

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.

SENATE COMMITTEE ON  
TELECOMMUNICATIONS AND CONSUMER AFFAIRS

February 26, 1991 Hearing Room B  
1:00 p.m. Tapes 18 - 19

MEMBERS PRESENT: Senator Jolin, Chair  
                  Senator Otto, Vice-Chair  
                  Senator Kennemer  
                  Senator Bunn  
                  Senator Shoemaker

STAFF PRESENT: Cherie Copeland, Committee Administrator  
                  Apryl Poff, Committee Assistant

MEASURES HEARD: SB 230 Removing Telecommunications from the energy statutes  
WS.

SB 605 Finance companies disclosures PH.

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PUBLIC HEARING AND WORK SESSION.

TAPE 18, SIDE A

005 CHAIR JOLIN: Calls the meeting to order at 1:07 p.m.

SB 230 WORK SESSION.

012 ED MORRISON, PUBLIC UTILITIES COMMISSION: In 1987 legislature, the statutes were rewritten so there would be an entire section on telecommunications. One section slipped in that really had to do with steam plants and regulation of steam plants that PP&L had in Portland. We are asking that this section be taken out.

018 MOTION: Chair Jolin moves SB 230 to the floor with a Do Pass recommendation.

VOTE: In a roll call vote the motion carries with all members voting AYE. Senator Bunn will carry the bill.

025 CHAIR JOLIN: Closes work session on SB 230.

028 SB 605, FINANCE COMPANIES DISCLOSURES, PUBLIC HEARING.

Witnesses: Jon Stubenvoll, Oregon State Public Interest Research Group.  
                  Irwin Holzman, Oregon Financial Services Association.  
                  Keith Burns, Oregon Financial Services Association.  
                  Sharlyn Rayment, Division of Finance and Corporate Securities.  
                  Timothy Wood, Assistant Attorney General.

031 JON STUBENVOLL: Submits and summarizes written testimony in favor of SB 605 (EXHIBIT A). Finance company solicitations are not required to carry up front cost disclosures, a requirement that banking institutions already meet for such products as credit cards. With access to useful information, consumers have tools to shop for goods and services which best fulfill their needs and to be active participants in the marketplace. Without useful information, however, consumers are subject to easy manipulation. Enactment of SB 605 would provide useful cost information to Oregonians when they are initially solicited. This would allow consumers to objectively compare shop without having to actually apply for a loan or be subject to sales pressures. OSPIRG believes that all types of loan providers should make the basic cost disclosures called for in SB 605. We see no reason why

finance companies shouldn't be required to make these disclosures while credit card providers already are. This legislation will level the playing field by providing another piece of consumer information that fuels competition in the marketplace.

113 SENATOR SHOEMAKER: Do other states have this legislation?

117 JON STUBENVOLL: I believe there are eight states that currently have this legislation.

127 IRWIN HOLZMAN: Submits and summarizes written testimony in opposition of SB 605 (EXHIBIT B). Our members object to SB 605 for the following reasons:  
> The restrictions in the bill are totally unnecessary and redundant. Solicitation and advertising requirements are already fully covered under the Federal Truth in Lending Law, and also to an extent in ORS 725.  
> This bill would subject consumer finance companies to greater penalties that any other type of creditor for the same violation.  
> There are a minimum number of complaints regarding improper solicitations so this legislation is not needed.

143 SENATOR KENNEMER: Are all consumer finance companies required to be licensed by the Department of Insurance and Finance?

145 IRWIN HOLZMAN: Yes. If you charge a higher rate than what is authorized in ORS 82 then you have to be licensed.

198 IRWIN HOLZMAN: For closed-end credit, if any advertisement states any of the following items, then all of the items listed must be disclosed plus the annual percentage rate and the full terms of the repayment.  
> A down payment percentage or amount.  
> The number of payments or the period of repayment of the loan.  
> The amount of the payments.  
> The amount of the finance charge.

210 SENATOR KENNEMER: Refers to page 5 of (EXHIBIT A), copy of a loan guarantee.

215 IRWIN HOLZMAN: Discusses copy of loan guarantee.

315 SENATOR SHOEMAKER: So are you saying that before a consumer could actually get the loan and become committed to paying it back the consumer will then be given the Truth in Lending disclosure and the 3 day right of rescision?

321 JON STUBENVOLL: Yes, that is correct.

338 CHAIR JOLIN: One other point that needs to be noted is that we already have law on the books that do this with other institutions.

348 SENATOR KENNEMER: There are two ways that they get around this. The first, they require your personal attendance to get the loan. The other is that they have you sign for the loan.

371 JON STUBENVOLL: In this solicitation (EXHIBIT A) they don't disclose the terms of the loan and you don't have to be there in person to receive the loan.

369 JON STUBENVOLL: Addresses section 4 of SB 605 which deals with civil penalties. Under the Federal Truth in Lending Act, these disclosures must be made to the consumer prior to the time of the loan being taken out. Federal Truth in Lending doesn't cover the issue of disclosure in a solicitation.

TAPE 19 SIDE A

052 KEITH BURNS: Submits and summarizes copy of Regulation Z (EXHIBIT C).

230 SHARYLYN RAYMENT: Gives information neither for nor against SB 605. Our division is the regulator for consumer finance companies. As the regulator, we perform examinations of each licensed office. The statute requires us to do this within a 2 year period. As part of our examination, we check the advertising in these offices. We are here for the protection of the public.

305 TIMOTHY WOOD: Submits and summarizes written testimony in favor of SB  
605 (EXHIBIT  
D). The purpose of my testimony is to:  
    > Support SB 605.  
    > Recommend an amendment to the bill which would allow the Attorney General  
to recover  
attorney fees, investigative costs, and a fine if a company violates the  
requirements of the bill.  
    > Request a Ways and Means referral because the bill has a fiscal impact on  
the Oregon  
Department of Justice or in the alternative eliminate enforcement by the  
Attorney General and create a  
private cause of action.  
The Oregon Department of Justice supports this bill.

373 SENATOR SHOEMAKER: If you were to give a private right of action,  
would there still be a  
public cost in the court time accorded those private litigants?

376 TIM WOOD: Yes.

440 CHAIR JOLIN: Concludes hearing on SB 605.

442 CHAIR JOLIN: Adjourns hearing at 2:03.

Submitted by:   Reviewed by:

Apryl Poff       Cherie Copeland  
Assistant       Committee Administrator

EXHIBIT LOG:

- A - Written testimony submitted by Jon Stubenvoll, 6 pages.
- B - Written testimony submitted by Irvin Holzman, 4 pages.
- C - Written information submitted by Keith Burns, 89 pages.
- D - Written testimony submitted by Timothy Wood, 3 pages.