

**WHY the Oregon Legislature should REJECT HB 2822  
and should instead**

**DRAMATICALLY IMPROVE GOVERNMENT EFFICIENCY WITH A  
CENTRALIZED PUBLICLY-OWNED LEGAL NOTICE SYSTEM**

Since colonial days, as each new media emerged, advertisers — the businesses who live and die by delivering the most message at the least cost — adopted and profited by using each new media form. This sent advertising costs down relentlessly, as new technologies and competition drive the cost to reach an audience to the minimum.

**Except in one area: legal notices. Here, costs have skyrocketed.** Research-based estimates suggest that Oregonians may be spending upwards of \$30,000,000 annually for legal notices that don't work — they provide no notice, and are really nothing but a fat subsidy for the corporations who run the newspapers.

**That is the judgment of the real experts:** advertisers who spend their own money to deliver messages. Since 2000, US advertisers have agreed on one thing about classified newspaper ads:

*They don't work very well and they cost too much.*

**Classified Advertising Falls Drastically**  
Total Classified Advertising Revenues  
In Billions of Dollars



Source: Newspaper Association of America  
PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM  
PHI STATE OF THE NEWS MEDIA

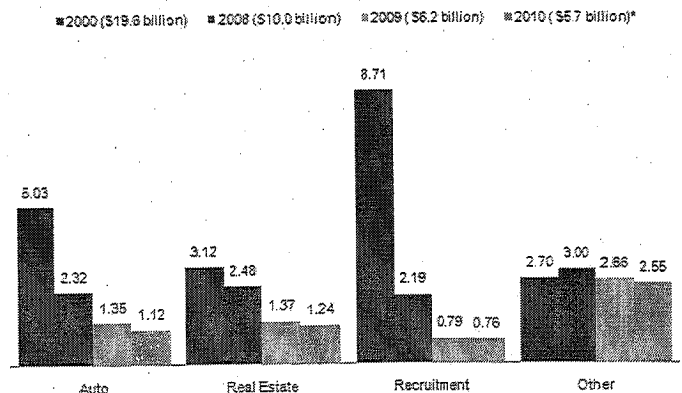
As the Pew Research Center puts it:

*"Classified print advertising has fallen drastically since 2000 — roughly 70%."*

Especially damning evidence of the failings of the printed newspaper ads is the sharp drop in recruitment ads, the ones most similar to legal notices:

*"Recruitment has fallen the most sharply, reflecting both a migration to electronic sites like Monster and a persistent employment slump through 2010. The auto sector recovered some by the end of the year; real estate may rally later. Meanwhile "other," including such things as paid obituaries and legal notices, has held its own since 2000 and now is by far the largest sub category."*

**Recruitment Fell Most Drastically**  
Classified Advertising Revenues by Category  
in Billions of Dollars



Source: Newspaper Association of America  
PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM  
PHI STATE OF THE NEWS MEDIA

It is only thanks to the now-obsolete government mandate (the law that forces legal notices to appear “in a newspaper of general circulation”) that newspapers can extract these millions in unearned profits from Oregonians. In addition to regular Oregonians, the people paying the price are the taxpayers funding nearly a thousand local governments and special districts. While local governments are laying off workers in vital services and delaying critical infrastructure, they are still forced to publish ineffective notices in an ineffective medium.

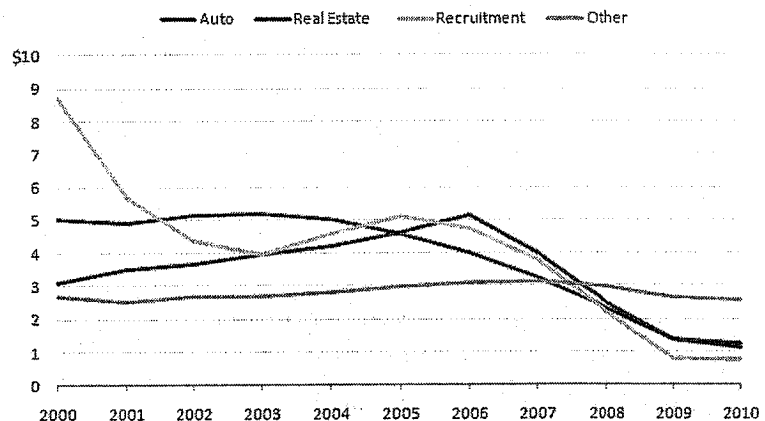
Further, newspaper industry consolidation means that corporate chains are buying and closing down or merging formerly competing papers. **Indeed, legal notice prices have become a textbook example of the abuse of monopoly power in an unregulated market.** In such markets, the captive buyers are forced to purchase the commodity solely because of a government mandate.

**It’s time for this wasteful subsidy to end.** Oregon can reap huge savings for taxpayers by updating legal notice law. With the savings, we can afford to offer all the people of Oregon a MUCH better system, at a lower cost, including

- Rich, hypertext content online, with 24/7 publication and immediate accessibility across the entire state.
- Low-cost delivery of legal notices in the native language spoken by any major Oregon language community (Spanish, Russian, . . . )
- 24/7 audio access to notices for the blind or illiterate, in multiple languages, via the Internet, also accessible via toll-free (in-state) number offering audio notice summaries or full text.
- PEG cable-access notices.
- On-demand delivery of requested notices by fax, email and regular mail.
- No more “hide and seek,” where residents are forced to find tiny papers to see notices affecting them.
- The ability for public agencies to track, in real time, notice penetration and effectiveness.
- **Dramatic cost savings** for every single tax-supported local government, state agency, and special district required to post legal notices, WITH more useful, accessible, and content-filled notices.

COMMENT: Unless forced to buy classified ads, fewer do so every year, clear evidence that the experts who rely on reaching their intended audience consider newspaper classified ads a waste

‘Other’ Classified Ads More Stable Than Auto, Real Estate and Recruitment  
Classified Advertising Revenues by Category  
In Billions of Dollars



Source: Newspaper Association of America  
PEW RESEARCH CENTER'S PROJECT FOR EXCELLENCE IN JOURNALISM  
2011 STATE OF THE NEWS MEDIA

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Summary:

Newspapers rightly demand that public workers innovate and accept new technology. So newspapers must recognize when the shoe is on the other foot, and accept that innovation and new technology means that old technology must give way.

Given the endless budgetary pain in Oregon government, we must be willing to radically rethink how it conducts every aspect of government, and we must be willing to embrace change and to use technology, even when it means disrupting the comfortable ways of old, and disrupting subsidies to businesses that have grown fat on them.

**And the legal notice system is the perfect place to start, because a better system will directly benefit each and every single Oregonian.**

- 100% of Oregon taxpayers who pay for all the legal notices published by governments
- 100% of Oregon citizens who will enjoy improved access to notices through a more efficient system
- 100% of businesses required to publish notices who will enjoy lower costs
- The handicapped, able to get notice in forms impossible to duplicate in newsprint
- Non-English speakers, who will be able to access legal notices in any widely spoken language in Oregon
- And more . . .

In these tough budget times, all Oregon elected officials are challenged to do more with less, to use technology in new ways, and to replace outmoded ideas with new ones. Today, technology exists today to create a publicly-owned system, at a drastically lower cost, saving the nine-hundred odd special districts and local governments millions of dollars collectively each year.

Oregonians deserve a publicly owned system that puts effective and efficient legal notice as its first priority, not the demands of corporations to preserve their subsidies.

Background:

Oregon's public notice system is, first and foremost, a *public* system. It has a public – indeed, a Constitutional – purpose. But, despite its importance, our legal notice system today is not the result of thoughtful design or decisions about how we can best ensure that those affected by public doings or legal actions are informed about them and enjoy the due process benefit of an effective public notice system.

Exactly the opposite is true. Our system is a holdover from the 19<sup>th</sup> Century, when printed newspapers were the sole mass media. It's obsolete and very, very overpriced.

The citizens of Detroit, Michigan, recently learned that the water bureau still employed a farrier. If you look up farrier, you'll see that they shoe horses. Like the farrier employed by the City of Detroit, long after the last horse was put to pasture, the legal notice system rules have long since outlived their time.

It is time for legal notice in Oregon to be better, smarter, and more efficient and much, much less expensive. This is both possible and necessary, and can happen by creation of a single, publicly owned, centralized system where anyone can publish a legal notice that satisfies the publication requirement.

This change is inevitable, and should be welcomed by all taxpayers and persons who represent taxpayers. Of course, it will make life less pleasant for those who profit from the existing system. Indeed, the only thing holding back a better system is that the newspapers enjoy a tremendous government subsidy, a legal monopoly on publication of notices. This subsidy, which threatens to outlive most of the newspapers of general circulation, means that no one can create a better system.

Because the corporations that profit from this subsidy will fiercely guard their place at the trough, it is useful to consult the newspapers for their advice on how the Legislature should address problems of inefficiencies and subsidies. We all know that newspapers are expert at recognizing and skewering anyone who puts a special interest ahead of the public good. Indeed, newspapers regularly write editorial after editorial about the urgent need for elected officials to stand up to special interests and to govern for the good of the people.

In fact, when it comes to government operations, newspapers are the most reliable voices in Oregon crying out for innovation and for efficiency. Newspapers regularly tell elected officials that a major part of their job is to force government to stop doing things "the old way," despite the many people in government who would prefer that the old ways continue.

A good example is the August 22, 2012, editorial by the Oregonian Editorial Board, which urged Oregon's elected officials to act "like Apple," the company that has

repeatedly employed disruptive technology to disrupt and destroy whole industries that formerly supported competitors, such as record labels:

*[I]n honor of Apple's milestone this week, we suggest that elected officials start acting like Apple. . . .*

*While Apple's line of "i" products didn't require new technology per se, they all were innovative in the way they adapted and packaged technology to meet consumers' needs. **Local, state and national governments need to view technology through that same lens.***

. . .

*Ultimately, fostering technological innovation will be as important -- probably more so -- to the economy as fixing immediate problems such as the budget deficit and underwater mortgages.*

The Oregonian had it exactly right – government must embrace technology and use it to create better ways to do business, even at the expense of the old ways.

Likewise, the Salem Statesman-Journal repeatedly calls for governments to undertake radical reforms and to embrace new, disruptive ideas. For example, its editorial of December 22, 2002, when the SJ called on Governor-Elect Kulongoski to “give Oregonians . . . real improvements in government efficiency and accountability” by taking an “unprecedented step” in submitting every single agency in government to a “top-to-bottom review by everyday Oregonians.” The SJ board understood then, as it should now, how important it is to examine old practices with new eyes.

Six years later, on May 24, 2008, the SJ Editorial Board again called for a radical rethink of governmental practices, lauding an effort to rethink those old habits because doing things smarter can free up money for more urgent needs:

*Some folks wonder, “Why can’t government operate more like a business?” It’s a good question – especially these days. Business people, including many local taxpayers, **must rethink everything they do to cope with rising fuel costs and increased global competition. They expect government to operate as lean as it can, too. . . .** By finding ways to work more efficiently, [Dr. Bruce] Goldberg hopes to free up money to fill much of that staffing gap. . . . It would also give taxpayers more confidence that the state is spending their money as carefully as they would. **That’s what a successful business does. It’s how Oregonians would like their entire government to work.***

Again from the SJ Editorial Board on January 22, 2004:

*So you think state government wastes money? You’re right.*

***Years of turf battles and “we’ve always done it this way” thinking have led to inefficiencies. . . .***

***All the more reason for officials to tackle the institutional waste that afflicts government as a whole. Here are other efforts in the works: \* \* \****

***-- Doing business online: Starting this summer, businesspeople will find it far easier to bid for state contracts through the Internet. And though you can get a boat license or buy the Oregon Blue Book online, hundreds of other transactions require customers to download a form, fill it out, and mail it back. That is changing, at last.***

***It’s high time state government took common-sense steps like these. Institutional inertia wastes Oregonians money and time.***

And yet again, when the SJ, on February 16, 2003, argued for reforms that “will cut into the income of car dealers, hotels and other establishments that do business with the state” because these reforms “were the right steps to take.” The paper even went so far as to find that

***“If the current recession has a silver lining, it is this: It creates an incentive for government at every level to become more cost-effective and efficient.”***

The Klamath Falls Herald and News, on July 7, 2012, demanded that the Klamath Falls City Schools district “consider its inventory of schools and buildings and look at what might be the most efficient lineup. . . . Are they still as efficient as they should be?”

That same paper, on January 3, 2012, noted that “People are best served when government live within its means. Doing otherwise, except in emergencies, just pushes back an ugly day of reckoning without solving any underlying issues.” Governments all over Oregon can save millions of dollars annually by replacing the current hodgepodge system of hard-to-find, expensive-to-print legal notices with a single, public system of legal notices operated for the benefit of all Oregonians, rather than just the publishers of newspapers.

The Blue Mountain Eagle, on May 22, 2012, noted that reduced hours in rural post offices would be unpopular but were essential anyway, as a concession to “business sense,” because “***A significant number of Americans say government should be operated more like a business.***”

And the Bend Bulletin supports quite radical proposals that totally reinvent hallowed traditions . . . when the traditions of others are up for change. On June 13, 2012, the Bulletin Editorial Board lauded expansion of the Bend-LaPine Online schooling contract into a program to serve students in all grades with the option to take one, two or even all classes online. Just days earlier, on June 11, 2012, the same board proposed that the Sisters School District employees should take pay cuts because it would benefit the district as a whole and the taxpayers who fund it.

Before suggesting pay cuts for staff, *“from janitors through the superintendent,”* wouldn't it be better if the school all across Oregon could slash what they spend on legal notices, even while providing their constituents with much better, more informative notices, with hyperlinked text and graphics instead of tiny blocks of type on paper?

On that same day, the Bulletin's Editorial Board also noted with satisfaction how the new e-Court system promised to *“allow anyone with Internet access to find court schedules, files, and archived records,”* which will be *“a vast improvement for all who have dealings with the state's courts.”*

The Wallawa County Chieftain, in Enterprise, also wrote about the importance of completely rethinking outmoded systems on May 26, 2011, and of overcoming the entrenched resistance to change that always accompanies such rethinking. The paper called for an effort against tax breaks for favored industries, demanding a push to ***“strip all such politically motivated favors from the federal tax code, while restructuring the nation's laws to enhance American competitiveness. . . . Once embedded . . . these giveaways are difficult to remove.”*** The requirement to publish legal notices on newsprint is exactly this sort of giveaway.

Of course, change isn't easy when change threatens powerful private interests. On July 16, 2012, the East Oregonian warned candidates for public office that any changes in the federal budget will be greeted by the *“usual parade of special interests trying to preserve their own spending . . .”*

The current legal notice law is monopoly protection for newspapers. And, as any economist would predict, this monopoly has stifled all innovation, giving us a legal notice system essentially unchanged for centuries. Despite the wealth of technologies that could make legal notices much better at giving notice to the intended audience, newspapers continue to protect a legally established monopoly that they never earned.

On May 23, 2012, the (Coos Bay) World Editorial Board opined that local restaurants had no business asking local government to protect them from competition, even when it would cost them their businesses: *“Protectionism is rarely a path to prosperity.”*

That same paper noted, on August 15, 2012, that *“As America's economy has shifted from manufacturing jobs to service jobs, people in service industries have*

*increasingly asked state legislatures to regulate them. The resulting rules may protect the public, but they also squash entrepreneurship.”*

Here in Oregon, banks and credit unions are closing little-used branches frequently, as customers shift to ATMs and online banking. Many of those banks are still housed in buildings where elevator operators and battalions of typists and a cadre of telephone switchboard operators all had jobs before technology changes eliminated them.

Indeed, newspapers today relentlessly deploy technology to shed staff, with the SJ having just announced closure of its printing plant entirely. Today, technological efficiency allows the SJ printing operations to be conducted at a lower cost in Portland. So newspapers well understand and support using technology to reduce costs. In fact, the Oregonian Editorial Board lauded this trend in its August 15, 2012, editorial, noting the dramatic improvements that technology has made possible for the Portland pioneer cemeteries:

*But unseen practices, typically the most rigorous part of a successful business, are making the greatest difference. The records mess is cleaned up, with difficult-to-read agreements and maps and contracts committed to digital form and stored in computers. This makes gravesite sales and contract management legible and accountable, while it accelerates outreach . . . . **Trim businesses operate this way, morphing to meet the public's need while conserving resources and maintaining accountability.***

Every worthwhile efficiency improvement hurts someone who benefited from the old, inefficient ways of doing business. But we make the improvements, because society as a whole benefits. For example, the Eugene Register-Guard, on August 11, 2012, celebrated the new generation of smart meters for utilities. But smart meters aren't good news if you are a meter reader. But the newspaper was there, cheering the loss of another whole category of jobs to a new technology.