

**WORK SESSION**

**SB 31, SB 283, HB 2671**

TAPES 196-197 A

**HOUSE REVENUE COMMITTEE**

**JUNE 30, 2005 1:00 PM STATE CAPITOL BUILDING**

Members Present:

- Rep. Tom Butler, Chair
- Rep. Vicki Berger, Vice-Chair
- Rep. Mark Hass, Vice-Chair
- Rep. Brian Boquist
- Rep. Sal Esquivel
- Rep. Larry Galizio
- Rep. Betty Komp
- Rep. Andy Olson
- Rep. Chuck Riley

Witnesses Present:

- Larry Campbell, Magna Entertainment
- Mark Nelson, Oregon Restaurant Assn. (ORA)
- Debra Buchanan, Dept. of Revenue

Staff Present: Paul Warner, Legislative Revenue Officer  
Lizbeth Martin-Mahar, Economist  
Mary Ayala, Economist  
Mazen Malik, Economist  
Kristi Bowman, Committee Assistant

**TAPE 196, SIDE A**

002 Chair Butler Calls meeting to order at 1:03 p.m.

OPENS WORK SESSION FOR HOUSE BILL 2671

012 Mazen Malik Gives summary of HB 2671 previously discussed on 04/18/05. The bill allows Oregon race tracks to have up to 50 lottery machine game terminals. The HB 2671-3 amendment (Exhibit 1) lowers the number of machines to 30. Discusses the revenue impact (see Exhibit 7 dated 04/18/05). There is no fiscal impact (Exhibit 2).

042 Chair Butler Asks if there has been additional public response to the reduced number of machines as proposed in the HB 2671-3 amendment.

053 Larry Campbell Testifies in support of the HB 2671-3 amendment regarding the number of machines. It would resolve the question about the definition of casino gambling at the racetracks. The net increase for Magna Corp. would be 10 additional machines.

080	Mark Nelson	Testifies that the ORA opposed the HB 2671-2 amendment because of the lottery commission amount that would be paid to the racetracks. Comments that the dominant purpose/dominant use for Portland Meadows will always be horse racing. Thirty machines will not rise to the level of casino gambling. Adds that he has not received any opposition from interested parties regarding the reduction of machines.
110	Nelson	Comments that the Portland Meadows track has a gambling interdiction staff person on duty during the hours of operation.
126	Rep. Berger	MOTION: MOVES THE ADOPTION OF THE HB 2671-3 AMENDMENT.
130	Rep. Berger	Comments that while she appreciates the economic value of adding lottery machines to the racetracks, she opposes gambling to raise revenue. She supports the “mixed-use” gambling issue in this bill.
144	Chair Butler	Asks for roll call vote.
153	Chair Butler	ORDER: THE MOTION HAVING RECEIVED THE REQUIRED MAJORITY IS DECLARED PASSED. VOTE: 9-0-0. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, HASS, BUTLER.

154 Chair Butler Comments that he votes reluctantly for the amendment because there is some “basic opposition to gambling.” However, it is an economic activity, and the racetrack industry has demonstrated a “real responsibility” in addressing gambling issues.

157 Rep. Berger MOTION: MOVES HB 2671 AS AMENDED TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.

166 Chair Butler Asks for roll-call vote.

173 Chair Butler ORDER: THE MOTION HAVING RECEIVED THE REQUIRED MAJORITY IS DECLARED PASSED. VOTE: 8-1-0. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER HASS. VOTING NO: BUTLER.

189 Chair Butler Calls AT EASE at 1:16 p.m.

190 Chair Butler Calls meeting to order at 1:18 p.m.

CLOSES WORK SESSION FOR HOUSE BILL 2671

OPENS WORK SESSION FOR SENATE BILL 283

191	Mary Ayala	Gives overview of SB 283 and the SB 283-1 amendment (see Exhibit 4 dated 05/02/05) previously discussed on 05/18/05. The bill pertains to a property tax exemption for a limited liability company that is wholly owned by a non-profit corporation.
210	Chair Butler	Comments that the SB 283-2 amendment (Exhibit 3) is part of SB 31 and will not be adopted as part of SB 283. The only amendment being considered for today's hearing is the SB 283-1 amendment.
212	Ayala	Discusses the revenue impact of the SB 283-1 amendment (Exhibit 5).
230	Chair Butler	MOTION: MOVES THE ADOPTION OF THE SB 283-1 AMENDMENT.
233	Chair Butler	ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. VOTE: 9-0-0. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, HASS, BUTLER.
246	Chair Butler	ORDER: REP. BERGER MOVES SB 283 AS AMENDED TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.
250	Chair Butler	ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. VOTE: 9-0-0. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, HASS, BUTLER.

CLOSES WORK SESSION FOR SENATE BILL 283

OPENS WORK SESSION FOR SENATE BILL 31

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| 273 | Chair Butler         | Calls AT EASE at 1:23 p.m.                                                                                                                                                                                                                                                                                                                |
| 275 | Chair Butler         | Calls meeting to order at 1:26 p.m. General comments about the various amendments to SB 31.                                                                                                                                                                                                                                               |
| 286 | Lizbeth Martin-Mahar | Gives overview of amendments previously discussed for SB 31 (Exhibit 9 handout). Discusses the SB 31-16 amendment (see Exhibit 16 dated 06/16/05). The amendment is a very narrow tax exemption for certain warehouses. The revenue impact is minimal (see Exhibit 18 dated 06/16/05).                                                    |
| 324 | Debra Buchanan       | Testifies that the SB 31-16 amendment is written narrowly enough that it will not allow an Oregon corporation to avoid counting the throwback sales. It will allow an out-of-state corporation to have a little more presence in the state without including throwback sales in their apportionment factor. Discussion with Chair Butler. |
| 358 | Rep. Berger          | MOTION: MOVES THE ADOPTION OF THE SB 31-16 AMENDMENT.                                                                                                                                                                                                                                                                                     |

362 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. VOTE: 9-0-0. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, OLSON, RILEY, BERGER, HASS, BUTLER.

369 Chair Butler Comments that the SB 31-8 and SB 31-9 amendments are no longer being considered.

381 Martin-Mahar Discusses the SB 31-15 amendment (Exhibit 9 handout) which expands the residential energy tax credit amount. Refers to the Revenue Impact Statement (see Exhibit 15 dated 06/16/05). This amendment is the same as SB 733.

437 Rep. Berger MOTION: MOVES THE ADOPTION OF THE SB 31-15 AMENDMENT.

468 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. VOTE: 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, RILEY, BERGER, HASS, BUTLER. EXCUSED: OLSON.

**TAPE 197, SIDE A**

030 Martin-Mahar Discusses SB 31-17 amendment (Exhibits 10 and 11). The amendment is the same as HB 3454 A that was passed out of the House Revenue Committee on 05/03/05. The amendment pertains to property tax exemptions for certain tangible and intangible property rights. Refers to the Revenue Impact Statement (Exhibit 12).

046	Rep. Berger	Asks if the amendment is essentially the same as HB 3454 A.
050	Martin-Mahar	Responds that the SB 31-17 amendment does not change HB 3454 A.
055	Chair Butler	Discussion with Rep. Hass and Rep. Boquist regarding why there is an amendment to SB 31 that is the same as HB 3454 A.
081	Chair Butler	Comments about a potential Senate amendment to HB 3454 A.
090	Rep. Hass	Asks if the Senate amendment is adopted, would it put SB 31 in jeopardy? Discussion with Chair Butler on policy issues in both bills.
122	Chair Butler	ORDER: REP. RILEY MOVES THE ADOPTION OF THE SB 31-17 AMENDMENT.
125	Chair Butler	ORDER: THERE BEING NO OBJECTION, THE CHAIR SO ORDERS. VOTE: 8-0-1. VOTING AYE: BOQUIST, ESQUIVEL, GALIZIO, KOMP, RILEY, BERGER, HASS, BUTLER. EXCUSED: OLSON.
130	Chair Butler	ORDER: REP. BERGER MOVES SB 31 AS AMENDED TO THE HOUSE FLOOR WITH A DO PASS RECOMMENDATION.



135 Chair Butler ORDER: THERE BEING NO OBJECTION, THE CHAIR SO  
ORDERS. VOTE: 9-0-0. VOTING AYE: BOQUIST, ESQUIVEL,  
GALIZIO, KOMP, OLSON, RILEY, HASS, BERGER, BUTLER.

CLOSES WORK SESSION FOR SENATE BILL 31

141 Chair Butler Adjourns meeting at 1:40 p.m.

Tape Log Submitted by:

Reviewed by:

Kristi Bowman, Committee Assistant

Kim Taylor James, Committee  
Coordinator

Exhibit Summary:

1. 1. HB 2671, Amendment HB 2671-3, Leg. Counsel, 1 pg., 06/30/05
2. 2. HB 2671, Fiscal Statement, Leg. Fiscal Office, 1 pg., 06/30/05
3. 3. SB 283, Amendment SB 283-2, Leg. Counsel, 2 pp., 06/20/05
4. 4. SB 283, Staff Measure Summary SB 283-1, Ayala, 1 pg., 06/29/05
5. 5. SB 283, Revenue Impact Statement SB 283-1, Ayala, 1 pg., 06/29/05

6. 6. SB 283, Amendment Summary, Ayala, 1 pg., 06/30/05
7. 7. SB 283, Staff Measure Summary SB 283-2, Ayala, 1 pg., 06/29/05
8. 8. SB 283, Revenue Impact Statement SB 283-2, Ayala, 1 pg., 06/29/05
9. 9. SB 31, SB 31 Handout: Amendments Summary, Martin-Mahar, 2 pp., 06/30/05
10. 10. SB 31, Amendment SB 31-17, Leg. Counsel, 2 pp., 06/20/05
11. 11. SB 31, Staff Measure Summary, Martin-Mahar, 2 pp., 06/30/05
12. 12. SB 31, Revenue Impact Statement, Martin-Mahar, 1 pg., 06/24/05