

STAFF MEASURE SUMMARY

CARRIER:

Senate Committee on General Government, Consumer and Small Business Protection

REVENUE: No revenue impact**FISCAL: No fiscal impact**

Action:	Without Recommendation as to Passage, but with Amendments, and Be Returned to the Senate President's Desk
Vote:	5 - 0 - 0
Yeas:	Bonamici, Boquist, George, Monroe, Shields
Nays:	0
Exc.:	0
Prepared By:	Patrick Brennan, Administrator
Meeting Dates:	2/14, 4/20

WHAT THE MEASURE DOES: Allows the State Treasurer to authorize exceptions to requirements for the deposit of public funds to state agencies to conduct business through electronic commerce. Declares emergency, effective on passage.

ISSUES DISCUSSED:

- Ways that state agencies use e-commerce
- Intended as exception to rule, rather than standard practice
- Collateralized versus non-collateralized transactions

EFFECT OF COMMITTEE AMENDMENT: Specifies that the Treasurer may approve an agreement only if it is determined that a depository cannot provide, in a cost-effective manner, the service that is the subject of the proposed agreement.

BACKGROUND: The last several years have seen a significant increase in online vendors 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 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 segregated from any other funds on behalf of the public entity. 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 the website has provided a temporary exemption for surplus property, a change in the policy that would result in an inability to sell surplus Oregon property on eBay could happen at any time.

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.

4/27/2011 5:00:00 PM

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