

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

April 24, 1997 Hearing Room 343

1:00PM Tapes 58-59

MEMBERS PRESENT:

Sen. John Lim, Chair

Sen. Joan Dukes, Vice-Chair

Sen. Bill Fisher

Sen. Gary George

Sen. Avel Gordly

Sen. Veral Tarno

MEMBER EXCUSED:

STAFF PRESENT:

Jim Stembridge, Administrator

Julie Havel, Administrative Support

MEASURE/ISSUES HEARD:

Informational Meeting

National Consultation on U. S. Policy toward Africa

SJR 28 Public Hearing and Work Session

SJR 5 Work Session

SB 766 Public Hearing

SB 1121 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 59, A		
		Calls meeting to order at 1:17 pm and opens informational

005	Chair Lim	meeting.
<u>INFORMATIONAL MEETING - NATIONAL CONSULTATION ON U.S. POLICY TOWARD AFRICA</u>		
010	Sen. Gordly	Gives brief overview of her visit last week to the National Consultation on U.S. Policy Toward Africa in Washington D.C. (EXHIBIT A) .
057	Sen. Gordly	Highlights proposed legislation pending in Congress (EXHIBIT B) .
092	Chair Lim	Summarizes provisions of bill which the Senate Committee on Trade and Economic Development passed on April 3, 1997, pertaining to the study and opening of a trade office in South Africa.
100	Sen. Gordly	Concludes presentation.
107	Chair Lim	Closes informational meeting and opens public hearing on SJR 28.
<u>SJR 28 - PUBLIC HEARING</u>		
113	Jim Stenbridge	Committee Administrator, explains provisions of SJR 28.
126	Mark Martin	Legislative Aide, Sen. Jeannette Hamby, testifies in favor of SJR 28, and offers proposed -2 amendments (EXHIBITS C & D) .
176	Martin	Continues testimony, highlighting newspaper article from the Oregonian Newspaper, dated 4/19/97.
201	Chair Lim	Asks for clarification on the effects of proposed -2 amendments.
200	Martin	Explains the amendments would "merely prevent expansion of any further gaming," so the effort to eliminate it altogether would no longer be included in the bill.
211	Chair Lim	Asks why they want to change the bill from attempting to "eliminate" video lottery games to attempting to "prevent expansion of" video lottery games.
213	Martin	Refers to newspaper poll in exhibit C and explains the Senator's office felt that it wouldn't "necessarily be an issue to present to the voters something that they have already merely expressed their opinions on, however it seems there is strong opposition to expansion, and therefore they wanted to present to the people of Oregon the option to do just that, and voice their opinion."

217	Chair Lim	Asks if Sen. Hamby had just found out about the poll and if that is what prompted her to change the intent of the bill.
224	Martin	States that is correct.
226	Chair Lim	Asks why they need to refer this to the people if it is just to stop expansion, because that can be achieved through the legislature.
227	Martin	Explains Sen. Hamby felt it would be in the best interests of this issue, since it has such a great impact on the lives of Oregonians, rather than handing the decision down from the top.
233	Chair Lim	States in 1984, the people approved the Oregon Lottery, but video poker came into being through the actions of the legislators, not the people. States it seems to him that they are just "dodging their responsibilities" in the chamber, and should just let the people decide.. Asks if Martin agrees with that opinion.
246	Martin	States this would be an issue Sen. Hamby would likely want to bring forward herself, but that, given the current vehicle of the resolution, this would be wise to present it to the state of Oregon.
256	Sen. Tarno	Asks if the reference to "electronic slot machine" in the -2 amendments applies to Indian Casinos.
257	Martin	States as it currently stands, the Indian Casinos have these electronic slot machines available already, so this would merely impact the lottery.
267	Sen. Tarno	Asks if this prohibits them from expanding the types of games which one could add to a slot machine..
265	Martin	States to his knowledge, they have the ability to expand, based on relations with the state of Oregon, but he cannot give a specific answer on how these rules pertain to the tribes and their agreement with the state of Oregon.
274	Sen. Fisher	Asks about figures on staff measure summary regarding video lottery earnings.
287	Stembridge	Explains this is information provided by the lottery, and explains what figures they represent.
304	Sen. Fisher	Asks if the reference to "sales" is a mistake.
305	Stembridge	States he will have to check on this.
321	Sen. Hamby	Explains this bill will not affect any Indian Casinos, because Indian lands and Indian Casinos are sovereign nations. States this bill simply speaks to the role of the Lottery Commission itself, and state activities.
		Asks if that really does limit them because they are not

335	Sen. Fisher	allowed to do anything that we are not allowing.
333	Sen. Hamby	States this will not limit them from what they are currently doing, but that is true that the casinos may not move beyond that. States again this bill simply speaks to an expansion, and they cannot expand if we do not expand.
345	Chair Lim	Asks Sen. Hamby to expand on her statement.
347	Sen. Hamby	States she is not familiar with the various games. States she understands Nevada offers one other type of state activity than Oregon does, and the Indian Casinos cannot move beyond that. States this simply speaks to the on-line games-- "the notion of counting apples, the notion of seeing three or four sevens." States again, this bill only speaks to the state's opportunities, it has no impact on Indian Casinos.
367	Chair Lim	Asks again if it means they must stop any expansion of the games if we stop it, or if it they are two completely different entities.
371	Sen. Hamby	States it has already been publicly announced that the moment the legislators sine die, the lottery Commission plans on expanding the current gaming opportunities, such as moving from the ability to play video poker, to something "far more simpler and far more rapid," where it is easier to count the number of cherries or the number of sevens, than it is to think about playing a hand of poker.
381	Chair Lim	Asks again if Indian Gaming activities are tied to the committee's decision here.
398	Sen. Hamby	Offers to find out how the state of Nevada handles it, and states perhaps staff could help her on this issue.
406	Stembridge	States he would be speculating on it, but states there are certain games that Oregon does not allow which Nevada does allow.
409	Chair Lim	Asks again about the reason for wanting to send this issue to voters.
415	Sen. Hamby	States she believes that in addition to legislators, Oregonians in general, too, are addicted to lottery revenues and it should be up to them to decide the issue.
TAPE 59, A		
015	Chair Lim	Proceeds with follow-up questions regarding why it must be placed on the ballot.
025	Sen. Hamby	Explains because the Lottery Commission has said it will not expand before this issue goes before the people for a vote.
032	Chair Lim	Uses example of Atlantic City's problems and states he is afraid they are moving in the direction of experiencing the same social ills that gambling has produced there.

049	Sen. Hamby	States she agrees and uses example of her visit to South Dakota four years to illustrate. Explains she visited a Ford dealership that had "one lone automobile" in its show area, the rest of it was ringed with machines. States until Oregon reaches that point, she doesn't think they can turn it around.
063	Sen. Lim	States he respectfully disagrees, and uses analogy of a cancer patient waiting until he's dying before he tries to fix it. States it is time to wake up and do something about this issue now, because it might take many years to recover.
066	Sen. Hamby	States the reality is that if they were to send the original measure out to voters, it would be a very costly campaign, and it would be very hard for proponents of the measure to raise enough money to fight against the national dollars that would flow into the state to oppose the referral. States it would be far more realistic to simply ask the voters to vote in favor of stopping it from expanding.
079	Sen. Gordly	Introduces visitors.
087	Ted Hughes	Cow Creek Band of Umpqua Indians, testifies in opposition to SJR 28, because he states any limits on the state's games could indeed, conceivably affect what games the tribes can offer.
128	Sen. Dukes	Asks if he is certain that the measure would affect the tribes, and asks if as long as gambling is legal in Oregon, wouldn't the tribes be able to continue as they are today.
148	Hughes	States he cannot answer that for sure, but states he is inclined to think they could because they are sovereign nations, however, they derive their power out of the federal act from gaming that is already permitted in the state--they cannot go beyond what is permitted in the state.
150	Sen. Dukes	States they are beyond it today, unless they define what is going on in the state differently, which was the reason for her previous question. States that currently non-tribal businesses cannot offer video slot machines, but the tribes are using them today.
157	Hughes	States again he cannot answer that for sure.
162	David Hooper	Public Affairs Manager, Oregon State Lottery, testifies they are neutral to SJR 28 in its original form, because it has always been up to the voters to decide what to do with it. Explains brief history of lottery and states there will be a fiscal impact with both SJR in its original and its amended forms (EXHIBIT E).
210	Sen. Dukes	Asks what criminal element has been removed
		Explains the so-called "gray" machines at one time were

220	Hooper	allegedly connected to organized crime.
223	Sen. Gordly	Asks if there is a report detailing these criminal elements.
230	Hooper	States there is a report, done by Multnomah County District Attorney Michael Shrunk and he would be happy to get a copy of it for them.
250	Sen. Gordly	Asks if he is aware of another report on this subject done by the state police on a statewide basis.
260	Hooper	States he is not aware of such a report, but will do some research and find out.
267	Sen. Gordly	States she is new to the issue of the lottery, and this committee's interest in what the state's relationship should be with the lottery, and this is the first time she has ever heard any mention of a "criminal element" involved in the video lottery business. States she would like to get more detail about that into the record and for her own level of assurance and comfort.
287	Chair Lim	Asks Hooper if he can get some documentation regarding the issue.
290	Hooper	States he will get a copy of any information available on the issue and get it to the members and staff as soon as possible.
293	Hooper	States there have been several erroneous statements made earlier, one being the assertion that the lottery commission is going to move in and adopt line games the moment the legislators sine die, is completely untrue. States they have promised their retailers and their players that they will initiate rule-making in August, but there is no presumption as to what the outcome of that process will be. Explains the rule-making process is the vehicle they use to examine the issue and bring it to closure, and it is totally incorrect to assume that the commission is going to say "yes" to line games.
300	Sen. Dukes	States she has heard the same concerns from her constituents that the lottery plans to draft new rules to expand.
321	Hooper	Explains the only way new rules get put into action, is through the public process, and it will not make any new rules without the input of the public.
335	Sen. Dukes	Asks why the commission is waiting until after sine die to meet.
350	Hooper	Explains because they are extremely busy right now with the session and development of their budget, and they do not have enough staff to conduct the hearings during session.
360	Sen. Gordly	Asks for clarification that the commission plans to conduct the public hearings on this issue in August.

390	Hooper	Explains they scheduled those rule-making meetings for August long before the session began.
400	Chair Lim	Asks Hooper to explain what public process will be used during this rule making session.
406	Hooper	Explains.
411	Sen. Dukes	Asks for clarification on whether there will be a "draft-rule" before them to consider at these hearings.
415	Hooper	Explains.
TAPE 58, B		
014	Hooper	Refers to proposed -2 amendments, and states the definition of an electronic slot machine would include any video lottery terminal device in this state, and would represent an elimination. States further that, by expressly prohibiting the State Lottery from these games, he believes it would have an impact on the Indian Gaming Centers as well. States the on-line games are their traditional games such as megabucks, and he's not sure why they are included in the amendments. States he thinks perhaps they are thinking of line games as slot games, and he believes the definition proposed in this amendment would eliminate video lottery as it stands in this state today.
031	Sen. George	States it looks to him like these amendments are not eliminating anything, and asks how the amendment would result in a 501.7-million dollar loss.
038	Hooper	Explains he believes this definition of electric slot machines would include every video lottery terminal would include every video lottery terminal in Oregon, so would in fact eliminate current programs in addition to prohibiting them from expanding.
050	Stembridge	Clarifies that the revenue loss the lottery is projecting is on the original staff measure summary, and if the term "electronic slot machines" in line seven were deleted, then they would be holding the theory of revenue more constant, so if they change it the way Hooper is suggesting, he does not believe the lost revenue estimate would be the same.
058	Chair Lim	Asks how many machines we expand by in a year, given we have 9,000 machines and 10,000 by the next biennium. Asks if they can continue to expand that way and if there is room to expand that way.
062	Hooper	Explains.
082	Chair Lim	Asks what percentage traditional games now account for.
085	Hooper	Explains they now account for about 30 percent.
090		Discussion continues.
		Asks for clarification on whether the Indian Tribes are tied

096	Chair Lim	into this.
101	Hooper	Explains he is not an attorney or an expert in this area, but he understands the Indian Gaming Regulatory Act (IGRA) enables tribes to offer any games that are allowable within that state, so unless a game is "criminally prohibited," a tribe could offer it, and so it becomes a matter of "civil regulatory control" vs. "criminal."
118	Sen. George	Asks if changing the wording in line seven of the -2 amendments to read, "Not to expand Oregon Lottery to allow any additional electronic slot machines or any additional video games," and states it is his understanding that that would have a zero impact on revenues.
127	Hooper	Re- states Sen. George's proposed phrase and suggests deleting "electronic slot machines" to allow any additional video lottery games, and states if they want to prevent the lottery from adding any new or traditional games, then they would leave in the words "or on-line games."
147	Michael Mason	Confederated Tribes of the Grand Ronde, states the tribes are reluctant to comment on issues between the people and the state government, but states he is here to clarify the impact this proposed ballot measure would have on the tribes. States the IGRA does prescribe that any games which are criminally prohibited within the state of Oregon are also prohibited on tribal land. States he does not believe SJR 28 will have an impact on tribal casinos, but he has not yet seen the amendments.
190	Chair Lim	Asks if he can provide a copy of the IGRA to the committee members.
200	Mason	State he would be glad to.
205	Cindy Robert	Confederated Tribes of the Umatilla, explains she used to work with the industry that supplied the so-called "gray" games, and clarifies there were a few in the industry who were dishonest, but the majority were honest. Gives history of the issue brought up earlier by Sen. Gordly regarding existence of organized crime in relation to gray games.
245	Sen. George	Asks if she is aware of a fleet of 50 four -wheel drive, very expensive, unusual looking vans that are being used to repair and maintain these machines. States that was an inquiry by a constituent who had seen such a fleet.
271	Robert	States it does cost money to start up, but everything she's seen is that they are doing a very good job at what they are doing.
275	Chair Lim	Closes public hearing on SJR 28 and opens work session on SJR 28.
<u>SJR 28 - WORK</u>		

<u>SESSION</u>		
290	Chair Lim	Asks if there is any objection to passing SJR 28.
295	Sen. Dukes	States she agrees with Sen. Hamby that if they are going to move anything, it should be the -2 amendments, but asks about language in page two, lines 35 and 36 in original bill.
327	Chair Lim	Asks staff how they feel this would affect Indian casinos.
335	Stembridge	Explains it is possible that it could affect them adversely, and states he is unclear about the context of the term "parimutuel lottery."
350	Chair Lim	Reads definition of "parimutuel" and asks what that pertains to.
360	Robert	Clarifies "parimutuel" means dog and horse racing.
373	Chair Lim	States they still have some questions to be answered, by Legislative Counsel and possibly the Attorney General's office, so they will re-consider this bill in the near future.
0415	Chair Lim	Closes work session on SJR 28 and opens public hearing on SB 766.
<u>SB 766 - PUBLIC HEARING</u>		
420	Chair Lim	Closes public hearing on SB 766 and opens public hearing on SB 1121.
<u>SB 1121 - PUBLIC HEARING</u>		
424	Chair Lim	Closes public hearing on SB 1121 and opens work session on SJR 5.
<u>SJR 5 - WORK SESSION</u>		
418	Jim Stembridge	Committee Administrator, explains provisions of SJR 5.
431	Sen. Dukes	Asks who is first in line.
435	Stembridge	Explains the governor is first in line.
<u>TAPE 59, B</u>		
020	Chair Lim	States he wants to reduce office size to just one assistant and one secretary.
030	Sen. Tarno	Asks if they can find out how much money other states spend on this position.
038	Chair Lim	States he would like to see that information.
040	Sen. Gordly	States the only information she is looking for regarding this bill is why they need a position of Lieutenant Governor.

048	Chair Lim	States he believes the governor cannot realistically meet the obligations of his office both nationally and internationally, and is increasingly too busy to meet with visiting foreign dignitaries, especially during election years. Explains a Lt. Governor could fill that role for the governor so Oregon can still play host to these dignitaries. States it is also important to limit the powers of the Lt. Governor, and make them run on the same ticket as the Governor.
093	Sen. Gordly	States before she can embrace this concept, she would need to know more about how the current governor's administration is structured, how they are handling these issues now, and what are the perceived gaps in the system when it comes to not having enough visible presence around the international trade arena.
110	Sen. Tarno	States his concerns about how voters will perceive them when they want to cut down on the size of government and instead here they are, trying to create a new position.
124	Chair	States he would like more information himself on other states, and explains the current governor is neutral on the issue, because it will not happen in the next biennium.
137	Sen. Fisher	States he is in agreement with Sen. Tarno, and believes the voters will not support this idea, and states his concerns about the potential financial impact. States the only thing he supports in the bill is that it limits the governor's term.
169	Chair Lim	Closes work session and adjourns meeting at 2:55pm.

Submitted By, Reviewed By,

Julie Havel, Jim Stembridge,

Administrative Support Administrator

EXHIBIT SUMMARY

A - Informational meeting, event agenda and information packet, Sen. Gordly, 9pp.

B - Informational meeting, summary of proposed Congressional bill, Sen. Gordly, 1p.

C - SJR 28, written testimony and newspaper poll, Mark Martin, 2pp.

D - SJR 28, proposed -2 amendments, Mark Martin, 1p.

E - SJR 28, written testimony, David Hooper, 1p.