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February 26, 2015

To: Steve Bender, Legislative Fiscal Office  
CC: Clair Clark, DAS, Chief Financial Budget Office and Management Section  
From: Jeff Morgan, Director, Business Services  
Re: Request for Information- Secretary of State Budget Hearings

Steve,

We want to thank the General Government Subcommittee on Ways and Means for the opportunity to present the 2015-17 Secretary of State, Agency Request Budget. The information provided below is in response to requests for additional information from committee members during our budget hearings from February 23-25, 2015.

**CORPORATION DIVISION:**

- 1. Senator Steiner Hayward wanted to know of the 139 cases worked, 28% we're OHA, is there a problem with OHA? Or does the 28% represented in Ruth's report reflect a small percentage overall licensing activity for OHA?**

**Response: Ruth Miles is working to get more information related to this question. Once we get this information we will sent it on to Steve Bender to share with committee members**

- 2. Office of Small Business Assistance: Senator Johnson requested us to provide information to her regarding businesses we have helped in her district.**

**Response: The following information is provided from Ruth Miles:**

Thanks so much for your questions and comments. I will be able to quickly make a number of changes that will vastly improve the operations and effectiveness of the Office of Small Business Assistance.

The Office currently has a [standard intake form](#). When businesses or legislative staff fill out that online form, a case is automatically created in my case management system. Though

we've provided you with a direct link to the form, anyone can click the "Need Help?" box on the Office's website at <http://sos.oregon.gov/BusinessSOS>.

I particularly appreciate the note that legislators need to know when I'm going to be in their district. I will make prior notification a regular part of my scheduling process. So you know about my outreach efforts thus far, I visited all but one of the SBDCs in the state; and that one (Klamath Falls) is on my schedule for this spring. I have visited 83 Chambers, 38 non-government partners, 62 government entities (including our entire congressional delegation and many of the tribes' economic development offices); and I have done town halls for 14 legislators – and I would be happy to participate in town halls with any interested legislator.

Below is a list of my specific outreach to Senator Johnson's district over the past year. My apologies for not notifying you in advance of these visits. That won't happen again.

4/25/14: Attended Seaside Chamber breakfast w/ Rep. Boone; addressed Oregon Plumbing, Heating & Cooling Contractors at their Seaside convention; met w/ Kevin Leahy (Clatsop SBDC); met with Dan Biggs (then-Tillamook SBDC); met with Justin Aufdermauer (Tillamook Chamber) at the Tillmook Airport expansion event

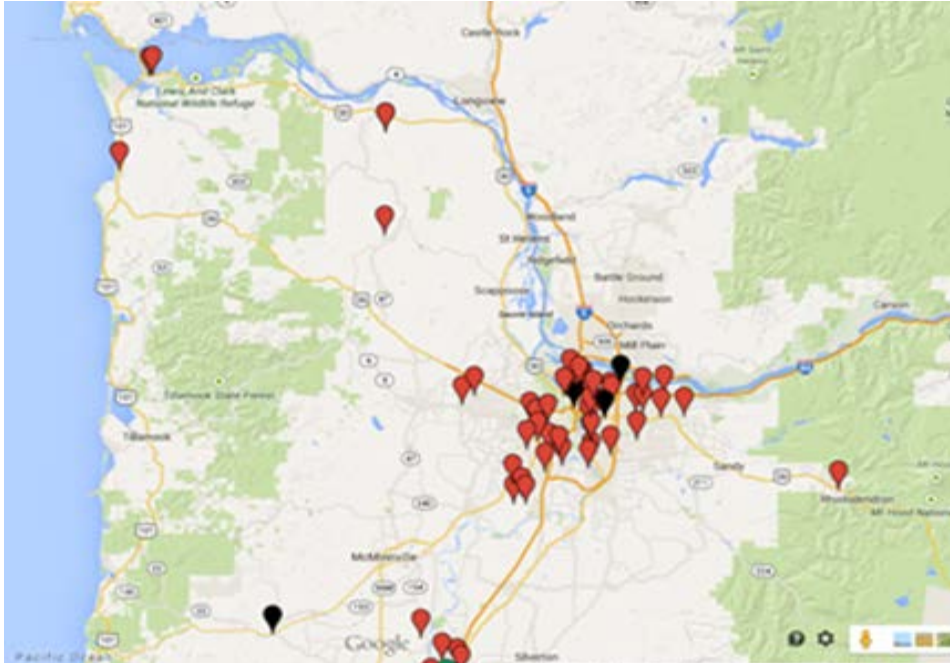
6/5/14: Spoke at Clatskanie Chamber membership meeting; met with Vernonia Chamber President

6/19/14: Met w/ South Columbia County Chamber (Linda Cheval, ED & Melanie Steward, President) and Columbia County Economic Development Team (Chuck Daugherty); met w/ City Manager, City of Clatskanie; Attended women in business luncheon w/ then-Secretary Brown; editorial boards at the Daily Astorian with then Secretary Brown; met with Craft3 President John Berdes and then-Secretary Brown; attended Astoria-Warrenton Business After Hours Social (Lucy's Books)

8/20-21/14: Oregon Coast Economic Summit

9/25/14: Speak at Clatsop County OEC Seminar

As to cases from your district, there have been a few in addition to Linda Dugan Insurance. Until we have a better system in place, I am plotting all Oregon cases on a map - here's a screen shot that shows your district:



The list of cases from your district includes:

- Linda Dugan Insurance (Cover Oregon)
- J & H Boatworks (OSHA issues - federal)
- John L. Scott Real Estate (State Fire Marshall)
- Institute for Alternative Medicine Research (OLCC - Marijuana Division)

I will be happy to give you a quick review of the issues involved in each case if you like.

**3. Senator Johnson asked if we can negotiate merchant fees**

**Response: The following is provided by the Oregon State Treasury regarding what is and is not negotiable in Merchant Fees:**

- **Interchange:** A percentage fee set by the card associations (for example, Visa and MasterCard). Rates will vary by card type and how the transaction is processed. This fee component is non-negotiable.
- **Per Tran Fee:** Set amount per transaction established by card associations. This fee is non-negotiable.
- **Assessment Fee:** A percentage fee set by the card associations. This fee component is non-negotiable.
- **Processing fee by Merchant Services Provider:** This is the portion of the fee negotiated by Treasury with our Merchant Services Provider."

## ARCHIVES DIVISION

4. **Senator Whitsett asked Mary Beth Herkert to provide a breakdown on rule actions filed for the following:**
- a. Rules filed by agencies with Input from the Rules Advisory Committee**
  - b. Rules filed by Agencies that allowed for public comment**
  - c. Rules made by agencies period**

**Response:**

The total rulemaking actions are as follows: 11,108 permanent rules; 3,166 temporary rules and 1,388 notices filed which equals 15,662 actions. Listed below is the breakdown based on Senator Whitsett's request:

- **Number of Rules filed using a Rules Advisory committee:**  
Of the 1,388 notices filed, 603 indicated that they used a Rules Advisory Committee which is 43%. The law does not require an agency to use an advisory committee but does require a justification of why they did not use a committee.
- **Number of Rules Filed using Public Comment or Public Hearing:**  
All of the 11,108 permanent rules filed allowed for public comment. If we look at the notices, 912 of the 1,388 notices filed included a public hearing which is about 66%.
- **Total Number of Rules:**  
Permanents – 11,108 permanent rules filed. All required to file a "Notice" either with a hearing or not, but all must have a period of time to receive public comment before they become permanent rules.

Temporary Rules – 3,166 temporary rules filed. Temporary rules are exceptions and intended for emergency use only. They do not require public comment or a public hearing. These are only valid for a maximum of 180 days.

It is important to note that multiple rules can and often are identified in the notices, so there is not necessarily a 1-to-1 notice to rule adoption, repeal and/or amendment. I have attached an example (PDF-Archives Rules Example) for you to see. It is our intent, when we rebuild the Rules database to separate out each rule into their own field so that we can have a direct correlation between rules and notices.

Mary Beth Herkert is happy to meet with Sen. Whitsett to answer any additional questions that he may have on rule making actions.

## AUDITS DIVISION

5. **A copy of the most recent annual Audits Hotline Report was requested to be provided to Steve Bender so he could make it available to committee members.**

**Response: Listed below are the links requested:**

<http://sos.oregon.gov/audits/Documents/2014-14.pdf>

Senator Whitsett was also interested in our Housing audit. Here is the link

<http://sos.oregon.gov/Documents/audits/full/2013/2013-16.pdf>