

HOUSE COMMITTEE ON

• **TRADE AND ECONOMIC DEVELOPMENT**

February 9, 2005 Hearing Room 343

8:30 A.M.am Tapes 21 - 23

MEMBERS PRESENT: Rep. John Lim, Chair

Rep. Scott Bruun, Vice-Chair

Rep. Jeff Merkley, Vice-Chair

Rep. Peter Buckley

Rep. John Dallum

Rep. Donna Nelson

Rep. Chuck Riley

MEMBER EXCUSED:

STAFF PRESENT: Jim Stembridge, Committee Administrator

Erin Seiler, Committee Assistant

MEASURES/ISSUES HEARD:

Gambling Issues – Informational Meeting

These minutes are in compliance with Senate and House Rules. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents, please refer to the tapes.

TAPE	Speaker	Comments
TAPE 21Tape, A		
002	Chair Lim	Opens the meeting at 8:33 a.m. OOpens an informational meeting on gambling issues.

GAMBLING ISSUES - INFORMATIONAL MEETING

015	Roger Nyquist	Commissioner, Linn County. Addresses trade and economic development issues in Linn County with regards to the lottery and lottery revenue.
055	Nyquist	Speaks to the effect of video lottery in Linn County and the impact on businesses if artificial barriers were created around the lottery.
073	Rep. Nelson	Asks if five hundred dollars is typical lottery revenues for a county.
077	Nyquist	Believes that Linn County is the seventh largest county in lottery receipts, but allocation is not based on a fixed formula.
084	Chair Lim	Asks what the social costs of gambling have been in Linn County.
094	Nyquist	Points out that there have always been social costs associated with gaming and people had gambling problems before The Oregon Lottery Commission came into existence. Remarks that prior to the lottery when a person had a problem, it was against the law to even have the conversation, but now there is the opportunity to have a honest conversation and access treatment.
114	Nyquist	Confirms that there are hotlines in Linn County for people to call, but it is difficult to get someone into the treatment system.
134	Rep. Dallum	Asks what programs are in place in Linn County for a person seeking treatment for problem gambling.
142	Nyquist	Lists the programs available for problem gamblers, which are: Gamblers Anonymous, on-site counseling, and in-patient programs
181	Mike McCallum	

Chief Executive Officer, Oregon Restaurant Association (ORA).
Speaks to the long-standing relationship between The Oregon Lottery
Commission and hospitality businesses in Oregon.

- 241 McCallum Addresses the work of the ORA regarding problem gambling and efforts to identify and provide a safety network for people with gambling problems.
- 275 McCallum States that “effort to spread awareness of gambling problems and addiction has occurred in a thoughtful, responsible and deliberate manner within restaurant and hospitality businesses.”
- 330 Rep. Riley Asks if restaurant owners “cut people off” from playing video poker.
- 347 McCallum States that many times “hospitality owners have gone out of their way to call a problem to the attention of an individual and family.” In addition, hospitality owners have the resources through the state to properly intervene and assist an individual with a gambling problem.
- 377 McCallum Identifies and addresses improvements that could be made with regards to the relationship between lottery retailers and state officials.

TAPE 22, A

- 018 Chair Lim Asks for opinion as to what is an appropriate way to balance maximizing lottery profits for the state and adequately compensating lottery retailers.
- 026 McCallum Addresses lottery revenue in Oregon compares to other states.
- 052 Chair Lim Asks for explanation of why 60 percent rather than 50 percent is considered dominant for a retail location.
- 063 McCallum Speaks to the difficulties associated with the definition of dominance and a casino in the Oregon Constitution because it is antithesis to a system created to maximize revenue to the state.
- 091 Rep. Dallum Asks if enough is being done at the county level for problem gamblers and are the services “getting to the ground.”
- 105 Nyquist

Confirms that some of the money is “getting to the ground,” but more could be done.

- 128 Ronda Hatefi Founder, Oregonians for Gambling Awareness (OGA). Submits and summarizes written testimony about the effects of gambling addiction on her family **(EXHIBIT A)**.
- 249 Hatefi Submits and summarizes written testimony on behalf of Lissa Hatefi about how the suicide of her uncle has affected her life **(EXHIBIT B)**. Submits and summarizes written testimony on behalf of Daphne Hafemann about how the suicide of her uncle has affected her life **(EXHIBIT C)**.
- 312 Hatefi States that OGA goal in 2005 is to target youth through education programs about the risks associated with gambling.
- 377 Hatefi Identifies successful problem gambling programs in Lane County.
- 400 Phillip Kennedy
–Wong Director of Public Policy, Ecumenical Ministries of Oregon (EMO). Submits and summarizes written testimony in opposition to state-sponsored gambling and the funding of public services and state government with gambling revenue **(EXHIBIT D)**.

TAPE 21, B

- 080 Kennedy-Wong Presents personal concerns about state-sponsored gambling and the negative effect on society.
- 110 Rep. Merkley Asks for input about how to address the increase in the prevalence and accessibility of internet gambling and whether gamblers will simply turn to it The Oregon Lottery Commission restricts video gambling.
- 123 Hatefi States that the availability of video poker remains a greater threat than internet gambling and “not sure where to go” with internet gambling.
- 141 Kennedy-Wong Speaks to the availability of internet gambling, stating that it is not beyond the ability of government to regulate.
- 150 Rep. Merkley Asks whether there is evidence from states that have discontinued video poker, such as North Carolina, that indicate a reduction in

problem gambling or are people going to the internet or nearby states to gamble.

- 157 Hatefi Replies that there was a decrease in people seeking treatment in North Carolina, but does not have any data showing a reduction in treatment.
- 175 Hatefi Identifies removing video poker as the number one type of reform that should occur within Oregon's lottery system.
- 196 Mary Jo Killingsworth Citizen, Salem Resident. Testifies about the effect of gambling addiction on her family. Speaks to the long term financial, emotional and mental effects that gambling addiction has had on her family.
- 301 Killingsworth States that gambling treatment is not getting to people, whether by embarrassment or fear, people are not asking for help. Subsequently leading to a series of other personal problems such as alcoholism.

TAPE 22, B

- 004 Justin Martin Legislative Representative, Confederated Tribes of Grand Ronde. Submits and summarizes Indian Gaming is A Major Economic Engine for Rural Oregon issue brief (**EXHIBIT E**).
- 030 Martin Describes the economic stimulus, investment ability, and employment that gaming has brought to the Confederated Tribes of Grand Ronde and the surrounding Marion and Polk County community.
- 070 Martin Addresses the efforts of the Confederated Tribes of Grand Ronde to raise awareness of problem gambling.
- 081 Martin States that the Confederated Tribes of Grand Ronde do not have an opinion on the expansion of The Oregon Lottery Commission into line games, but do have an interest in the expansion of gaming because of the social and economic impact.
- 104 Martin Explains that the Confederated Tribes of Grand Ronde has a community fund with a dedicated stream of monies for problem gambling.
- 114 Martin

States that to successfully address gambling addiction, it is critically important to raise the awareness of programs and the signs of problem gambling.

- 128 Michael Lang Conservation Director, Friends of the Columbia Gorge (FCG). Submits and summarizes written testimony in opposition to the Confederated Tribes of Warm Springs building an off-reservation casino in Cascade Locks (**EXHIBIT F**).
- 224 Lang Submits newspaper article from the *New York Times* titled “When Gambling Calls the Shots” (**EXHIBIT G**). In reference to the article, states that it is evidence of Governor Kulongoski’s own concerns regarding the expansion of gambling in Oregon.
- 256 Rep. Dallum Asks that if it is proven that the Confederated Tribes of Warm Springs have the legal option to build on land that they own in Hood River, would FCG prefer that the tribe build a casino there instead of Cascade Locks.
- 262 Lang States belief that it is not a legal option for the Confederated Tribes of Warm Springs to build on land east of Hood River.
- 280 Chair Lim Asks what are viable economic development options for the areas of Cascade Locks, Hood River, and The Dalles, if gaming is not an option.
- 290 Lang Explains why the prospect of building a casino would have a negative effect on economic development in Columbia Gorge.
- 329 Lang Believes that there is higher public value in not locating a casino in Cascade Locks then just FCG’s environmental concerns.
- 390 Steve Gilbert Lottery Retailer, Lane County. Gives public testimony regarding the personal, social, and economic costs of adding line games.

TAPE 23, A

- 022 Gilbert Addresses the issue of building a casino in Cascade Locks
- 027 Gilbert Speaks to the dependency of restaurants and bars on the income generated from lottery games.

045	Gilbert	Asks that if the state can regulate what games are played in Indian casinos then it would help the state lottery retailers and prevent erosion of lottery revenue.
068	Gilbert	Comments on the failure of the Legislature to not fund gambling treatment programs at the full one percent.
079	Chair Lim	Asks how Oregon competes with Washington for gambling dollars.
087	Gilbert	Believes that the issue is not about competition with other states for gambling dollars, but rather the failure to look critically at the tax code or tax loopholes.
099	Rep. Nelson	Asks what percentage of the revenue generated by his businesses is lottery dollars.
103	Gilbert	States that each of his business locations generates about nine percent from lottery revenue.
107	Rep. Nelson	Asks what are the avenues has he pursued in order to prevent his businesses from relying on lottery revenue.
116	Gilbert	Explains that he has owns a bowling center with a bar and a sports bar/entertainment center.
151	Carol Bono	Assistant Director for Marketing. The Oregon Lottery Commission. Speaks to the amount of money dedicated to education, research, and marketing of problem gambling programs.
177	Bono	Explains that the 1 percent appropriated to gambling treatment comes from The Oregon Lottery Commissions transfer of revenues to the General Fund and seven hundred thousand is funded by The Oregon Lottery Commissions administrative costs.

The following written materials are submitted for the record without public testimony:

Patricia Kelly Citizen, Clackamas County. Submits written testimony about the effects of gambling on her family **(EXHIBIT H)**.

Ronda Hatefi

Founder, Oregonians for Gambling Awareness. Submits newspaper article from the Medford *Mail Tribune* titled “Scratch the Surface” (EXHIBIT I).

Hatefi Submits newspaper article from the Medford *Mail Tribune* titled “Family believes gambling led to suicide” (EXHIBIT J).

Hatefi Submits newspaper article from the Medford *Mail Tribune* titled “Gamblers hold all the cards to our future” (EXHIBIT K).

Julie Hynes Coordinator, Problem Gambling Prevention Program, Lane County Health and Human Services. Submits Fact Sheet on Youth Gambling (EXHIBIT L).

192 Chair Lim Closes the informational meeting on gambling issues. Adjourns the meeting at 10:34 a.m.

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EXHIBIT SUMMARY

- **A. Gambling Issues, written testimony, Ronda Hatefi, 2 pp**
- B. Gambling Issues, written testimony of Lissa Hatefi, Ronda Hatefi, 1 p**
- C. Gambling Issues, written testimony of Daphne Hafemann, Ronda Hatefi, 1 p**
- D. Gambling Issues, written testimony, Phillip Kennedy-Wong, 1 p**
- E. Gambling Issues, Indian Gaming Issue Brief, Justin Martin, 1 p**
- F. Gambling Issues, written testimony, Michael Lang, 3 pp**
- G. Gambling Issues, *The New York Times* Newspaper Article, Michael Lang, 2 pp**

The following written materials are submitted for the record without public testimony:

- H. Gambling Issues, written testimony, Patricia Kelly, 1 p**
- I. Gambling Issues, *Mail Tribune* Newspaper Article, Ronda Hatefi, 4 pp**
- J. Gambling Issues, *Mail Tribune* Newspaper Article, Ronda Hatefi, 3 pp**
- K. Gambling Issues, *Mail Tribune* Newspaper Article, Ronda Hatefi, 2 pp**
- L. Gambling Issues, Fact Sheet on Youth Gambling, Julie Hynes, 2 pp**