

SENATE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

March 10, 1999 Hearing Room B

3:00 p.m. Tapes 32 - 33

MEMBERS PRESENT: Sen. John Lim, Chair

Sen. Avel Gordly, Vice-Chair

Sen. Verne Duncan

Sen. Tony Corcoran

MEMBER EXCUSED: Sen. Bill Fisher

STAFF PRESENT: Carol Rives, Administrator

Gary Roulier, Administrative Support

MEASURE/ISSUES HEARD: SB 118 Work Session

SB 455 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 32, A		
001	Chair Lim	Opens meeting at 1:10 p.m. and opens a public hearing on SB 455.
<u>SB 455 PUBLIC HEARING</u>		
011	Sen. Randy Miller	Oregon State Senator, District 13. Testifies in support of SB 455 which eliminates the Sports Action lottery game. Explains that the purpose of the bill is to attract National Collegiate Athletic Association (NCAA) tournaments to Oregon. Outlines that the bill provides for an alternate funding source for

259 Vice-Chair Gordly **MOTION: Moves SB 118 to the floor with a DO PASS AS AMENDED recommendation.**

VOTE: 4-0

AYE: In a roll call vote, all members present vote Aye.

EXCUSED: 1 - Fisher

Chair Lim The motion CARRIES.

266 Chair Lim Closes the work session and opens a public hearing on SB 455.

SB 455 PUBLIC HEARING

291 Chris Lyons Director, Oregon State Lottery. Presents (**EXHIBIT B**) and summarizes the historical background of the Sports Action game. Notes that the Lottery is not taking a position on SB 455. Explains that from FY 90 to FY 99, Sports Action earned \$20.8 million in profit for the state and paid \$4.1 million in commissions to small business retailers.

348 Lyons Notes that the elimination of Sports Action would result in a direct loss of approximately \$5 million to the state in the 99-01 biennium alone (page 1 of the exhibit). Remarks that the elimination of Sports Action would be permanent due to a Congressional ban on sports-related lottery games.

390 Chair Lim Asks if the statutes allow the use of video poker revenue to replace the funds lost through the elimination of Sports Action.

404 Lyons Responds that video poker revenues could be used.

TAPE 33, A

001 Chair Lim Asks if the statutes specifically direct lottery funds to education and other programs.

010 Lyons Answers that she is not aware of any limitations.

017 Patty Walsh-Randall Citizen, Lake Oswego, Oregon. Presents (**EXHIBIT C**) and testifies in support of SB 455. Notes that the purpose of the bill is to eliminate the Sports Action game from the Lottery.

052	Walsh	States that elimination of Sports Action would allow Portland to host regional NCAA men's basketball tournaments, generating millions of dollars for the local economy (page 1 of the exhibit).
093	Walsh	Remarks that sports generate approximately \$250-300 billion in gross domestic product. Notes that the NCAA has a clear policy against sports gambling (page 3 of the exhibit).
146	Walsh	Emphasizes that there is a general concern about the state's dependence on lottery funds. Concludes that the elimination of Sports Action would send an appropriate message to the youth of Oregon.
170	Vice-Chair Gordly	Asks about the statement that a NCAA men's basketball tournament would bring more revenue to the state than the Sports Action game.
183	Walsh	Responds that studies show that regional tournaments generate between \$6 and \$15 million dollars for the local economy (page 1 of the exhibit).
200	Vice-Chair Gordly	Asks whether she has personally met with each of the athletic directors at the Oregon universities and if they support SB 455.
216	Walsh	Responds that the athletic directors generally feel that the universities need the revenue but have a philosophical problem with utilizing Sports Action to fund intercollegiate athletics.
228	Vice-Chair Gordly	Asks whether Walsh received the endorsement of the university athletic directors for SB 455.
237	Walsh	Responds that they endorsed the concept as long as the revenue is replaced.
244	Vice-Chair Gordly	Asks about athletics in the state taking on a "new look."
250	Walsh	Responds that the athletic programs at the state universities have improved.
262	Sen. Duncan	Asks whether Bill Byrne, former University of Oregon Athletic Director, endorses the elimination of Sports Action.
278	Walsh	Responds that Byrne stated he would "take the money."
284	Sen. Duncan	Remarks that it would be interesting to hear Byrne's perspective, particularly with regard to Oregon's image.
292	Walsh	States that Oregon's image is not good. Adds that Dave Frohnmayer, President of the University of Oregon, has been nominated as a member to the NCAA Executive Committee.

312	Sen. Duncan	Reiterates that he has great respect for Bill Byrne and would be interested in his perspective.
328	Walsh	Concludes that her hope is to find a different way to fund intercollegiate athletics.
335	Drew Mahalic	Executive Director, Portland Oregon Sports Authority (POSA). Presents (EXHIBIT D) and testifies in support of SB 455.
365	Mahalic	Remarks that the existence of Sports Action is the reason Portland cannot attract a NCAA men's basketball tournament. Notes that San Jose, California, hosted a men's basketball tournament in 1997 and estimate the economic impact at \$17 million.
TAPE 32, B		
002	Mahalic	States that the National Football League (NFL) will not begin to consider locating a team in Oregon as long as Sports Action exists. Concludes that funding athletics through sports gambling is not sending the right message to students.
045	Vice-Chair Gordly	Asks about other events that Oregon could host.
051	Mahalic	Responds that the National Basketball Association (NBA) all-star game and NFL exhibition games would be possible events.
060	Vice-Chair Gordly	Asks about the Portland Oregon Sports Authority.
061	Mahalic	Responds that the mission of the POSA is to bring major sporting events into Oregon. Notes that the association has brought in over 40 major events to Oregon.
077	Vice-Chair Gordly	Asks why Oregon is able to host the women's NCAA basketball tournament.
084	Mahalic	Responds that the women's NCAA basketball committee does not have an issue with gambling.
094	Chair Lim	Asks about the message that would be sent by replacing Sports Action funds with revenues from video poker, which is a more addictive game.
102	Mahalic	Notes that it would be a "better but not perfect message" and the important thing is to get athletes away from sports betting.
109	Sen. Duncan	Inquires how the projected income from hosting the tournaments would be allocated to the universities.

112	Mahalic	Responds that the economic benefit would be a general one to the state.
124	J. Issac	Senior Vice-President, Oregon Arena Corporation. Testifies in support of SB 455. Remarks that the elimination of the Sports Action lottery would enhance the opportunity to host the NBA all-star game.
158	Vice-Chair Gordly	Asks if there has been an attempt to get the NBA all-star game to Portland and if it was specifically rejected due to Sports Action.
166	Issac	Notes that the NCAA is specific in rejecting Oregon due to Sports Action. Adds that the NBA is less specific but has still rejected Portland as a site for the all-star game.
179	Chair Lim	Asks if the Arena Corporation would be willing to replace the lost revenue since they will be the beneficiaries of hosting the NCAA tournaments.
193	Issac	Responds that the Oregon Arena Corporation would realize some benefit but the major portion of the economic benefit would go to the region.
198	Vice-Chair Gordly	Asks if the Oregon Arena Corporation would be willing to lead a private/public dialogue about replacing the Sports Action revenues.
201	Issac	Answers that they would need more public direction on how much the private sector is expected to provide.
210	Marian Friestad	Dean of the Graduate School at the University of Oregon. Presents (EXHIBIT E) and testifies in opposition to SB 455. Remarks that the Sports Action revenue has allowed universities to recruit and retain the best graduate students and increase the diversity of the university community.
245	Freistad	Emphasizes that Sports Action revenue accounts for almost 50% of the total amount of discretionary money the graduate school has available to support graduate students.
282	Deborah Towner	Doctoral student, Portland State University. Presents (EXHIBIT F) and testifies in opposition to SB 455. Notes that without the Sports Action lottery fund she would not be able to continue as a full-time doctoral candidate.
335	Towner	Explains that she studies children's mental health and the well-being of families including work in Romania on behalf of children residing in state-run orphanages.
389	Towner	Concludes that the scholarships are vital to many post-graduate students.

TAPE 33, B

003	Sen. Corcoran	Asks whether the witness would support SB 455 if the funds were replaced.
011	Friestad	Answers that the comfort level would be greater if the replacement funds were in place prior to the elimination of Sports Action.
035	Jim Sterk	Athletic Director, Portland State University. Presents (EXHIBIT G) and testifies in opposition to SB 455. Notes that Oregon university athletic programs are competing with institutions that receive state funding and the Sports Action revenue is critical in maintaining competitive programs in Oregon.
079	John Powell	GTEC Corporation. Testifies in opposition to SB 455 and remarks that intercollegiate athletics are a valuable asset to the state.
118	Powell	Notes that the NCAA has no "legal impediment" to holding a tournament in Oregon. States that Sports Action is not a factor in gaming addiction.
139	Powell	Notes that the Sports Action lottery game is not an impulse game. Remarks that replacement funds may be difficult to find.
183	Powell	Emphasizes that intercollegiate athletics in Oregon are underfunded. Concludes that athletics will not be a public priority and video lottery revenue would be redirected away from athletics in future legislative sessions.
202	Grattan Kerans	Director of Government Relations, Oregon University Systems. Testifies in opposition to SB 455. Remarks that replacement funds would have to be taken from other programs. States that Sports Action funds are dedicated to intercollegiate athletics, whereas replacement funds from a discretionary pool would be at continual risk. Adds that the anticipated economic development benefits would be to the Portland area and would not benefit the universities.
248	Kerans	Summarizes that economic activity in Portland does not benefit athletic programs or provide scholarships at Oregon universities.
273	Ed Dennis	Executive Director, Oregon Student Association. Presents (EXHIBIT H) and testifies in opposition to SB 455. Emphasizes that support for graduate student aid has been cut in recent years. Notes that SB 455 could shift replacement funds to athletics and away from support of graduate students.
320	Chair Lim	Closes the public hearing and adjourns meeting at 4:55 p.m.

Gary Roulier, Carol Rives,

Administrative Support Administrator

EXHIBIT SUMMARY

A ñ SB 118, hand engrossed and proposed ñ3 amendments, staff, 6 pp

B ñ SB 455, written testimony, Chris Lyons, 2 pp

C ñ SB 455, written testimony, Patricia Walsh-Randall, 17 pp

D ñ SB 455, written testimony and letter, Drew Mahalic, 3 pp

E ñ SB 455, written testimony and letters, Marian Friestad, 4 pp

F ñ SB 455, written testimony, Deborah Towner, 2 pp

G ñ SB 455, written testimony and letters, James Sterk, 7 pp

H ñ SB 455, written testimony, Ed Dennis, 1 pp

I ñ SB 455, letter submitted prior to meeting, staff, 5 pp

J ñ SB 455, letter submitted prior to meeting, staff, 2 pp

Kñ SB 455, letter submitted prior to meeting, staff, 1 pp