

**HOUSE COMMITTEE ON GENERAL GOVERNMENT**

**April 25, 1997 Hearing Room D**

**1:00 P.M. Tapes 88 - 89**

**MEMBERS PRESENT:**

**Rep. Ken Strobeck, Chair**

**Rep. Dan Gardner, Vice-Chair**

**Rep. Kurt Schrader**

**Rep. Liz VanLeeuwen**

**Rep. Tom Whelan**

**MEMBER EXCUSED:**

**Rep. Bob Montgomery**

**Rep. Jim Hill**

**STAFF PRESENT:**

**Jeri Chenelle, Administrator**

**Annetta Mullins, Administrative Support**

**MEASURE/ISSUES HEARD:**

**HB 3386 - Public Hearing**

**HB 2987 - Public Hearing**

**HB 3130 - Public Hearing and Work Session**

**HB 3531 - Public Hearing**

**HB 2797 - Public Hearing**

**HB 2831 - Public Hearing**

**HB 2443 - Public Hearing**

**HB 2843 - Public Hearing**

**HB 2829 - Public Hearing**

**HB 3295 - Public Hearing**

**HB 2717 - Public Hearing**

**HB 2446 - Public Hearing**

**HB 2280 - Public Hearing**

**HB 3429 - Public Hearing**

**HB 3174 - Public Hearing**

**HB 3053 - Public Hearing**

**HB 2283 - Public Hearing**

**HB 3578 - Public Hearing**

**HB 2913 - Public Hearing**

**HB 2915 - Public Hearing**

**HB 2912 - Public Hearing**

**HB 2680 - Public Hearing**

**HB 3409 - 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.**

<b>Tape/#</b>	<b>Speaker</b>	<b>Comments</b>
<b>Tape 88, A</b>		
003	Chair Strobeck	Calls meeting to order at 1:06 p.m. and opens the public hearing on HB 2987.
<b><u>HB 2987 - PUBLIC HEARING</u></b>		
011	Rep. Floyd Prozanski	Testifies in support of HB 2987 with the HB 2987-1 amendment <b>(EXHIBIT E):</b>
		* purpose is to allow a few very select investigators who are certified police officers in Oregon to obtain the same level as other investigators within the PERS program
030		* received letter <b>(EXHIBIT A)</b> stating historical perspective
		* two years ago legislation passed that made investigators within district attorneys' office equal to police officers because of the functions they

		do: serve warrants, participate in arrest, and other police officer functions
		* 1995 legislation made certain that the classification went to officers who had been certified in Oregon by BPSST or had some other type of state equivalent to the certification
		* after 1995 session, learned that the PERS provisions had not been changed automatically
		* has received letter from Lincoln County District Attorney in support of this legislation because they have one individual as a peace officer in the PERS program who is now an investigator and has been denied continuing eligibility
036	Tom Yates	Chief Investigator, Lane County District Attorney's office, testifies in support of HB 2987:
		* currently, 19 investigators statewide
		* investigators were originally sworn as deputy sheriffs employed by the district attorney's office; in Portland they are assigned to the Portland Police Bureau
		* some county investigators are in the police/fire system because of position as investigators and sworn officers
056		* legislation was brought two years ago to clarify police officer definition throughout the statutes to include district attorneys' investigators
		* bill would impact four people, changing from standard PERS to police/fire PERS coverage
		Issues discussed:
065		* whether this also allows early retirement
		* 15 of 19 are already in PERS system
089		* definition of a peace officer was amended to include district attorneys' investigators, and officers are certified through BPSST
101		* whether all 36 counties have people employed as investigators
		* why "any other state" is included in the amendments
128		* whether persons currently are PERS members
168		* duties of investigators
183		* early retirement for another group
211		* precedent for including groups under PERS as duties change
232		* whether all counties require investigators to be sworn officers
238	Chair Strobeck	Requests that Rep. Prozanski work with his office to get proposed amendments.
240	Rep. Prozanski	Clarifies that the amendment would be to leave it as "peace officer in this state."
244	Chair	Asks if every county is requiring investigators to be sworn officers.

	Strobeck	
249	Yates	Responds there are one or two officers in the Portland metro area who work only family law type investigative work and they are not certified and sworn officers.
	Rep. Prozanski	Adds they would not qualify because they are not sworn.
256	Chair Strobeck	Clarifies that everyone who falls into the category hereafter are BPSST certified and sworn as an officer, thereby automatically qualifying for the police benefits, and asks if on page 5, in line 7, the language could read "this applies only to persons who are employed as an investigator on the effective date of this Act," rather than "on or after."
262	Rep. Prozanski	Responds the problem with taking out "or after" is that individuals such as the Lincoln County District has referred to has 14 years PERS coverage from his prior service, and understands if he does not retroactively pick that time back up, he will lose it in some capacity.
270	Chair Strobeck	Suggests he talk to PERS about what allows someone to be brought into the system at a credit level, and being able to get the police officer rate in the future.
2761	Chair Strobeck	Closes the public hearing on HB 2987 and opens the public hearing on HB 3386.
<b><u>HB 3386 - PUBLIC HEARING</u></b>		
265	Jeri Chenelle	Administrator, reviews provisions of HB 3386.
293	Steve McCoid	Oregon Grocery Industry Association (OGIA), testifies in support of HB 3386 ( <b>EXHIBIT B</b> ):
348	McCoid	Continues presentation.
403	McCoid	Submits and explains HB 3386 -2 amendments ( <b>EXHIBIT C</b> ):
		* would eliminate Sections 3 and 4 because there was a concern there was no enforcement capability if somebody starting extending credit past the 15 days
		* Oregon Liquor Control Commission (OLCC) had a concern they not be made the credit managers for the distributors; amendments provide for those egregious violations of the credit terms; injunctive relief would be through the circuit court and OLCC would take the proper steps to discipline the violator of the credit terms
		* allows OLCC to decline to investigate
		* puts a one-year maximum for bringing a complaint forward for violation of credit; without the amendment it would be a 10-year limit
451		* OLCC has reviewed amendments and has no concerns with them.
		Issues discussed:
458		* whether electronic transfers are currently allowed

TAPE 89, A		
028	Kathy Moreland	Roth's IGA, testifies in support of HB 3386 ( <b>EXHIBIT D</b> ):
064		Continues presentation.
		Issues discussed:
075		* electronic transfers
098	John McConnville	Jacks, IGA, Salem, testifies in support of HB 3386:
		* cash flow opportunity with bill
		* competitive nature is making cash flow issues more important
		* purchase of beer and wine are the only things retailers have to pay for on the spot
		* some do pay cash out of cash register; but \$1,000 or \$2,000 for beer and wine is different
		* not equipped for electronic funds
		Issues discussed:
124		* increase stock on hand
146		* cash flow
200	Gary Kintz	Waremart, testifies in support of HB 3386:
		* employee-owned company
		* use of draft at store level is manual intensive
		* security risk involved in stolen and duplicated drafts
217	Gary Straube	Darimart, testifies in support of HB 3386:
		* one or two clerks on duty and main manager there five days per week during the day time
		* beer and wine deliveries are at a variety of times
		* everything is paid out of corporate office, except for beer and wine
		* for beer and wine, company makes a deposit with distributors--prepaid and pay on account--so delivery can be made in cashless atmosphere
		* security and personnel are issues with money in the store
		* credit is good in everything else
		Issues discussed:
252		* how deposit is used
		* separate delivery receipts for beer and wine and all other items
266	Bridget Flanagan	Public Affairs Director, Safeway, Portland Division, testifies in support of HB 3386:
		* is vital commerce issue for grocers in Oregon
		* believes change of law is long overdue

		* all items can be purchased on credit except beer and wine
		* law is antiquated and out of sync with modern business practices
		* since shortly after prohibition grocers have been required to pay for beer and wine items prior to accepting delivery with either cash, check, or a site draft; all the systems are burdensome, inefficient, expensive and less than secure than paying off an invoice from a central accounting office
		* 94 Safeway stores use site drafts as method of payment of beer and wine purchases; it is time consuming and costly
297		* each store receives between 17 and 23 separate deliveries of beer and wine each week
		* explains process of making payment upon delivery
		* everyone else in the distribution chain can buy on credit; breweries can sell to distributors on credit, the State of Oregon transfers liquor to state-controlled liquor stores on bailment, Oregonians can buy liquor at state-controlled liquor stores using a credit card, and grocery store shoppers can buy beer and wine on credit using their Visa or MasterCard at the checkstand
330		* reviews provisions of HB 3386
		* grocers are not going to stop carrying an item or stop buying from a distributor if they cannot get credit; as long as there is customer demand for a product, the grocer will stock it
		* distributors have a state-sanctioned monopoly; grocers have to buy from the distributor in the area
352		* it is time to end protectionism enjoyed by Oregon distributors for the past 60 plus years
		Issues discussed:
369		* selling shelf space for beer and wine is prohibited
388		* why bill is permissive for distributors to extend credit
398	Gary Oxley	United Grocers, Plaid Pantry Convenience Store Chain, and Payless Drug Stores, introduces Tim Cote, Plaid Pantry.
385	Time Cote	Vice President of Marketing, Plaid Pantry, testifies in support of HB 3386:
		* being able to buy beer on credit is very important to company and industry
		* would mean an increase of over \$200,000 working capital to Plaid Pantry
424		* would streamline internal accounting systems
		* issuing checks and controlling process is an administrative hardship
434		* is issue of fairness
		* only group not allowed to participate in credit purchasing is the retail industry

TAPE 88, B		
019	Oxley	United Grocers, Plaid Pantry Convenience Store Chain, and Payless Drug Stores, testifies in support of HB 3386:
		* legislature needs to correct and change bad laws; what was a good law 50 years may not be a good law today
025		* laws are written to protect the public; the current prohibition on credit between grocers and distributors has nothing to do with protecting the public--it simply protects the beer and wine distributors
		* will hear beer and wine is a restricted product; if one day tobacco is required to be licensed, it would become a restricted product and asks if it would then be necessary to eliminate the credit that is issued today between tobacco wholesalers and retailers
		* pharmaceutical manufacturers and wholesalers deal in restricted products, license, education and degrees are needed to dispense the products; asks if there should be a prohibition on credit between the manufacturers and retailers
		* asks if credit should not be extended on chemical products and firearms
052		* argument will be that if small wine producers have to extend credit, they may go out of business; today small wine vintners extend credit to beer and wine distributors on 30-day credit terms
		* credit terms may increase business for small vintners
		* will hear argument that the smaller beer and wine distributors will be put out of business; beer and wine distributors are one of the most protected industries in Oregon
083		* there are 3,000 grocers in Oregon with package store licenses working under an archaic system
095	Paul Williamson	Oregon Liquor Control Commission, submits a statement and testifies on HB 3396 ( <b>EXHIBIT F</b> ).
		* OLCC has not taken a position on HB 3386
		* it is a business issue or dispute and a conflict the OLCC is not interested in getting in the middle of
122		* in 1995 session a bill passed that allows the electronic transfer of funds between a retailer and a wholesaler or manufacturer
		* there is nothing in the law that prohibits a retailer from depositing in advance funds with the wholesaler for the payment of beer and wine products
		* bill also affects every retail liquor licensee in Oregon
		Issues discussed:
153		* whether increase in volume in package stores would make beer and wine more available to minors
166		* whether credit terms could be considered a discount

182		* whether bills in previous sessions have been limited to package stores
210	Gary Conkling	Oregon Winegrowers Association, testifies in opposition to HB 3386 <b>(EXHIBIT G)</b> .
232	Sandra Bishop	Wine Institute, testifies in opposition to HB 3386 <b>(EXHIBIT )</b> :
		* approximately 70-75 percent of wine sold in Oregon is produced in California
		* majority of California's 600 wineries are members of the Wine Institute
		* HB 3386 would severely weaken Oregon's alcohol control laws
		* passage would greatly disadvantage the small wineries in securing markets and distribution of their products
		* allowing the use of credit at the retail level will very likely violate the prohibition against the use of financial assistance
		* 32 states remain controlled states
		* distribution of beer and wine is different
		* beer has a distribution network with exclusive territories; wine is not in exclusive territories in most states and wine needs more distributors because there are more products
		* credit sales in other states tends to increase the overstocking of alcoholic beverages and causes irresponsible promotion through marketing of the products
319		* irresponsible to pass bill without enforcement
		* capital is not available to the small businesses
343		* credit often requires the small business to hire a credit manager and small wineries are concerned with being priced out of the market
360	Chair Strobeck	Asks McCoid if restaurants have an interest in this bill.
367	McCoid	Responds the Restaurant Association has no problem with the bill, but if all types of liquor licenses are going to become an issue, he would entertain amendments.
385	Chair Strobeck	Asks Mr. Williamson if he has any recommendations on enforcement.
	Williamson	Responds that the amendment reviewed this afternoon, in part, provides some ability for credit provisions to be enforced without having the liquor commission be the "credit police." Believes it takes care of the OLCC's concerns about being turned into the collection agents for wholesalers.
409	Chair Strobeck	Advises the committee does not have a revenue statement on the amendments and asks for members' comments.
		Comments he would like a legal opinion on the credit being a form of financial assistance, and how the existing language plays into the



431	Rep. Schrader	exceptions that are in statute, and has a concern about the taverns, and questions whether there should be a sunset clause to allow an evaluation.
447	Chair Strobeck	Comments he would feel more comfortable if the bill were limited to package stores, and asks the grocers and winegrowers get together to see if there is some way to soften the impact.
474	Jeri Chenelle	Administrator, comments that Legislative Counsel has some concern about keeping the "tied house" provisions whole; that this was chipping away at it.
490	Chair Strobeck	Announces that a work session will be scheduled when the amendments are received, and closes the public hearing on HB 3386.
<b>TAPE 89, B</b>		
039	Chair Strobeck	Opens the public hearing on HB 3130.
<b><u>HB 3130 - PUBLIC HEARING</u></b>		
0042	Hasina Cassim	Special Districts Association of Oregon and the Oregon Fire Chiefs Association, testifies in support of HB 3130:
		* reviews provisions of HB 3130
		* cities currently have this authority under their home rule charter provisions
		* rural fire districts are created out of statutory authority under ORS 478 and therefore only have the powers granted to them within statute; currently they do not have the authority to abate hazards or file liens against property landowners who refuse to clean up their property
		* HB 3130 would provide provisions in statute for the fire chief of a rural fire protections district, or his/her designee, to send a written notice to the landowner requesting they abate the hazard and providing a specific time period for compliance with the abatement; if the landowner does not abate the hazard, it permits the chief or designee to enter the landowners property and remove or abate the hazard
		* the chief would file a lien with the county clerk for the actual expenses incurred for abating the hazard and the landowner would have to pay the district within 90 days
		* language is almost identical to every other municipal department's uniform fire code provision
		* League of Oregon Cities supports the legislation and do not object to districts having the same authority as cities
		* introduces Darrell Churchill
074	Darrell Churchill	Fire Chief , Black Butte Rural Fire Protection District, testifies in support of HB 3130:
		* reviews procedures in his fire district

		* problem is with absentee homeowners
		Issues discussed:
096		* types of fuel
115		* broadness of language
136		* intent is to abate hazards that would threaten life and property
160		* types of hazards that could be regulated
196		* whether forestry and field burning fuel could be included
		* fire provision codes are adopted by local governments
225		* cities and counties have authority in HB 3130
		* purpose of protection practices at Black Butte
266	Chair Strobeck	Closes the public hearing and opens the work session on HB 3130.
268	Rep. Gardner	<b>MOTION: Moves HB 3130 to the floor with a DO PASS recommendation.</b>
		<b>VOTE: 5-0</b>  <b>AYE: In a roll call vote, all members present vote Aye.</b>  <b>EXCUSED: 2 - Hill, Montgomery</b>
	Chair Strobeck	<b>The motion CARRIES.</b>
		<b>REP. WHELAN will lead discussion on the floor.</b>
281	Chair Strobeck	Announces that the committee will open and close a public hearing on the remainder of the measures on the agenda in order to keep the bills alive for future consideration.
	Chair Strobeck	Opens the public hearings on HB 3531, HB 2797, HB 2831, HB 2443, HB 2843, HB 2829, HB 3295, HB 2717, HB 2446, HB 2280, HB 3429, HB 3174, HB 3053, HB 2283, HB 3578, HB 2913, HB 2915, HB 2912, HB 2680, and HB 3409, and closes the public hearings on HB 3531, HB 2797, HB 2831, HB 2443, HB 2843, HB 2829, HB 3295, HB 2717, HB 2446, HB 2280, HB 3429, HB 3174, HB 3053, HB 2283, HB 3578, HB 2913, HB 2915, HB 2912, HB 2680, HB 3409
287	Chair Strobeck	Adjourns meeting at 2:49 p.m.

Submitted By, Reviewed By,

Annetta Mullins, Jeri Chenelle,

Administrative Support Administrator

**EXHIBIT SUMMARY**

**A - HB 2987, letter, Rep. Prozanski, 1 p**

**B - HB 3386, prepared statement, Steve McCoid, 1 p**

**C - HB 3386, HB 3386-2 amendments, Steve McCoid, 2 pp**

**D - HB 3386, prepared statement, Kathy Moreland, 2 pp**

**E - HB 2987, HB 2987-1 amendments, Rep. Prozanski, 2 p**

**F - HB 3386, prepared statement, Paul Williamson, 2 pp**

**G - HB 3386, prepared statement, Gary Conkling, 1 p**