

Joint Committee on Ways and Means

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Subcommittee on Transportation and Economic Development

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MEMO

To: Transportation and Economic Development Subcommittee Members
From: Susie Jordan, Legislative Fiscal Office
Date: February 11, 2013
Re: Senate Bill 5514, Department of Consumer and Business Services, March 4-8, 2013 in Hearing Room 174 at 1:00 PM.

The Department of Consumer and Business Services is the state's business regulatory and consumer protection agency. The Department administers state laws and rules in the areas of workers' compensation, occupational safety and health, financial services, insurance, and building codes.

The agency is entirely funded with Other Funds, except for certain Federal grants received under provisions of the Affordable Care Act of 2010. Over 500 dedicated fees, assessments, and charges support the operation of DCBS.

Budget Notes: The following Budget Notes were included in DCBS's budget bill: HB 5013, Chapter 617, 2011 Oregon Laws.

- 1) Recognizing the need at this time for effective mortgage lending regulation, the impact that fee increases can have on the industry, and the reality that lending practices from the mid-2000's often blended mortgage lending and securitization and bundling of mortgages into mortgage-based securities, the distinction between mortgage lending and securities has become blurred. The department is directed to maximize its flexibility by utilizing securities resources in the regulation and enforcement of mortgage lending practices to the extent it maintains the current level of services to the mortgage lending industry.

The department is directed to report in February 2013 to the Joint Ways and Means Committee on the status of the mortgage lending industry and the fee structure supporting the regulation of the industry.

- 2) The Department of Consumer and Business Services is directed to report to the next meeting Revenue Committees or to the Emergency Board, whichever convenes first, if the department joins or intends to join an interstate compact, or enters into or intends to enter into any other agreement to satisfy the requirements of Section 521(4) of the Dodd-Frank Wall Street Reform and Consumer Protection Act that address the surplus lines market (the Nonadmitted and Reinsurance Reform Act of 2010 (P.L. 111-203, Title V, Subtitle B)). Section 521(4) states that Congress intends that each state adopt nationwide uniform requirements, forms, and procedures, such as an interstate compact, that provide for the reporting, payment, collection, and allocation of premium taxes for nonadmitted insurance. If the department joins an interstate compact or enters into an agreement on behalf of the State of Oregon, the department shall provide a copy of the compact or agreement with this report.

Director Allen will discuss agency actions regarding these budget notes during the agency presentation.

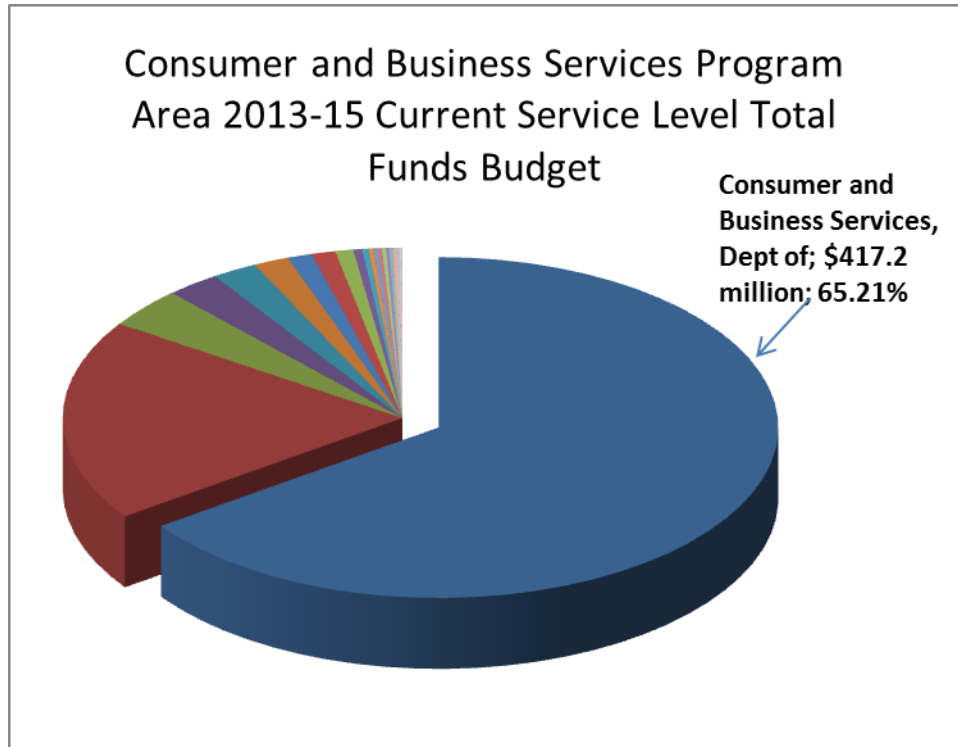
2011-13 Emergency Board Actions: There were no significant Emergency Board Actions during the Interim.

Two financial **audits** were performed by the Secretary of State were in March 2011 and 2012 on selected financial accounts. Both audits and management letters issued by the Secretary of State can be reviewed at the following web link: http://www.sos.state.or.us/audits/pages/state_audits/agency/consumer.html.

Director Allen will discuss agency actions regarding these audits during the agency presentation.

LFO agency budget review (separate document)

DCBS is the largest agency in the Consumer and Business Program Area representing 65.2% of the 2013-15 current service level total funds budget.



Agency	CSL Total Budget	Percent of CBS CSL	Agency	CSL Total Budget	Percent of CSL
1. Consumer and Business Services, Dept of	\$417.2	65.21%	13. HRLB - Mortuary and Cemetery Board	\$1.4	0.22%
2. Public Utility Commission	\$122.2	19.10%	14. Chiropractic Examiners, Board of	\$1.4	0.21%
3. Labor & Industries, Bureau of	\$24.4	3.81%	15. Licensed Social Workers, Board of	\$1.3	0.20%
4. Construction Contractors Board	\$16.3	2.55%	16. Tax Practitioners, Board of	\$1.2	0.18%
5. Nursing, Board of	\$13.8	2.16%	17. Psychologist Examiners, Board of	\$1.0	0.16%
6. Medical Board, Oregon	\$10.7	1.67%	18. Licensed Prof Counselors and Therapists, Bd	\$1.0	0.16%
7. Health Licensing Agency	\$7.5	1.18%	19. HRLB - Medical Imaging	\$0.8	0.13%
8. Real Estate Agency	\$7.3	1.14%	20. HRLB - Veterinary Medical Examiners Bd	\$0.8	0.12%
9. Pharmacy, Board of**	\$5.5	0.86%	21. HRLB - Naturopathic Examiners	\$0.6	0.09%
10. Dentistry, Board of	\$2.6	0.41%	22. HRLB - Speech-Language Path. and Audio.	\$0.4	0.07%
11. Accountancy, Board of	\$2.0	0.31%	23. HRLB - Occupational Therapy Licensing Bd	\$0.4	0.06%
12. Consumer and Business Services, Dept of	\$417.2	65.21%	24. HRLB - Mortuary and Cemetery Board	\$1.4	0.22%