Representative, District 42

048 WILLIAM DWYER, STATE REPRESENTATIVE, DISTRICT 42: Submits and
summarizes written testimony (Exhibit B).

090 REP. SOWA: Is the intent of this bill to prevent senators from

running from higher office, or would it include statewide offices?

097 REP. DWYER: This measure would not preclude anyone from seeking higher office, if they did it at the end of their term. It would preclude holders of any lucrative office from deserting their commitments to fill out their terms.

102 REP. SOWA: Do you think that all statewide office holders should run the same year?

105 REP. DWYER: I am not sure that wouldn't take a constitutional amendment.

108 REP. SOWA: How would you feel about meshing this measure with others that set term limitations and limit the length of terms?

114 REP. DWYER: I don't think that should be done, my constituents can limit my term

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anytime. Term limitations would leave the bureaucrats in control. 150 REP. BELL: In reference to lengthening terms, don't you think we would get more out of representatives in the interim if they were not running for office?

152 REP. DWYER: It is ludicrous to have people run every two years. It is expensive and too much time is spent in campaigning.

116 REP. OAKLEY: If the senate seat in my district became available, would I need to resign my house seat before I could file for that senate seat?

180 REP. DWYER: No, the bill says it does not apply where the term expires within ninety days after the date of the election at which you would be elected to another lucrative office.

199 REP. NOVICK: The Attorney General and Secretary of State would have had to resign if this had been in effect this past year. This could start a chain of appointments to fill vacant offices.

213 REP. DWYER: The former governor would have had to appoint replacements for any who were in paid offices. These people know this is a no lose situation. If this measure passes, it is going to slow down this process of running without fulfilling the previous commitment. Losing is part of the risk in filing for office.

234 REP. FORD: Would a house member have to resign if they filed for a senate seat vacated in mid-term?

250 REP. DWYER: No, those elections are taking place all the time.

256 REP. FORD: You are talking about statutory date end of the term.

262 REP. DWYER: That is exactly right.

HJR 6 - REQUIRES PERSON HOLDING LUCRATIVE OFFTCE TO RESIGN UPON
DECLARATION OF CANDIDACY - WORK SESSION

335 REP. ROBERTS: The people have the right, when they go to the polls, to decide whether someone is not being fair with them. If the people don't like it they will let you know very quickly. I don't want to narrow the scope of people who want to run for other offices.

360 REP. BELL: One thing that has me concerned is the pool of candidates and all the barricades that are keeping good people from running. We should not do anything to reduce the pool of available candidates.

392 REP. NOVICK: Voters have a clear way of letting a candidate know they think they - Howe Committee on S~" and Federal Affairs February 1,1991- Page 4

are using their office as a stepping stone for higher office, and that is by not voting for them.

TAPE 19, SIDE A

HB 2061 - EXEMPTS CERTAIN UNITS OF GOVERNMENT FROM CONTRACTOR REGISTRATION REQUIREMENT - PUBLIC HEARING Witnesses: Jim Stembridge, Deputy Administrator, Construction Contractors Board Dan Lubbers, Real Estate Consultant Kerry Hainer, Oregon School Boards Association John Powell, Contractors Bonding Insurance Company

037 JIM STEMBRIDGE, DEPUTY ADMINISTRATOR, CONSTRUCTION CONTRACTORS BOARD: Summarizes the changes HB 2061 makes to the present law. -The two primary areas of concern are the inspection, and the registration categories. -The amendments leave the Construction Contractors Board processes as is. -The Construction Contractors Board would not oppose any bill to provide an increased level of regulation. -Another area of concern is a prohibition on inspectors doing construction work. -We propose to leave the bill as is, providing a basic level of protection.

100 REP. ROBERTS: Section 4, sub-section 4, page 6 of the hand-engrossed bill (EXHIBIT C) allows the board to reduce bonding levels if the work done by the contractor does not exceed \$30,000 gross annual volume. Are people doing this on the side? 110 STEMBRIDGE: That is the only category where there is concern. It is designed to provide a low cost registration opportunity to work part-time.

141 REP. ROBERTS: \$30,000 is a bit low. I would rather see a larger figure. 152 STEMBRIDGE: I think the \$30,000 is appropriate at this time. The cost of the whole registration program could come down to about \$350 for an individual with this proposal. 195 REP. SOWA: These amendments prohibit a limited contractor from doing both residential and non-residential contracts and place a cap of \$2,500. 206STEMBRIDGE:

These amendments place no \$2,500 limit, that is part of the definition of "general contractor", it doesn't have to do with "limited contractor" -Discusses circumstances under which registration must be as a general contractor rather than a specialty contractor. 234 REP. BELL: You did not address inspecting and renovating at the same time.

239 STEMBRIDGE: Construction Contractors Board does not at the present time have any regulations or administrative rules regarding this area.

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261 REP. ROBERTS: How do the proposed amendments affect student construction?

268 STEMBRIDGE: They should not affect them in any way.

281 KAREN HAFNER, OREGON SCHOOL BOARDS ASSOCIATION: How might changing the law from a person who does work, to general contractor or specialty contractor affect school districts?

290 STEMBRIDGE: A person cannot do work as a contractor without being registered. In my opinion this measure would not have any effect on school districts. A school district is considered to be a person and would fall under one of the categories.

314 CHAIR MARKHAM: Asks for a review of the amendments.

326 STEMBRIDGE: Reviews proposed LC 861 dash one amendments (EXHIBIT D).

TAPE 18, SIDE B

174 MOTION: REP. SOWA moved to amend page 6, line 9 of hand-engrossed HB 2061 (EXHIBIT C) by deleting the word "specialty" after the words ". \$2,000 for a. and after the words "showing that the".

224 STEMBRIDGE: Comments that line 13 of the proposed LC dash one amendments (EXHIBIT D) is a clarification that the payments from bonds to non-owner claimants shall not exceed \$2,000. 234 REP. ROBERTS: Why did you want to go from triple to five times the amount, on page 6, line 31 of hand-engrossed HB 2061 (EXHIBIT C)? 240 STEMBRIDGE: Concern was that if a contractor who had caused problems in the past, the Construction Contractors Board would like the authority to require up to a \$10,000 bond to allow that contractor to register, even if they qualify as a limited contractor. 251 MOTION: REP. SOWA moved to amend hand-engrossed HB 2061 (EXHIBIT C), line 18, by changing the word "\$2,500" to the words "an amount set by rule of the Board".

304 MOTION: REP. ROBERTS moved to adopt the amendments presented by Rep. Sowa to HB 2061, subject to review by legislative counsel.

315 CHAIR MARKHAM: Hearing no objections, it is so ordered.

315 MOTION: REP. ROBERTS moved that the amendments shown on pages 1 through 6, and line 39 on page 11 of hand-engrossed HB 2061 be adopted as amended. VOTE: In a roll call vote, the motion carried, with Rep. Bell, Rep. Ford, Rep. Novick, Rep. Oakley, Rep. Roberts, Rep. Sowa, and Chair Markham voting AYE.

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337 CHAIR MARKHAM: recesses meeting at 10:54 a.m. -resumes the meeting at 10:05 a.m. 352 JOHN POWELL, CONTRACTORS BONDING INSURANCE COMPANY: I have no immediate objection to the amendments that have been made. Our concern is that we simplify the law so there is less confusion in the future. 394 REP. ROBERTS: Who has first claim on the bond?

401 POWELL: The owner of the structure who is having the work done. 404

REP. ROBERTS: We don't want to create a situation where the suppliers can come back against the owner who has paid the contractor, if the contractor does not pay his suppliers. 410 POWELL: This measure has nothing to do with the supplier's right to place a lien on the property if he is not paid by the contractor.

TAPE 19, SIDE B 015 REP. ROBERTS: The homeowner has first claim to the bond? 019 POWELL: Yes, the homeowner has first claim to the bond under this statute. The amendments that remove the word "specialty" twice opens up this \$30,000 limitation not only for commercial buildings, but also to general contractors. -Suggests changes to page 12 of the hand-engrossed bill. 056 REP. ROBERTS: Have the people at the Construction Contractors Board looked at your suggestion? 059 POWELL: Yes, I don't think they have a problem with it. 070 STEMBRIDGE: We no objection to the proposed amendment. HB 2061 - EXEMPTS CERTAIN UNITS OF GOVERNMENT FROM CONTRACTOR REGISTRATION REQUIREMENT - WORK SESSION 076 MOTION: REP. ROBERTS moved that on page 12 of hand-engrossed HB 2061 (EXHIBIT C), on line 3 after the words "amount of the bond", on line 6 after the word "bond", and on line 8 after the word "bond" insert the words "available for such claims 089VICE CHAIR SOWA: Hearing no objection, it is so ordered. 113DAN LUBBERS, REAL ESTATE CONSULTANT: Inspection professionals are highly interested in seeing some regulation of the industry. -Hopes to get a bill drafted for this session covering more in the area of liability and

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 State and Federal Affairs February 1, 1991- Page 7 prohibiting inspectors from doing the work.

HB 2434 - DELETES EXPENDITURES OF STATE TREASURER AND DEPARTMENT OF JUSTICE FROM DEFINITION OF "GOVERNMENTAL SERVICE EXPENSE" - PUBLIC HEARING Witnesses: John J. Radford, Administrator, Accounting Division, Executive Department Don Charlton, Executive Department

167 DON CHARLTON, ACCOUNTING ANALYST, ACCOUNTING DIVISION, EXECUTIVE DEPARTMENT: Presents an overview of the Central Government Service Charge process (EXHIBIT E). 212 REP. ROBERTS: In what way does General Services audit the legislative administration? 215 CHARLTON: Audit Division is charged with at least every three years doing an audit of financial and business operations of all state entities, including the legislature. -Resumes overview of the process. 337 REP. BELL: The governor's office does not pay anything into Central Government Service Charges? 346 CHARLTON: That is correct. 360 REP. NOVICK: You would argue that everything they do is part of the Central Government Charge, so rather than paying, they are part of the cost.

TAPE 20, SIDE A

010 CHARLTON: The explanation for taking the State Treasurer out of the computation is that they are no longer funded by general funds.

014 REP. ROBERTS: What portion of other funds, funds the Treasurer's office?

017 CHARLTON: They are funded by fees such as a forty cent charge per check they write for the agencies. It is based on transactions.

027 REP. ROBERTS: Does the State Treasurer's office charge the Public Employees Retirement System for services they render?

031 CHARLTON: Based on what I know, I would say yes. -Resumes testimony -Describes the fiscal impact of the change. -Describes how general fund revenue is created by this process.

139 JOHN RADFORD, ADMINISTRATOR, ACCOUNTING DIVISION, EXECUTIVE House Committee on State and Federal Affairs February 1, 1991- Page 8

DEPARTMENT: The intent of this legislation was to was to recover from other funds, some of the portion of the central government cost. We consider the State Treasurer and Department of Justice not to be central government costs.

158 REP. NOVICK: Is it fair to say that if this bill is approved, there will be \$1 million less in the general fund?

163 CHARLTON: That is correct. 172 RADFORD: The fiscal impact will be felt in the 1993-95 budget.

HB 2434 DELETES EXPENDITURES OF STATE TREASURER AND DEPARTMENT OF JUSTICE FROM DEFINITION OF "GOVERNMENTAL SERVICE EXPENSE" - WORK SESSION

274 MOTION: CHAIR MARKHAM moved HB 2434 to the floor with a "do pass" recommendation.

VOTE: In a roll call vote, the motion carried, with Rep. Bell, Rep. Ford, Rep. Novick, Rep. Oakley, Rep. Roberts, Rep. Sowa, and Chair Markham voting AYE.

HB 2464 - EXEMPTS PRECINCT COMMITTEE PERSONS FROM REQUIREMENT - WORK SESSION

290 REP. ROBERTS: For the record votes AYE on motion to move HB 2464 as amended to the floor. Submitted by: Reviewed by: Carolyn Cobb Randall Jones Assistant Administrator

EXHIBIT LOG:

A - Amendments to HB 2464 - Vice Chair Sowa - 1 page B - Testimony on HJR 6 - Rep. William Dwyer - 2 pages C - Hand-engrossed HB 2061 - Randall Jones - 13 pages D - LC Dash One Amendments to HB 2061 - Jim Stembridge - 2 pages E - Testimony on HB 2434 - John Radford and Don Charlton - 6 pages

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