

HOUSE COMMITTEE ON SMART GROWTH AND COMMERCE

February 14, 2001
3:30 PM

Hearing Room 50
Tapes 31 – 33

MEMBERS PRESENT: Rep. Rep. Bill Witt, Chair
Rep. Betsy Johnson, Vice-Chair
Rep. Tim Knopp, Vice-Chair
Rep. Alan Brown
Rep. Janet Carlson
Rep. Richard Devlin
Rep. Bill Garrard
Rep. Jerry Krummel
Rep. Laurie Monnes-Anderson
Rep. Vicki Walker

MEMBER EXCUSED: Rep. Alan Bates

STAFF PRESENT: Daniel Clem, Committee Administrator
Renee' Lunsford, Committee Assistant

MEASURE/ISSUES HEARD: HB 2538 Public Hearing
HB 2292 Public Hearing
HB 2211 Public Hearing and Work Session

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.

<u>TAPE/#</u>	<u>Speaker</u>	<u>Comments</u>
TAPE 31, A		
005	Chair Witt	Calls the committee to order at 3:30 p.m. and opens a public hearing on HB 2538.
<u>HB 2538 PUBLIC HEARING</u>		
011	Dan Clem	Committee Administrator. Reads staff preliminary summary on HB 2538.
021	Rep. Bill Morrisette	House District 42. Submits written testimony (EXHIBIT A) and testifies in support of HB 2538.
030	David Gentry	Testifies in support of HB 2538.
082	Rep. Krummel	Asks if the stated 7.19 per thousand as a payout on an annuity represents a percentage.
092	Gentry	States that is a number that is based on their age and life expectancy.
103	Rep. Krummel	Asks what the life expectancy of a 60-year-old female is.
117	Gentry	Responds her life expectancy is 23 years at age 60.
120	Rep. Carlson	Asks how a consumer would know the tables were available at the Department of Consumer and Business Services (DCBS), and once they got the tables, would they be able to figure it out on their own.
123	Gentry	Responds that an investment advisor would be able to convert it to something understandable for their clients.
139	Rep. Carlson	Asks if this would still require the services of a financial advisor and if it is for the benefit of the general public or professionals.

146	Gentry	States it is a combination of both.
155	Rep. Monnes-Anderson	Asks Mr. Gentry if he has talked to DCBS and what their reaction was.
167	Gentry	Responds that it was mixed. Notes that DCBS is concerned about how this information is going to be useful to the average consumer.
187	Chair Witt	Asks why we need to have these tables if that information is readily available for a consumer.
204	Gentry	States that DCBS gives them access to this information because they are licensed with this company, however most companies would refer you to an agent if you called them.
206	Chair Witt	States there's hundreds of companies that sell life insurance. Asks if a consumer wants to buy life insurance, can they go to a government registry and get quotes.
212	Gentry	States there is not a central organization where they can get all the factors.
223	Chair Witt	Comments on second-to-die policies. Asks if it would be appropriate for those companies to publish their rates with a central government entity.
234	Gentry	States that is slightly different. Explains.
242	Chair Witt	Asks how often do the rates or offerings change and if the companies are going to have to update these rates daily.
250	Gentry	States they typically fluctuate with interest rates.
253	John Mangan	Representing Standard Insurance and American Council of Life Insurers (ACLI). Testifies in opposition to HB 2538.
320	Rep. Devlin	Asks how often companies selling annuities adjust their rates.
334	Mangan	States that it varies by company and product type.
342	Chair Witt	Asks how the insurance division tracks the products available.
346	Mangan	Explains how this works.
361	Chair Witt	Asks if the price changes on a product, does it have to be reviewed.
366	Mangan	States the rate filing varies by product.
370	Chair Witt	Asks Mr. Mangan if the industry of selling annuities is a highly competitive industry.
373	Mangan	Responds affirmatively.
379	Rep. Johnson	Asks if there is a large number of complaints being generated in this particular area that would be addressed by this legislation, and if so, where would those complaints be housed.
395	Mangan	States that neither Standard nor the ACLI is aware of any pattern of complaints with regard to annuities.
407	Gentry	States that if the Standard annuity tables are highly competitive it would seem that they would want to make this record more public. Notes that it is very hard to get a comparison from the 700 annuity companies.
420	Rep. Morrisette	States this is a way for financial consultants to better serve their clients.
439	Chair Witt	Asks if there is a private service that provides this information to insurance agents and brokers.
447	Gentry	States where information can be found. Notes that the amount of information is still small.
458	Rep. Johnson	Asks where would liability reside if there was a failure to update records.
476	Gentry	States that would have to be determined with the insurance division.

TAPE 32, A

047 Rep. Morrisette Outlines projected procedures and costs for HB 2538.
049 Chair Witt Closes the public hearing on HB 2538 and opens a public hearing on HB 2292.

HB 2292 PUBLIC HEARING

055 Clem Gives staff preliminary summary on HB 2292.
060 Chip Lazenby Legal Counsel, Governor's Office. Submits written testimony **(EXHIBIT B)** and testifies in favor of HB 2292.
154 Rep. Walker Asks about how the bond markets are going to react to this change.
162 Lazenby States it is not their intent to reduce the amount of monies that are generated by the lottery.
179 Rep. Brown States that it seems they are giving a mixed message.
188 Lazenby Responds that there is only one other area in state government where the state is involved in selling an addictive substance and that's liquor. States that they would like to infuse a temperance element in the Lottery Commission's mission.
221 Rep. Krummel Expresses concern about the language of the bill and the concept.
235 Lazenby Clarifies that they are not talking about reducing gambling, but they want to change the focus of the Lottery Commission to provide more balance.
347 Rep. Knopp Asks how they will measure the level of success of the bill.
364 Lazenby Responds in the same way they do it now.
377 Rep. Knopp States it seems that if you change the focus, it will have some impact on revenue.
394 Lazenby States the real intent has been to put what has been in practice for the last five years in the statute. Notes that the commissioners have taken a very balanced approach and the lottery revenues have continued to climb for the last six years.

TAPE 31, B

043 Rep. Knopp Asks how the state is going to get control of addictive gambling and how they are going to change the policies the tribes may have concerning gambling on the reservations.
047 Lazenby Replies that this does not have a direct effect on the tribes.
074 Rep. Carlson States it seems like this narrows down to control. Asks Mr. Lazenby to define control and practice.
096 Lazenby Responds that he doesn't have a specific definition of control. Explains the intent of the bill.
124 Rep. Carlson States that there is a set-aside for gambling addiction and that it is increasingly growing, but being tapped sparingly. Asks Mr. Lazenby to give a status report on how those programs can be accessed.
135 Lazenby Refers Rep. Carlson to Mr. Marotta's presentation. Notes that \$6 million was committed to the project in the last budget.
156 Rep. Devlin States the bill uses very specific language. Asks if there is information available that would give addiction impact results for product lines.
197 Lazenby Refers the committee to Mr. Marotta.
220 Jeff Marotta Problem Gambling Services Manager, Office of Alcohol and Drug Abuse Programs. Submits written testimony **(EXHIBIT C)** and testifies in favor of HB 2292.
292 Rep. Monnes-Anderson Notes that Mr. Marotta indicated there has been an 18% increase in problem gambling. Asks to what percent has access to

		gambling increased.
305	Marotta	Explains that the 18% represents the number of increased problem gamblers reporting to the publicly-funded treatment programs.
331	Rep. Monnes-Anderson	Asks for statistics on the increase in gambling opportunities as related to the addiction rate.
345	Chair Witt	Notes the revenue coming from the lottery has been fairly stable. Asks if the revenue is fairly stable, why does it appear there has been an increase in problem gambling.
350	Marotta	States it is unclear whether there are more problem gamblers. Notes that data will be available in two weeks that will provide a current direction.
375	Rep. Garrard	Comments that if the state were really concerned about gambling addiction it would close down the Oregon lottery, but it can't because it is addicted to the money. Asks Mr. Marotta if he agrees.
392	Marotta	Responds that this bill moves in the direction of protecting the public from the possible expansion of gambling.
404	Lazenby	Notes that the Governor has stated on several occasions that there are three types of addiction in this state. Explains that the Governor has been trying to pull lottery revenues out of operating budgets to lessen the dependence and has tried to steer these revenues into one-time-only projects and hard expenditures.
437	Rep. Knopp	Asks if the state's policy is causing the problem or is it particular games.
467	Marotta	Responds it is somewhat unclear. Notes that more opportunity results in more problem gamblers.
TAPE 32, B		
054	Rep. Devlin	Refers to page three of the bill, which deals with preference of gamblers. Asks if you have five machines and convert three to video poker and keep two at line machines, how will this affect the addictive impact.
063	Marotta	Responds that the addition of line games would increase the number of addicted because they are reaching out to a different consumer group.
077	Rep. Devlin	Notes that the vast majority of revenue comes from video poker. Asks why, if some games are more addictive than others, they don't come forward with a bill that says the lottery games shall exclude these.
092	Lazenby	Responds that they can't look to the future and see all of the lottery products that come on line.
118	Chair Witt	State that the committee will continue discussion on this bill at their February 28 meeting.
141	Peter Keep	Citizen, Wilsonville. Testifies in support of HB 2292.
272	Chair Witt	States gambling is pervasive in our society. Asks if the state adopted a policy of what it would sponsor, wouldn't that business flow over into other gambling vehicles.
292	Keep	Responds that, as with any addiction, availability is the problem.
312	Chair Witt	States he will be introducing a bill on making internet gambling unlawful in Oregon.
320	Keep	Notes that the American Psychological Association, which lists pathological gambling as a mental disease, is adding internet addiction to that list. States the idea of coupling two addictions

334	Chair Witt	together seems even more wrong. Closes the public hearing on HB 2292 and opens a public hearing on HB 2211.
<u>HB 2211 PUBLIC HEARING</u>		
367	Clem	Reads staff preliminary summary on HB 2211.
383	Darrell Fuller	Representing the Oregon Auto Dealers Association. Testifies in favor of HB 2211.
405	Gene Ebersole	Submits written testimony (EXHIBIT D) and testifies in favor of HB 2211.
457	Chair Witt	Reiterates that this bill will put the lessee in the same position as the buyer has been under current law.
458	Rick Franklin	Attorney for automobile dealers. Testifies in favor of HB 2211.
TAPE 33, A		
050	Rep. Krummel	Asks what is a negotiable instrument within the meaning of ORS Chapter 73.
051	Franklin	Responds that a negotiable instrument is one that is transferable. Explains further.
052	Chair Witt	Closes the public hearing and opens a work session on HB 2211.
<u>HB 2211 WORK SESSION</u>		
079	Rep. Devlin	MOTION: Moves HB 2211 to the floor with a DO PASS recommendation.
		VOTE: 10-0
		EXCUSED: 1 - Bates
080	Chair Witt	Hearing no objection, declares the motion CARRIED.
		REP. BROWN will lead discussion on the floor.
100	Chair Witt	Closes the work session on HB 2211 and adjourns the committee at 5:40 p.m.

Submitted By,

Reviewed By,

Renee' Lunsford,
Committee Assistant

Daniel Clem,
Committee Administrator

EXHIBIT SUMMARY

- A – HB 2538, written testimony, Rep. Bill Morrisette, 6 pp.**
- B – HB 2292, written testimony, Chip Lazenby, 3 pp.**
- C – HB 2292, written testimony, Jeff Marotta, 3 pp.**
- D – HB 2211, written testimony, Eugene Ebersole, 1 p**