

HOUSE COMMITTEE ON RULES, REDISTRICTING, AND PUBLIC AFFAIRS

April 16, 2001
1:30 PM

Hearing Room D
Tapes 79 - 82

MEMBERS PRESENT: Rep. Carl Wilson, Chair
Rep. Richard Devlin, Vice-Chair
Rep. Dan Doyle, Vice-Chair
Rep. Dan Gardner
Rep. Bill Garrard
Rep. Steve March
Rep. Bruce Starr
Rep. Joanne Verger
Rep. Cheryl Walker

STAFF PRESENT: Cara Filsinger, Committee Administrator
Jennifer Goodman, Committee Assistant

MEASURE/ISSUES HEARD: HJM 21, Public Hearing
HB 2575, Work Session
HB 3960, 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 |
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| TAPE 79, A | | |
| 005 | Chair Wilson | Calls the meeting to order at 1:34 p.m. Opens a public hearing on HJM 21. |
| <u>HJM 21 - PUBLIC HEARING</u> | | |
| 010 | Jane Lokan | Testifies in support of HJM 21. Describes the effect of hearing the winner of elections from the East Coast. Explains that the media always fails in reporting early. |
| 055 | Marjorie Hughes | Testifies that they believe Congress needs some prodding. Explains that with vote by mail we can accommodate closing early. |
| 072 | Rep. Garrard | Asks if they are requesting uniform times, not specific times. |
| 076 | Rep. March | Replies that the bill does not include exit polling. |
| 078 | Lokan | States they can include an amendment. |
| 084 | Chair Wilson | Closes the public hearing on HJM 21 and opens a work session on HB 2575. |
| <u>HB 2575 - WORK SESSION</u> | | |
| 095 | Rep. Doyle | Explains the amendments. |
| 113 | Rep. Starr | Explains his amendments. |
| 127 | Rep. Devlin | Explains the -1 amendments, and how they kept the contribution level at \$500. |
| 148 | Rep. Starr | States that they did not want to file every day of the last week. |
| 158 | Ted Reutlinger | Legislative Counsel. Explains the bill and the -6 amendments. |
| 187 | Rep. Starr | MOTION: Moves to ADOPT HB 2575-6 amendments dated 04/16/01. |

191 **Chair** **VOTE: 9-0**
Hearing no objection, declares the motion CARRIED.
195 **Rep. Starr** **MOTION: Moves HB 2575 to the floor with a DO PASS AS**
AMENDED recommendation.
198 **VOTE: 9-0**
Chair **AYE: In a roll call vote, all members present vote Aye.**
The motion CARRIES.
201 Chair Wilson **REP. DEVLIN will lead discussion on the floor.**
Closes the work session on HB 2575 and opens a public hearing
on HB 3960.

HB 3960 - PUBLIC HEARING

213 Brian Boe Oregon Grocery Industry Association. Submits **(EXHIBIT A and A-1)**. Gives a brief historical overview and testifies in support of HB 3960.
368 Chair Wilson Asks how many states offer credit terms.
371 Boe Responds that 23 do.
372 Joe Gilliam President, Oregon Grocery Industry Association. Submits **(EXHIBIT B)** and testifies in support of HB 3960. Refers to tab seven of **(Exhibit A-1)**.

TAPE 80, A

026 Gilliam Continues testimony.
133 Chair Wilson Asks for a description of the negotiation process.
136 Gilliam Describes that they created a form for retailers and distributors and talked of common interests and when distributors did not want to participate.
167 Chair Wilson Notes that the opening talks were promising, and asks if they went down hill from there.
170 Gilliam Replies that they started out well and then the distributors lost interest.
177 Chair Wilson Asks if there were any areas in the bill where they gave in.
182 Gilliam Replies with the 10 day period issue. Expands his response.
199 Chair Wilson Asks if there are any other things that they can compromise on.
202 Gilliam Replies there are not.
212 Ken Findley Owner Dales Thriftway. Speaks in support of HB 3960 and of security issues.
239 Larry Brons Owner, Woodburn Shop & Kart. Discusses the problems of paying Cash on Delivery (COD). Asks the committee for their support of this bill.
318 Rep. Devlin Asks if electronic transfer can be used for the accounts.
340 Brons Explains that his other business is not conducted in this way.
359 Ron Brake Owner Gresham Food 4 Less. Submits **(EXHIBIT C)** and testifies in support of HB 3960.
405 Rep. Walker States that electronic fund transfer is already available in the law. Asks if they have the tools to use this.
422 Findley Replies that they can use it but it is still inconvenient.
429 Brons Adds that shortages pose a problem with payment.
464 Brake States that the issue is timing.
479 Rep. Walker Referring to a letter, comments that means the dock person can sign for it and then the transfer can take place.

TAPE 79, B

033 Brons Responds that the funds do not get there for a full day.
037 Rep. Walker Notes that in the normal course of business, if you signed for it and immediately put it into your system on a Friday evening,

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| | | they would get it on Monday morning. Asks if that was their experience with it. |
| 041 | Brons | Responds yes. |
| 042 | Rep. Garrard | Asks how far in advance of delivery you need to put your order together. |
| 047 | Brons | Responds that they do not, the distributor stops by. |
| 057 | Rep. Garrard | Asks if the wholesaler is the one creating the bill. |
| 059 | Brons | Replies that is correct. |
| 060 | Rep. Garrard | Asks if the bill is presented after delivery. |
| 061 | Brons | Responds correct. |
| 062 | Rep. Starr | Asks if employees ever touch the product. |
| 069 | Brake | Replies no. |
| 074 | Rep. Starr | Asks for clarification regarding employees stocking any product. |
| 077 | Brake | States that it only relates to direct store delivery. |
| 093 | Kathy Moreland | Consumers Affair Director for Roth's Family Markets. Submits (EXHIBIT D) and testifies in support of HB 3960. |
| 143 | Doug Peterson | Owner of four newsstands and convenience stores in downtown Portland. Testifies in support of the bill. Describes the difficulty in writing blank checks for the distributors. |
| 180 | Pam Garcia | President and owner of five Thriftway Stores in Portland and the Valley. Submits (EXHIBIT E) and testifies in support of HB 3960. |
| 222 | Rep. Garrard | Asks what other distributors do when checking stock. |
| 226 | Garcia | Responds that they bring in the pre-ordered order and review it. |
| 248 | Rep. Garrard | Asks if the distributor creates an invoice and then you pay it. |
| 250 | Garcia | Responds yes. |
| 262 | John McConville | Jacks Family Market. Submits (EXHIBIT F) and testifies in support of HB 3960. Asks the committee for support of the bill. |
| 317 | Jim Bernay | President of Willamette Valley Vineyards. Submits (EXHIBIT G) and describes the problems with distributing visits. Describes the set up cost to start electronic fund transfers. |
| 440 | John Zupan | Store Owner. Believes archaic laws should be changed. Asks the committee for their support. |
| 493 | Rep. Garrard | Asks how many states have heard this and not made a change. |
| 497 | Zupan | Responds that he cannot answer. |
| TAPE 80, B | | |
| 046 | Rep. Verger | States that in earlier testimony the system costs for electronic filing, and asks if the \$800 wouldn't be a small fee to pay for the saving of thousands of dollars. |
| 051 | Bernay | Responds that in this particular instance the volume of business is too small, and not worth it. |
| 061 | Kevin Mannix | Citizen. States that he believes this is an old bill that is no longer relevant and urges the committee to vote yes. |
| 092 | Paul Romain | Attorney representing the Oregon Beer and Wine Distributors. Testifies in opposition to the bill. Describes an experience regarding electronic payment. Refers to EFT and other states that use this. |
| 302 | Jim Parker | Executive Director, Oregon Brewer's Guild. Testifies in opposition to HB 3960. Submits (EXHIBIT H) . |
| 471 | Sandra Bishop | Representing the Wine Institute. Submits (EXHIBIT I) and testifies in opposition to HB 3960. |
| TAPE 81, A | | |
| 042 | Bishop | Continues her testimony. |
| 100 | Rep. Doyle | Asks about the effect on smaller wineries that have suffered |

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| | | under this in California. |
| 104 | Bishop | Responds she does not have access to that kind of information in California. |
| 108 | Rep. Doyle | Asks if the Wine Institute is a trade association of Oregon wineries. |
| 110 | Bishop | Responds that it does not include Oregon members. |
| 116 | Rep. Doyle | Asks if there were hearings regarding this in previous sessions. |
| 119 | Bishop | Responds yes. |
| 141 | Gary Oxley | Fred Meyer and Safeway. Introduces three associates. |
| 149 | Brigette Flannigan | Public Affairs Director for Safeway. Testifies in support of this bill. States that she believes the old law is antiquated and would like to treat alcohol like other products. States that everyone involved in the alcohol process can buy on credit except the grocer. |
| 234 | Bill Spare | Vice President of Finance Division of Safeway's Portland division. Testifies in support of HB 3960. Addresses three financial issues related to this bill. <ul style="list-style-type: none"> • ETF • Payment terms. • Cash flows. Urges support of the bill. |
| 350 | Chair Wilson | States he wants to address the issue of transition costs at the next hearing. |
| 357 | Jim Strauss | Operations Support Specialist for Fred Meyer. Speaks in support of HB 3960. States that he believes it is a burden to pay cash on the spot. Notes that they get credit for every other product except beer and wine. |
| 434 | Rep. Verger | Asks if this bill passes the distributor does not have to give credit. Asks what their recourse would be in that situation. |
| 447 | Bill Spare | Responds that they could not agree with the distributors. |
| 466 | Rep. Doyle | Asks if credit is used as a prerequisite to carrying the products. |
| 491 | Gary Oxley | Representing Fred Meyer and Safeway. Responds that the products are driven by the consumer. |
| Tape 82, A | | |
| 052 | Jim Strauss | Adds that the consumer determines what products are carried in the stores. |
| 057 | Oxley | Summarizes the bill and states that it deals specifically with the extension of credit terms between beer and wine distributors and retailers. |
| 111 | Rep. Doyle | Asks if he has any knowledge of a businesses closing in credit extended states. |
| 120 | Oxley | Responds that he does not have this information. |
| 127 | Rep. Devlin | Asks about debit card usage, how long does it take to debit from that customer's account. |
| 133 | Spare | Responds he does not know specifically. |
| 141 | Rep. Devlin | Asks if removing any impediments from EFT would it be beneficial to the industry. |
| 148 | Spare | Responds that the impediment has to do with accounting. |
| 175 | Rep. Devlin | Asks what would be the benefit if a transaction was done in a 48 hour limit. |
| 185 | Spare | States that it would help, but does not know if it is an ultimate solution. |

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| 197 | Rep. March | Asks how many deliveries are made from a large distributor and what would be the value of that delivery in a typical week. |
| 204 | Spare | Responds that on average there are 16-20 deliveries a week. |
| 212 | Rep. Garrard | Asks if he agrees with the statement earlier that if the bill passes there will be an increase in price to the consumer. |
| 216 | Oxley | Replies that he does not. |
| 219 | Chair Wilson | Closes the public hearing on HB 3960. Adjourns the meeting at 3:52 p.m. |

Submitted By,

Reviewed By,

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Transcribed By,

Cheryl Young
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EXHIBIT SUMMARY

- A – HB 3960, Brian Boe, written testimony, 4pp.**
- A –1 HB 3960, Brian Boe, written testimony, oversized exhibit**
- B – HB 3960, Joe Gilliam, written testimony, 3pp.**
- C – HB 3960, Ron Brake, written testimony, 1p.**
- D – HB 3960, Kathy Moreland, written testimony, 2pp.**
- E – HB 3960, Pam Garcia, written testimony, 1p.**
- F – HB 3960, John McConville, written testimony, 1p.**
- G – HB 3960, Jim Bernay, written testimony, 1p.**
- H – HB 3960, Jim Parker, written testimony, 3 pp.**
- I – HB 3960, Sandra Bishop, written testimony, 2pp.**
- J – HB 2575-6 amendments, submitted by Staff, 8pp.**