

**HOUSE COMMITTEE ON RULES, ELECTIONS, AND PUBLIC AFFAIRS**

**February 25, 1999 Hearing Room D**

**3:30 P.M. Tapes 9 ñ 11**

**MEMBERS PRESENT: Rep. Mark Simmons, Chair**

**Rep. Richard Devlin, Vice-Chair**

**Rep. Bruce Starr, Vice-Chair**

**Rep. Jason Atkinson**

**Rep. Chris Beck**

**Rep. Roger Beyer**

**Rep. Randall Edwards**

**Rep. Dan Gardener**

**Rep. Kevin Mannix**

**Rep. Kitty Piercy**

**Rep. Jim Welsh**

**Rep. Max Williams**

**MEMBER EXCUSED:**

**STAFF PRESENT: Cletus B. Moore, Jr., Administrator**

**Kevin E. Wells, Administrative Support**

**MEASURE/ISSUES HEARD: HB 2007 Public Hearing**

**HB 2274 Public Hearing and Work Session**

**SB 453 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.



TAPE/#	Speaker	Comments
<b>TAPE 9, A</b>		
003	Chair Simmons	Calls the meeting to order at 3:30 p.m
<b><u>PUBLIC HEARING HB 2007</u></b>		
015	Speaker Lynn Snodgrass	District 10. Explains issues surrounding HB 2007. States the funds from the tobacco settlement are intended for health purposes. Asks the committee to define "health." Stresses importance of HB 2007.
054	President Brady Adams	District 25. Supports HB 2007. Explains importance of the bill. Comments on what has happened with the settlement funds so far. Emphasizes the importance of defining "health" related. Stresses the need to resolve the issue quickly.
090	Mark Gardener	Special Counsel, Attorney General Office. Offers background information and explanation of the tobacco settlement. Notes that the payments are to be made in perpetuity. Explains that cigarettes must have nicotine to be subject to the settlement.
120	M. Gardener	Discusses technical aspects of the settlement.
150	M. Gardener	Discusses technical aspects of the settlement and the payment schedule.
200	M. Gardener	Notes the "strategic contribution payment," which is based on a state's contribution to litigation. Discusses the federal government's claim on the settlement fund.
260	Rep. Max Williams	District 9. Testifies in support of HB 2007. States that the funds ought to be sequestered and protected from spending ( <b>EXHIBIT A</b> ). Suggests a portion of the interest should be used for low-income housing and senior and disabled transportation services.
321	Rep. Williams	Urges acceptance of the 2 amendments.
390	M. Gardener	Concludes testimony and asks for questions of the committee.
403	Rep. Devlin	Asks what the formula for distribution of funds was based on.
<b>TAPE 10, A</b>		
003	M. Gardener	Explains the formula for distribution of the settlement funds.

012	Rep. Devlin	Asks if the formula is the same for all states that settled.
016	M. Gardner	Discusses differences between various states' claims. States that distribution vary, but are similar throughout the U.S.A.
022	Rep. Devlin	Asks if nicotine is the only health-detrimental element of cigarettes; asks if there are other items that should be covered by the settlement.
032	M. Gardner	States that there are many harmful elements in cigarettes.
042	Rep. Mannix	Asks if a majority of a future legislature, since HB 2007 is not a constitutional amendment, could overturn the 2/3 provision for using the settlement funds other than as designated.
052	M. Gardner	States that future legislatures could change the statute.
056	Chair Simmons	Asks what "strings" are attached to the settlement.
058	M. Gardner	States that he is not aware of any strings, though there are conditions for disbursement.
066	Rep. Piercy	Asks about federal restraints.
070	M. Gardner	Explains the issue. Discusses the federal claim to settlement funds.
087	Rep. Welsh	Asks if other funds could be established through class action suits.
097	M. Gardner	Explains that tobacco products do not have beneficial purposes, while other products do, so similar action could not be taken with other products. Notes that, if used properly, cigarettes are the only product "likely to kill you." Stresses that is an important distinction.
110	Rep. Edwards	Thanks the witness. States that the discussion is important.
120	Chair Simmons	Notes that the hand-engrossed version includes new economic indicators.
130	Rep. Al King	District 44. Discusses the issue of payments in perpetuity. Suggests how the settlement funds can be better handled ( <b>EXHIBIT B</b> ).
180	Rep. King	Proposes a sunset clause for July 30, 2001. Asks that a joint interim committee to formulate a distribution plan for the settlement fund. Discusses policy areas to deal with and possible solutions.

230	Rep. King	Notes that HB 2007 does not address prevention or cessation.
235	Chair Simmons	Discusses the agenda. Recesses Public Hearing HB 2007
<b><u>WORK SESSION HB 2274</u></b>		
270	Simmons	Asks for an update on HB 2274.
275	Cletus Moore	Administrator. States that state agencies believe that HB 2274 will facilitate planning and will be beneficial.
293	Rep. Devlin	<b>MOTION: Moves HB 2274 to the floor with a DO PASS recommendation.</b>
		<b>VOTE: 11-0</b> <b>EXCUSED: 1 - Williams</b>
		<b>Chair Simmons</b> <b>Hearing no objection, declares the motion CARRIED.</b>  <b>REP. MANNIX will lead discussion on the floor.</b>
300	Chair Simmons	Closes Work Session HB 2274.
<b><u>PUBLIC HEARING SB 453</u></b>		
325	Moore	Explains SB 453.
347	Greg Chaimov	Legislative Counsel. States that SB 453 updates statutes to match current practices ( <b>EXHIBIT C</b> ).
378	Rep. Piercy	Asks if the SB 453 makes any changes to current practice.
380	Chaimov	States that it makes no changes to current practice.
386	Vice-Chair Devlin	Asks what happens if a future statute changes Legislative Counsel's responsibilities; would there be a conflict.
392	Chaimov	Replies that there will be no conflict.

395	Chair Simmons	Close Public Hearing SB 453.
<b><u>WORK SESSION SB 453</u></b>		
400	Rep. Devlin	<b>MOTION: Moves SB 453 to the floor with a DO PASS recommendation.</b>
		<b>VOTE: 8-0</b> <b>EXCUSED: 4 - Beck, Edwards, Welsh, Williams</b>
	Chair Simmons	<b>Hearing no objection, declares the motion CARRIED.</b>  <b>REP. DEVLIN will lead discussion on the floor.</b>
410	Chair Simmons	Closes Work Session SB 453.
<b><u>PUBLIC HEARING HB 2007</u></b>		
<b>TAPE 9, B</b>		
001	Paul Warner	Explains problems of using proposed economic indicators.
046	Lee Hockman	Administrator, Douglas County Health Department and Mental Health Programs. Supports HB 2007. Explains importance of counties receiving funds from the state. States that county health programs have received a decrease in funding. Stresses that the bill is an appropriate use of settlement funds due to smoking related health costs ( <b>EXHIBIT D</b> ).
105	Hockman	Discusses appropriation of settlement funds. Supports use of funds at local level.
111	Vice-Chair Starr	Asks who their clientele are and how many people they serve. Asks why someone would be ineligible for the Oregon Health Plan.
120	Hockman	Explains how the Oregon Health Plan tried to cover low-income residents, but was unable to do so adequately for a variety of reasons. Stresses the need for better health services coverage.
138	Vice-Chair Devlin	Asks how the proposal could be carried out by the counties while ensuring improvement of service.

149	Hockman	Points out that state legislation is meant to enhance current practices and match local funds. Stresses the importance of health services.
161	Chair Simmons	Asks if Hockman is aware of federal claims to the funds.
167	Hockman	Emphasizes the need to show that the funds will be used in health areas to protect the funds from federal claims.
175	Nancy Southerland	Douglas County Tobacco Prevention Coalition. Supports HB 2007 ( <b>EXHIBIT E</b> ). Details the efforts of her organization in Douglas County to encourage prevention and cessation of tobacco use.
230	Southerland	Continues to detail organization's activities.
280	Southerland	Continues to detail organization's activities.
300	Southerland	States that use of tobacco products is not acceptable behavior.
328	Gwen Dayton	Oregon Health Care Association. Supports HB 2007. Explains the high costs to Medicaid from tobacco related illnesses. States that the settlement funds should be used for recouping tobacco related health care costs. Urges that a portion of the settlement funds go toward long term care.
380	Ellen Lowe	Policy Director, Ecumenical Ministries of Oregon. Supports HB 2007. Explains importance of education programs ( <b>EXHIBIT F</b> ).
440	Lowe	Implies that settlement funds should be used for prevention and cessation programs.
<b>TAPE 10, B</b>		
035	Martin Taylor	Oregon Nurses Association. Supports HB 2007. States that the funds are restitution to the state. Urges a narrow definition of "health related." Asks that the funds be used for prevention, education and cessation programs.
080	Taylor	Discusses short-term needs that can be funded by the settlement funds in the current biennium. Notes that the state has investments in the tobacco industry and the contradiction that exists.
100	Ann Blaker	Executive Director, American Cancer Society. Supports HB 2007. Discusses her organization's activities and funding issues ( <b>EXHIBIT G</b> ).
140	Chair Simmons	Comments on radio commercial by American Cancer Society.

145	Bob Becker	American Heart Association. Supports HB 2007 ( <b>EXHIBT H</b> ). Points to successes of prevention and cessation programs. Notes that tobacco use can be lowered if programs are funded properly.
190	Becker	States the importance of focusing on preventing tobacco use by youths. Urges that settlement funds be used for prevention programs.
200	Mike Rohwer	Internist, Mid-Valley IPA, Salem. Opposes HB 2007 ( <b>EXHIBT I</b> ). States that the settlement funds will be an obstacle in the fight against tobacco use.
255	Rohwer	States that the money needs to be put into prevention. Emphasizes that investment of money does nothing to reduce health-related costs.
272	Chair Simmons	Asks if Rohwer understands the conditions of the settlement
275	Rohwer	States that he understands the conditions.
282	Rep. Edwards	Asks for clarification of how Rohwer proposes to use the funds.
286	Rohwer	States that using funds for prevention is most cost effective.
300	Rep. Edwards	Asks if there are more funds available then is needed for prevention.
306	Rohwer	Agrees that may be, but that prevention is the essential first step.
315	Ed Patterson	Oregon Association of Hospitals. Supports HB 2007. States that the trust fund is needed for future economic downturns. Explains the bill will help prevent future conflict over the use of settlement funds.
365	Patterson	Proposes an amendment to HB 2007.
410	Patterson	Explains the amendment and the issues it addresses.
<b>TAPE 11, A</b>		
009	Rep. Edwards	Asks if the \$27 million is encumbered in anyway.
016	Patterson	States that the debate is still ongoing, so it is too early to know for sure. Adds that it is likely to be encumbered, but only to be used for health care.
031	Rep. Edwards	Asks for clarification on his proposal.

034	Patterson	Clarifies the issue. States that there is a current short fall for the Oregon Health Plan, which could use an immediate infusion of funds.
041	Vice-Chair Devlin	Asks if the \$27 million could leverage additional Medicaid dollars.
048	Patterson	States there should be no prohibition against leveraging the funds.
058	Brenda Niblock	Project Planner, Tobacco Free Coalition of Oregon. Introduces Margaret Mitchell.
065	Margaret Mitchell	Executive Director, Medical Risk Management Associates. Explains mission of organization. Opposes HB 2007. States that the funds should be used to reimburse Oregon Medicaid expenditures. States that settlement funds should be used to mitigate future damage, especially funding prevention programs.
110	Niblock	Supports HB 2007. Discusses her organization ( <b>EXHIBIT J</b> ).
159	Niblock	Notes that only a modest portion of the settlement funds needs to be earmarked for prevention programs. Stresses that investing in prevention is very beneficial.
175	Rep. Mannix	Asks if there is a breakdown of costs in her proposal, particularly as regards radio and television advertisement.
185	Niblock	States that they did not decide how every dollar should be spent. Discusses the shortcomings of current programs.
210	Rep. Edwards	Asks for clarification about the proposed per capita spending increase on smoking prevention programs.
215	Niblock	States her organization would like to see an initial increase in spending on tobacco prevention program, before establishing the trust fund.
225	Rep. Edwards	Asks for background on how this proposal was crafted.
234	Niblock	Explains that the Center for Disease Control used other effective programs as models to estimate effective per capita spending; her organization used that for comparison and crafting the proposal.
260	Chair Simmons	Notes that advertisements do run in rural areas.
267	Niblock	States that the media committee will contact him regarding the issue.
274	Mitchell	Describes past involvement in tobacco prevention programs. Discusses current



		funding and the need for future funding sources and the appropriateness of using money from the tobacco.
290	Peter Grundfossen	Association of Oregon Housing Authorities. Neutral on HB 2007. Agrees these funds should be used for tobacco related problems. Adds that adequate housing is essential for good health. Suggest that if the funds are going to be used for broadly defined health programs a portion of the funds should go toward affordable housing.
342	Chair Simmons	Adjourns the meeting at 5:55 p.m.

Submitted By, Reviewed By,

Kevin E. Wells, Cletus B. Moore, Jr.,  
Administrative Support Administrator

#### **EXHIBIT SUMMARY**

**A ñ HB 2007-2 amendment and written testimony, Rep. Max Williams, 5 pp.**

**B ñ HB 2007 (LC Amendment 3533) & information packet, Representative Al King, 10 pp.**

**C ñ SB 453, written testimony, Greg Chaimov, 1 p.**

**D ñ HB 2007, written testimony, Lee Hockman, 4 pp.**

**E ñ HB 2007, written testimony, Nancy Southerland, 2 pp.**

**F ñ HB 2007, written testimony, Ellen Lowe, 2 pp.**

**G ñ HB 2007, written testimony, Ann Blaker, 1 p.**

**H ñ HB 2007, written testimony, Bob Becker, 1 p.**

**I ñ HB 2007, written testimony, Michael Rohwer, 1 p.**

**J ñ HB 2007, written testimony, Brenda Niblock, 8 pp.**