

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action:	Do Pass and Be Placed on the Consent Calendar
Vote:	7 - 0 - 1
Yeas:	Clem, Conger, Matthews, Sheehan, Smith J., Holvey, Whisnant
Nays:	0
Exc.:	Cameron
Prepared By:	Jan Nordlund, Administrator
Meeting Dates:	5/17

WHAT THE MEASURE DOES: Allows the State Treasurer to authorize exceptions to the requirements for depositing public funds in order to allow state agencies to conduct business through the use of electronic commerce, unless a depository can provide the service in a cost-effective manner. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Contract with eBay
- Department of Lands use of eBay for estate sales
- Department of Administrative Services use of eBay for sale of state surplus items
- Requirement that money be transferred to state-qualified depository within 24 hours

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The last several years have seen a significant increase in online vendors of goods and services. Many of these vendors have business models that can significantly increase the exposure of goods and services for sale by Oregon programs; one primary example is the sale of surplus property through eBay. Using popular online auction sites with nationwide reach provides greater opportunity to sell surplus property and to receive a higher price for the goods sold.

Current law limits the ability of state agencies to engage in this type of electronic commerce, however, because of the types of payment services most utilized on sites such as eBay, typified by the online payment service PayPal. Because PayPal does not deposit funds into an Oregon depository, it does not conform to provisions within ORS 295 that require public funds to be deposited in an Oregon bank or credit union and public funds to be fully insured or collateralized. The Department of Administrative Services has had an agreement with eBay for a special interface to deposit moneys into an Oregon bank, but this special arrangement is no longer in compliance with eBay's operating provisions. While eBay has provided a temporary exemption for Oregon's surplus property, a change in the policy could happen at any time, resulting in an inability to sell surplus Oregon property on eBay.

Senate Bill 14-A authorizes the State Treasurer to make exceptions to these restrictions by providing written permission to the state agency to enter into a written agreement with third parties for electronic commerce. An exception may be approved only if it is determined that no Oregon depository can provide the service in the proposed agreement in a cost-effective manner.

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This summary has not been adopted or officially endorsed by action of the committee.