



# CAPITOL COMMENTS

*State Legislative Bulletin of the  
Oregon Bankers Association*

April 18, 2007

## **Bankers Meet with Legislators**

Nearly one hundred bankers came together at the Oregon State Capitol on Thursday, April 5, for Bankers' Day at the Capitol. Participants heard from legislative leadership and attended appointments with over 70 state legislators throughout the day. The primary purpose of the day was to further relationships between the banking community and members of the Oregon Legislature.

During the morning, several members of House and Senate leadership addressed the group, including Senate President Peter Courtney, House Speaker Jeff Merkley, Senate Republican Leader Ted Ferrioli, Senate Judiciary Committee Chair Ginny Burdick, House Business and Labor Committee Chair Mike Schaufler, and House Judiciary Committee Vice-Chair Gene Whisnant. Topics addressed by lawmakers included the corporate kicker, interest rate caps, Oregon's business environment and the role of banks in our state's communities.

In the afternoon, bankers attended over 70 meetings with individual legislators. Bankers spoke primarily about HB 2901, dealing with collateralization of public funds deposits, and shared the most recent edition of "Cornerstones of Our Communities", an OBA publication created to tell the story of how Oregon banks are actively involved in their communities.

A reception for legislators at the Salem Conference Center brought the afternoon to a close. The great success of this year's Bankers' Day would not have been possible without the commitment and enthusiasm of OBA's member banks. Continuing to foster and build relationships with members of the Oregon Legislature is critical for the banking industry, and a positive step forward was made by many on this year's Bankers' Day at the Capitol.

## **OBA Bills Continue to Move Forward**

Two more OBA bills have passed the Oregon Senate and moved to the Oregon House of Representatives for further action. SB 692 adds investment management accounts, safekeeping accounts and custody accounts to the definition of "security account" for purposes of the Uniform Transfer on Death Security Registration Act. The effect of this legislation will be to enable holders of such accounts to set up the accounts in "Payable on Death" format, designating a beneficiary to receive the proceeds of the account upon the death of the original account owner.

SB 693 makes several amendments to the Oregon version of the Uniform Trust Code. The first amendment will give the Trustee new authority to terminate the trust without court action when termination is appropriate due to circumstances that were not anticipated by the person who

established the trust. A trustee may terminate a trust if: (a) termination is not inconsistent with the material purposes of the trust; (b) all “qualified beneficiaries” consent to the termination; (c) the Trustee is not a beneficiary and has no duty to support any beneficiary; and (d) if the Trust names any charities as beneficiaries, the Attorney General has consented to the termination (unless contingencies make the interests of the charities negligible). The second set of amendments is designed to clarify the ability of financial institution trustees and their affiliates to make loans and advances to, or on behalf of, the trust in order to pay trust expenses, losses or liabilities. Currently, the UTC, ORS 130.655, provides that the trustee must administer the trust solely for the interests of the beneficiaries, and does not contain an express exception under which the Trustee can make loans to, or on behalf of, the trust.

These two bills join SB 447, dealing with identity theft of deceased individuals’ information, and SB 734, a bill that would permit banks not organized under a bank holding company to offer stock grants as compensation for their employees, in the House awaiting further action. The House should begin hearing Senate bills in early May.

OBA’s priority bill of the session, HB 2901 - establishing a shared liability pool for public funds deposits, has passed out of the House Business Committee and should be on the House floor shortly. Thanks goes to OBA Board Member Lark Wysham, Citizens Bank, and OBA Government Relations Committee Member Brigid O’Callaghan, US Bank, for testifying before the House Business Committee on this bill. We also owe a debt of thanks to House Business Chair Mike Schaufler, House Majority Leader Dave Hunt and the State Treasurer for assisting us in the removal of the bill’s subsequent referral to the Ways and Means Committee, which would have slowed the bill’s process through the legislature.

HB 3025, introduced at the request of the OBA, the Homebuilders Association and others, to resolve the land use decision issues raised in the court case Hammer v. Clackamas County, has its first hearing in the House tomorrow, April 19<sup>th</sup>. We expect the bill to move to the floor. For more information about this legislation please visit the OBA website ([www.oregonbankers.com](http://www.oregonbankers.com)) and link to the bill tracking service, BillTrackOR. Instructions on utilizing this service are also attached.

## **Interest Rate Caps and Subprime Lending**

Two major issues OBA continues to monitor for their impact on banks and other financial institutions are an interest rate cap and subprime lending. HB 2871, introduced by House Speaker Jeff Merkley, proposes an interest rate cap of 36% for consumer finance companies and is scheduled for another work session in the House Consumer Protection Committee. The Speaker, who joined the OBA Board of Directors at their April Board meeting, is concerned that title and payday lenders will seek creative ways to work around their recently imposed statutory rate cap. OBA continues to believe that Oregon has protections in place - or will July 1<sup>st</sup> when the payday lending caps go into effect - and that these new laws should be given a chance to work prior to any further legislative action. With the legislature coming back in February 2008 for a month-long session, any issues that may arise after July 1<sup>st</sup> can be addressed quickly.

Lastly, SB 965, introduced by Senators Avakian and Brown, seeks to place strict legislative prohibitions and limits on subprime lending. Like HB 2871, this bill is supported by Oregon State Public Interest Research Group (OSPIRG) and the union-backed consumer group, Our Oregon. The OBA has been part of a workgroup for the past week trying to determine if there is anything in this bill we can agree to support. The bill’s proponents seem to believe that despite

all the federal action in this area, including guidelines for banks and credit unions, mortgage brokers, mortgage bankers and others, state legislation is needed and this legislation needs to go beyond the national guidelines.

### **Annual OBA Trust Dinner**

The OBA Trust Committee is hosting the Annual OBA Trust Dinner on Tuesday, April 24 at the Governor Hotel in Portland. This year's special guest speaker is Senate President Peter Courtney who will be discussing Oregon's legislative process and insight into Oregon's political climate. Senator Courtney is the most veteran member of the Oregon Legislature. He was elected to the legislature in 1980 and is currently serving his third term as Senate President. In 2005, he initiated the Public Commission on the Legislature, a panel assigned to analyze the Legislature's structure and operations and recommend improvements by January 2007. Senator Courtney has been in public service since 1974 and is a member of the Oregon State Bar. For more information, please see registration form below. (Please submit registration forms by Friday, April 20 at noon.)

### **Thought for the Week**

“Confidence...thrives on honesty, on honor, on the sacredness of obligations, on faithful protection and on unselfish performance. Without them it cannot live.”  
*-Franklin D. Roosevelt (1882-1945)*



THE OREGON BANKERS ASSOCIATION

# TRUST COMMITTEE

*invites you to attend the*

## ANNUAL OBA TRUST DINNER

TUESDAY, APRIL 24, 2007

COCKTAILS AT 5:30 PM • DINNER AT 6:30 PM

THE GOVERNOR HOTEL

THE LIBRARY • 611 SW TENTH AT ALDER, PORTLAND

*Guest Speaker:* OREGON SENATE PRESIDENT PETER COURTNEY

*Topic:* OREGON'S LEGISLATIVE PROCESS

STRUCTURAL CHANGES TO THE OREGON LEGISLATURE AND INSIGHTS INTO OREGON'S POLITICAL CLIMATE

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