

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

May 15, 1997 Hearing Room 343

1:00PM Tapes 65 - 66

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

MEASURES HEARD:

SB 5 Public Hearing and Work Session

SB 655 Work Session

SB 932 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
TAPE 65, A		
005	Chair Lim	Calls meeting to order at 1:09 pm and announces this might be the last meeting of this committee. Opens public hearing on SB 5.
<u>SB 5 - PUBLIC</u>		

HEARING		
014	Jim Stemberge	Committee Administrator, explains provisions of SB 5, and states this bill merely changes a word to correct a so-called "scrivener's error."
035	David Hooper	Public Affairs Manager, Oregon State Lottery, introduces Sgt. John Rizzo, Oregon State Police, explains the problem with the wording in the current statute, and testifies in favor of SB 5 (EXHIBIT A).
050	John Rizzo	Oregon State Police Sergeant, states he is also in support of this bill and is here to answer any questions the committee may have.
054	Chair Lim	Closes public hearing on SB 5 and opens work session on SB 5.
054	Sen. Tarno	MOTION: Moves SB 5 to the floor with a DO PASS recommendation.
		VOTE: 4-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 2 - Dukes, Fisher
	Chair Lim	The motion CARRIES. SEN. TARNO will lead discussion on the floor.
066	Chair Lim	Closes work session on SB 5 and opens work session on SB 932.
SB 932 - WORK SESSION		
076	Jim Stemberge	Committee Administrator, reviews provisions of SB 932, states this is Sen. Ferrioli's bill, and states there are some amendments, which Sen. Ferrioli will be introducing.
085	Sen. Ferrioli	District 28, SB 932 sponsor, explains intent of proposed -6 amendments, and states they represent a compromise, yet they deal with the concerns that have been expressed (EXHIBIT B).
117	Sen. George	Asks him to explain language on lines 23 & 24 on page one.
118	Sen. Ferrioli	Explains.
127	Sen. George	Asks where these amendments address Sen. Gordly's earlier concerns regarding certain "pockets" of distressed areas.
129	Sen. Ferrioli	Explains.
146	Sen. Gordly	States she believes they had reached a consensus on the proposed -4 amendments, which Sen. Ferrioli has not referred to (EXHIBIT C). Recommends they move the bill with the -4's and if there are changes to be made, that they be made in the House, because she does not believe they have the votes for the -6's.

168	Sen. Ferrioli	States he does not see any incompatibility between the -4's and the -6's if they were to move them together.
198	Sen. Gordly	States with regard to her comfort level with this bill, and with an eye toward moving something out this afternoon, she will support the -4's, but is not comfortable with the -6's without some more input from the Oregon Economic Development Department (OEDD).
216	Chair Lim	States they have time to hear from OEDD on this issue.
220	Doris Penwell	OEDD, introduces Art Ayre, OEDD Economist, and states she will let him answer any questions.
228	Art Ayre	Economist, OEDD, explains his view of the -6's and their impact. States some of the issues these amendments raise have not been tried, and though he is not opposed to trying them, he does not know how they will work well as indicators.
250	Sen. Ferrioli	Adds the opportunity for the agency to consult with state and local agencies and officials, which is addressed in subsection two of the -4 amendments, also gives them additional methodologies to help define distressed areas.
265	Chair Lim	Asks for Ayre's views on the proposed -4 amendments.
267	Ayre	States he would be comfortable with the -4's because it recommends using the distressed area list. Adds they currently do have a definition of distressed areas in rule, and presumably would be able to modify that to the satisfaction of cities and counties.
263	Sen. Ferrioli	Shares his concerns about he -4's failure to really re-define "distressed areas." States they define that term using a 9% unemployment rate, but there are many communities that chronically have a 7.98%, or 8.9% that are not considered distressed areas. States the -6's set up a whole set of criteria that would better define these areas.
289	Penwell	States would be more comfortable replacing the word "shall" with language that allows them to use other data that they might need under certain circumstances.
299	Sen. Ferrioli	States again he believes both of these amendments together complement each other nicely and give the maximum opportunity for flexibility.
304	Sen. Fisher	Asks for and receives clarification that the -4's together with the -6's will address Penwell's concerns.
308	Sen. Gordly	Asks Penwell's response on the suggestion to combine the two amendments.
311	Penwell	States they could do that.
313	Sen. Gordly	Asks for explanation of language in lines 23 & 24 of the -6 amendments.
325	Ayre	States these lines direct them to create an index of population growth comparing the local area's growth to that of the state, and taking that as a percentage and then incorporating that into the index.
345	Penwell	Adds she believes it is important that OEDD is also available to work with those communities that need help in dealing with growth management

		issues as well as in the distressed areas which are not growing as fast or are losing population.
356	Sen. Gordly	Asks Penwell if there is language in the -6's that she sees as possibly too restrictive that might be seen as harmful to a particular county's needs.
354	Penwell	States with the exception of the language that says they "shall use" certain indicators for their index, there is nothing else she sees that would be too restrictive. Suggests changing the wording to remove that restriction that this data be used exclusively .
401	Sen. Ferrioli	Suggests adding the words "including but not limited to" after the word "indicators" in line 12 of his -6 amendments to address this concern.
421	Joni Low	League of Oregon Cities, states she understands the intent of Sen. Ferrioli's -6 amendments, but states she is unclear on how subsection 3 will impact cities and their ability to receive funding from OEDD. States she supports the suggested addition of language that allows them to use other data. States she did work on the -4 amendments and is more comfortable with those amendments.
444	Chair Lim	Closes public hearing and opens work session on SB 932.
<u>SB 932 - WORK SESSION</u>		
447	Chair Lim	States he is in support of this bill with the -6 amendments, but that they need some work, and there is not time to make the necessary changes. States the -4's might make it a more workable bill.
<u>TAPE 66, A</u>		
028	Sen. Tarno	Asks where the -4's came from.
025	Sen. Gordly	Explains they are a product of collaboration between OEDD, Sen. Ferrioli, Joni Low, and a member of her own staff, Sharon Hill.
036	Sen. Tarno	Asks if he is comfortable with the -4 amendments.
039	Sen. Ferrioli	States the -4 amendments are perfectly workable, but he is concerned that they do not mention the specific communities that Sen. Gordly was concerned with, and the language defining distressed areas as those with a 9% unemployment rate. States the -6's were crafted to take those concerns into account, but he wants to move this bill, so if they can do that with the -4's today and then make further changes in the House that would address his concerns, he would support that.
052	Sen. Fisher	Asks if Sen. Ferrioli would leave the -6's in limbo.
053	Sen. Ferrioli	States he would work to either amend the administrative rules at the agency level, or try to incorporate an amendment on the house side.
060	Sen. Fisher	Asks if Ferrioli would feel uncomfortable if they adopt the -6 amendments along with the -4's.
061	Sen. Ferrioli	States he would not, but he would hate to see a lost opportunity, and he does not want the -6's if they generate opposition to the bill. States if it is

		the Chair's intent to move the -4's today, he would support that.
065	Sen. Fisher	Asks Chair to re-cap what he has missed.
071	Chair Lim	Explains.
085	Sen. Lim	MOTION: Moves to ADOPT SB 932 -4 amendments dated 5/8/97.
	Chair Lim	Hearing no objection, declares the motion CARRIED.
087	Sen. Gordly	MOTION: Moves SB 932 to the floor with a DO PASS AS AMENDED recommendation.
087	Sen. Gordly	States she would like to thank all the people who worked with her on this consensus language, and Sen. Ferrioli.
099	Chair Lim	Echoes Sen. Gordly's sentiments and states he is confident that they can work out the concerns that Sen. Ferrioli has.
		VOTE: 5-0 AYE: In a roll call vote, all members present vote Aye. EXCUSED: 1 - Dukes
	Chair Lim	The motion CARRIES. SEN. FERRIOLI will lead discussion on the floor.
	Chair Lim	Closes work session on SB 932 and opens work session on SB 655.
<u>SB 655 - WORK SESSION</u>		
147	Jim Stemberge	Committee Administrator, reviews provisions of SB 655, and explains intent of proposed -3 amendments (EXHIBIT D).
153	Mark Martin	Legislative Assistant, Sen. Jeannette Hamby, states she cannot be here today. States Hamby would like the committee to look at the -2 amendments, which she had proposed in conjunction with SJR 28, temporarily prohibiting the expansion of the Oregon State Lottery pursuant to a vote of the people on SJR 28. States they were originally going to propose the -3 amendments, but Legislative Counsel brought it to Hamby's staff's attention that the -3's are unconstitutional and they would have to refer this issue to a vote of the people (EXHIBIT E). States Legislative Counsel felt the -2 amendments would be more acceptable and would not pose a constitutional difficulty.
188	Chair Lim	Asks if the -2's are a referral to the people or just a statutory change.
189	Martin	Explains the -2's are a temporary prohibition of expansion.
192	Chair Lim	Asks where that is stated in the -2 amendments.
202	Martin	States it is addressed on page one, section two, lines 10 and 11, but the word "temporary" itself is not used.
		Explains section 4 of the -2's says this act would take effect July 1, 1997,

223	Stembridge	and it would limit the expansion of these games until the ballot measure takes effect. States the ballot measure was going to be on the 1998 primary election, so it would be some days or weeks thereafter that the actual Constitution would prohibit the expansion of these games under SJR 28. Therefore the prohibition that would be in effect under SB 655-2 would be in effect for just about a year.
230	David Hooper	Public Affairs Manager, Oregon State Lottery, states this is the first time he has seen the -2 amendments, and states he is not sure how this language coincides with the language in SJR 28.
254	Chair Lim	States SJR 28 might be referred to the Revenue Committee, it might not see daylight, so they might not need to be concerned with it, and he is hearing that leadership is not ready to move the bill yet.
250	Martin	Re-states that Sen. Hamby feels very strongly about SB 655, and would like to see it move from this committee to the floor, but she wants to offer caution to any possible constitutional challenges that may exist with any of the amendments.
276	Sen. Dukes	Asks for and receives clarification about whether there was another bill which Sen. Hamby wanted to amend, or if this is the only one.
289	Sen. Fisher	Asks for and receives clarification that the committee will discuss the -3 amendments as well.
305	Chair Lim	Asks Martin if the -2 amendment stops any more expansion of video poker.
308	Martin	States yes, it would prevent expansion of video poker, additional electronic slot games, video lottery games, or on-line games, which are defined on line 16.
313	Sen. Dukes	Asks for clarification that the intent is to keep the machines until the voters decide, but any new bar that opens will not be able to offer the games.
324	Martin	Explains the -2's prevent any video expansion, but it does not intend to prevent the current games.
343	Chair Lim	Asks if this bill is connected to SJR 28 in any way.
349	Martin	Explains Sen. Hamby's intent was to avoid any constitutional challenge, and these -2 amendments are in conjunction with SJR 28 -3 amendments.
364	Chair Lim	Asks what becomes of this bill and its amendments if SJR 28 does not see the light of day.
367	Martin	States this one would not survive either and explains.
380	Sen. Tarno	Asks for clarification on whether the expansion of different types of games offered on a single terminal would be prevented.
383	Martin	States yes.
397	Sen. Fisher	Asks if Sen. Hamby supports the -2 amendments.
400	Martin	States she does support them in that any difficulties with SJR 28 will be worked out prior to its arrival on the floor.

405	Sen. Dukes	Asks for and receives clarification that SJR 28 was the bill that prohibited expansion of any electronic games.
418	Stembridge	Explains the difference between the -2 and the -3 amendments, and states SB 655 -2's would go into effect until the SJR 28-3's take effect.
TAPE 65, B		
013	Sen. George	Asks if this is similar to SB 924.
018	Stembridge	States this is similar in concept of wanting to limit the lottery, yes, but it is not exactly the same.
026	Hooper	States SB 655 poses some interesting constitutional questions, and as he looks at the history of the Lottery Commission, he cannot think of any instance where it disregards directions from the legislature, but it would be hard to guess what the Commission would do without polling the members.
047	Chair Lim	Asks if the -3 amendments, as of July 1997, stop the expansion of any more video lottery games, therefore would the 9,000 be the maximum amount of machines.
064		Discussion held on different versions of games on each terminal, and how this bill would affect the number of games they can offer, if it does not increase the amount of terminals.
084	Sen. Gordly	Asks if there is anything in the -3's or the -2's that impacts Indian gaming.
089	Hooper	States it appears to him that this says the status quo is where they stop, so it should not impact Indian Gambling.
106	Chair Lim	Asks for discussion among members on the proposed -3 amendments. Asks if they see any chance of this bill passing all the way out if they pass this bill out today.
125		Discussion held on likelihood of SJR 28 passing either the legislature or the public, because of its potential impact on schools, and the similar situation with this bill if they pass it out with the -3 amendments.
145	Sen. Lim	MOTION: Moves to ADOPT SB 655-3 amendments dated 5/14/97.
	Chair Lim	Hearing no objection, declares the motion CARRIED.
185	Sen. Lim	MOTION: Moves SB 655 to the floor with a DO PASS AS AMENDED recommendation and the SUBSEQUENT REFERRAL to the committee on Revenue BE RESCINDED.
187		Discussion held on whether they can rescind the referral to the Revenue Committee.
		VOTE: 5-1 AYE: 5 - Dukes, Fisher, Gordly, Tarno, Lim NAY: 1 - George

	Chair Lim	The motion CARRIES. SEN. LIM will lead discussion on the floor.
193	Chair Lim	Closes work session on SB 655.
190	Stembridge	States on behalf of support staff and himself, it has been a pleasure serving members during the session.
211		Members express their appreciation for staff and for the learning opportunities they have had in new subject areas.
223	Chair Lim	States this might not be the last meeting, but it has been a pleasure working with them all, and adjourns meeting at 2:27pm.

Submitted By, Reviewed By,

Julie Havel, Jim Stembridge,

Administrative Support Administrator

EXHIBIT SUMMARY

A - SB 5, written testimony and analysis, David Hooper, 2pp.

B - SB 932, proposed -6 amendments, Sen. Ferrioli, 2pp.

C - SB 932, proposed -4 amendments, staff, 1p.

D - SB 655, proposed -3 amendments, staff, 2pp.

E - SB 655, proposed -2 amendments, Mark Martin, 3pp.
