

SENATE COMMITTEE ON COMMERCE

March 03, 2005
3:10 P.M.

Hearing Room C
Tapes 25 - 27

MEMBERS PRESENT: Sen. Floyd Prozanski, Chair
Sen. Roger Beyer, Vice-Chair
Sen. Ginny Burdick
Sen. Doug Whitsett

MEMBER EXCUSED: Sen. Charlie Ringo

STAFF PRESENT: Anna Braun, Committee Administrator
Karen Scoffield, Committee Assistant

MEASURES/ISSUES HEARD:
SB 713 – Public Hearing
SB 738 – Public Hearing
SB 931 – Public Hearing

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 25, A		
005	Chair Prozanski	Calls the meeting to order at 3:17 p.m. Opens public hearing on SB 713.
<u>SB 713 – PUBLIC HEARING</u>		
010	Sen. Jeff Kruse	Senate District 1. Testifies in support of SB 713.
050	Anna Braun	Committee Administrator. Provides an overview of SB 713.
060	Sen. Kruse	Comments that the fine and the penalty in the bill were not his idea. Also remarks that SB 713 is targeted at retail, not wholesale.
070	Chair Prozanski	Comments on sanction in SB 713.
075	Paul Romain	Oregon Petroleum Association. Testifies in opposition to SB 713. Comments that the bill deals with non-retail sales. Discusses problems with displaying prices because of the variety of negotiated prices.
120	Sen. Whitsett	Asks what type of fiscal impact SB 713 would have on the petroleum providers.
125	Romain	Answers that it very hard to gauge.
135	Sen. Whitsett	Comments on the difficulty of posting pricing.
140	Romain	Comments that if someone doesn't like the system they can still purchase where pricing is posted at a retail station.
145	Sen. Beyer	Mentions Sen. Kruse's comments about using a computerized system to show pricing and asks if Romain feels that it is feasible.
155	Romain	Answers that it would depend on volume. Comments that there are many variables that go into pricing.
165	Sen. Beyer	Discusses personal experience with the non-retail sale of petroleum.
175	Romain	Discusses options to find out pricing when a contract is signed.

176	Sen. Beyer	Comments that it could be an option to show the cost and then each persons discount would be off of that base.
183	Romain	Responds.
187	Chair Prozanski	Closes public hearing on SB 713 and opens public hearing on SB 738 and SB 931.

SB 738, 931 – PUBLIC HEARING

194	Anna Braun	Committee Administrator. Provides an overview of SB 738 and SB 931. Introduces proposed -1 amendments to SB 738 (EXHIBIT A) . Remarks that EXHIBIT A will combine SB 738 and SB 931 into one bill.
220	Sen. Beyer	Submits written testimony on behalf of the Korean – American Grocers Association (KAGRO of Oregon) in opposition to SB 738 and SB 931 (EXHIBIT B) .
225	Chair Prozanski	Clarifies that EXHIBIT A folds SB 931 into SB 738.
230	Braun	Answers, yes.
235	Tom Whelan	Citizen, Multnomah County, Oregon. Testifies in support of SB 738 and SB 931. Provides background on his interest in SB 738 and SB 931. Discusses personal experience as a firefighter and as a former state representative and his interest in the use of fire safe cigarettes.
355	Tim Birr	Citizen, Washington, County, Oregon. Discusses and submits written testimony (EXHIBIT C) , a preliminary report dated January 24, 2005 on “Fire Safer” Cigarettes (EXHIBIT D) and a research paper on fire safe cigarettes (EXHIBIT E) in support of SB 738 and SB 931. Discusses previous experience as a firefighter and as a public information officer.

TAPE 26, A

015	Birr	Discusses previous attempts in Oregon and throughout the country to pass similar legislation regarding fire safe cigarettes. Summarizes and concludes.
065	Andrew McGuire	Executive Director, Trauma Foundation – San Francisco General Hospital. Testifies in support of SB 738 and SB 931. Remarks that New York has a fire safe cigarette law and all cigarette companies were able to change cigarettes to become fire safe for New York. Remarks that he has testified 3 times in the United States Senate and House of Representatives in 9 state legislatures on this subject.
120-270	McGuire	Shows video clip regarding fire safe cigarettes.
271	Whelan	Discusses the purpose of SB 738 and SB 931. Discusses background regarding the need of the bill. Discusses forest fires in Oregon and remarks that fire safe cigarettes will help prevent forest fires.
335-390	Whelan	Shows a second video clip regarding fire safe cigarettes.
391	Whelan	Summarizes and concludes.
410	Rep. Mitch Green	House District 3. Testifies in support of SB 738 and SB 931. Discusses previous experience regarding the proposed bills. Discusses the need of the bills. States that he had a very similar bill drafted this session in the House of Representatives.

TAPE 25, B

035	Chair Prozanski	Submits written testimony on behalf of Melvin Thornton, District Manager, Douglas Forest Protective Association (EXHIBIT F) .
045	Nancy Orr	State Fire Marshall, Oregon Department of State Police. Discusses and submits written testimony in support of SB 738 and SB 931 (EXHIBIT G) .

090	Jim Goold	R.J. Reynolds, Lorillard. Testifies in opposition to SB 738 and SB 931. Remarks that no other state has passed legislation adopting fire safe cigarettes other than New York. Responds to previous testimony. Submits an excerpt of the Overview on the Practicability of Developing a Performance Standard to Reduce Cigarette Ignition Propensity (EXHIBIT H), a Fiscal Note from the Maine Legislature (EXHIBIT I) a report on the Monthly Gross and Net Tax Collections from the New York State Department of Taxation and Finance (EXHIBIT J) and a Fiscal Note from the New Hampshire Legislature (EXHIBIT M).
180	Goold	Discusses the desire to see a report on New York and the effects of their change to fire safe cigarettes. Continues to testify in opposition to SB 738 and SB 931.
275	Goold	Summarizes and concludes. Remarks that this should be taken care of in Washington as a federal law and not in the states.
295	Sen. Burdick	Inquires regarding Goold's comments on revenue going down and asks if there is something about fire safe cigarettes that make people smoke less.
300	Goold	Answers that it is too early to tell, but that they do know that people in New York go to other sources to obtain cigarettes that are not fire safe.
310	Sen. Burdick	Clarifies Goold's response.
312	Goold	Responds.
315	Sen. Burdick	Asks about Goold's comments regarding some of the cigarettes having increased carbon monoxide.
323	Goold	Responds that a measuring technique was used.
332	Sen. Burdick	Raises concern of Goold's comments saying a solution should be to make furniture fire proof when there are studies showing fire retardant chemicals in breast milk.
340	Goold	Responds. Discusses fire retardants used on fabrics and furnishings.
360	Sen. Burdick	Inquires if Goold will lead the charge nationwide if he finds that the data from New York indicates that fire safe cigarettes are preventing fires.
363	Goold	Responds. Answers that he cannot predict what his role would be.
370	Chair Prozanski	Inquires how many states have considered similar legislation since the law was passed in New York.
373	Goold	Estimates ten to fifteen.
375	Chair Prozanski	Comments that New Hampshire appears to be moving forward with the legislation, as it has passed 15-0 out of one of their chambers. Inquires if there are any others that are currently having similar legislation this year.
390	Goold	Responds.
405	Chair Prozanski	Inquires if pipe tobacco or cigars have a higher carbon monoxide content than cigarettes, since something causes them to self extinguish.
420	Goold	Answers that he does not know enough to respond.
425	Chair Prozanski	Inquires if there have been any lawsuits filed against tobacco companies not providing fire safe cigarettes when they have the ability.
TAPE 26, B		
015	Goold	Answers that he does not know of pending lawsuits. Discusses knowledge of some cases from the past.

030	Chair Prozanski	Inquires if New York has had any type of tobacco cessation programs that would effect the numbers provided by Goold.
040	Goold	Responds that it would be difficult to break out the figures.
050	Chair Prozanski	Refers to an example in the video where a New York cigarette and a regular cigarette were both lit and placed in a chair and the New York cigarette went out and the other cigarette continued to emblaze the chair. Asks if Goold knows of a reason why one cigarette caused a fire to develop and one did not.
060	Goold	Comments regarding skepticism of examples on television. Discusses other studies performed on fabrics.
070	Chair Prozanski	Inquires what would be a significant enough decline in fires for Goold's companies to change to fire safe cigarettes nationwide.
075	Goold	Comments that he cannot answer because he is not a statistician. Remarks that they are watching New York carefully to see if the fire safe cigarettes are really working.
080	Sen. Whitsett	Inquires regarding the difference in cost between the regular paper and the paper used on fire safe cigarettes.
082	Goold	Answers that the cost information is proprietary. Comments that it has been said that there is a significant cost differential.
090	Sen. Whitsett	Inquires if it would still be higher if it was mandated on a national basis and only one type of paper was being used.
095	Goold	Responds that if there was competition he would assume the cost would go down.
100	Sen. Whitsett	Discusses causes of fires from cigarettes. Inquires if the possibility of fires from people using more matches to relight cigarettes has been considered.
115	Goold	Responds.
130	David May	President, Rich and Rhine. Testifies in opposition to SB 738 and SB 931. Discusses the potential financial impact to their company and the challenge of carrying two different types of cigarettes because they supply for Washington and Oregon. Discusses a possible decrease in cigarette tax revenue for Oregon.
212	Sen. Whitsett	Inquires what it would cost in May's line of credit if he had an incremental change in 1% with an interest rate going up.
215	May	Answers that he borrows \$6 million on a daily basis at prime plus one and a half. Responds that this is atypical of the business because of the competition.
220	Chair Prozanski	Asks what the impact has been for overseas brands that serviced New York.
230	May	Answers that JT International has not been able to service New York.
235	Goold	Interjects that they are not aware how enforcement will work in New York regarding people obtaining different cigarettes.
250	Chris Girard	President and CEO, Plaid Pantries, Inc. Director, Oregon Neighborhood Store Association. Discusses and submits written testimony in opposition to SB 738 and SB 931 (EXHIBIT K).
385	Girard	Continues. Discusses possible loss of taxes on cigarettes because of people obtaining cigarettes elsewhere. Provides statistics on taxes on cigarettes in Oregon.
TAPE 27, A		
020	Dan Floyd	Oregon Grocery Association. Discusses and submits written testimony in opposition to SB 738 and SB 931 (EXHIBIT L). Discusses desire for a national uniform standard.

060	Sen. Whitsett	Asks Girard about his comment that the timing of the proposed legislation would create a competitive disadvantage.
062	Girard	Responds. Discusses problems with having legislation in Oregon, but not in Washington or nationally.
065	Chair Prozanski	Comments that there will be an additional public hearing on SB 738 and SB 931. Closes public hearing on SB 738 and SB 931. Adjourns the meeting at 5:14 p.m.

EXHIBIT SUMMARY

- A. SB 738, -1 amendments, staff, 5 pp
- B. SB 738, 931, written testimony of Oregon Korean American Grocers Association, Sen. Roger Beyer, 1 p
- C. SB 738, 931, written testimony, Tim Birr, 2 pp
- D. SB 738, 931, preliminary report, Tim Birr, 40 pp
- E. SB 738, 931, research paper, Tim Birr, 8 pp
- F. SB 738, 931, written testimony of Melvin Thornton, Sen. Floyd Prozanski, 1 p
- G. SB 738, 931, written testimony, Nancy Orr, 2 pp
- H. SB 738, 931, overview, Jim Goold, 2 pp
- I. SB 738, 931, fiscal note, Jim Goold, 1 p
- J. SB 738, 931, report, Jim Goold, 8 pp
- K. SB 738, 931, written testimony, Chris Girard, 4 pp
- L. SB 738, 931, written testimony, Dan Floyd, 1 p

The following exhibit is listed out of order in the body of the tape log:

- M. SB 738, 931, fiscal note, Jim Goold, 2 pp