

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

February 11, 1997 Hearing Room 343

1:00PM Tapes 14 - 15

**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:**

SB 16 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 14, A		
005	Chair Lim	Calls meeting to order at 1: 10pm and opens public hearing on SB 16.
<b><u>SB 16- PUBLIC HEARING</u></b>		
009	Jim Stembridge	Committee Administrator, reviews provisions of SB 16.
017	Rep. Jo Ann Bowman	State Representative, District 19, testifies in favor of SB 16, stating she sponsored a similar bill in the House, and shares with the committee that she has several letters from constituents also in favor of SB 16.

076	Sen. Fisher	Asks for and receives clarification on the fact that video poker is not currently advertised.
084	Sen. Gordly	Asks if there are groups Bowman is aware of that support SB 16.
091	Bowman	States she has initials of 25 legislators who support the bill, and has letters from the public who support it, but has not approached any community groups for their opinions.
117	Sen. George	Asks her thoughts on the allegation that the 1-million dollar reduction on advertising in 1990-91 caused a 15-million dollar revenue drop.
114	Bowman	Responds at that time there was no video poker and we were strictly dependent upon traditional games, but today we have other opportunities for people to participate that we do not advertise. States that if we can make 276 million dollars without advertising, she doesn't see any undue influence on doing away with that 9 million dollars.
125	Chair Lim	States the figure is more like 10 million dollars.
132	Chair Lim	Asks for and receives clarification regarding Bowman's earlier reference to a billboard she saw which states "Got a problem? Play Keno."
163	Ellen Lowe	Ecumenical Ministries of Oregon, testifies in favor of SB 16, stating her group does not have good feelings about the growing income that lottery gambling has brought to the state. States aggressive promotion of lottery is not in keeping with the mandate, states current level of advertising is creating a culture of acceptance.
204	Lowe	Continues testimony, stating it is sending the wrong message--that if "I want to support education, I ought to play the lottery"--and our children are getting that same message.
250	Sen. George	Asks if Lowe thinks there is a generation coming along that is much more susceptible to participation in gambling.
270	Lowe	Replies that yes, there is, in her opinion.
280	Jack Hutchison	President, Portland Area Radio Council, General Manager , K103-FM Radio, testifies in opposition to SB 16. Asks if we view the Oregon Lottery as a "product" and if so, believes it's dangerous to take away the advertising funds to market this product.
316	Chair Lim	Asks for and receives clarification on \$345-million per year figure exclusive of any video dollars, and asks for verification of figure.
332	Hutchison	Introduces ten year history provided by Oregon Lottery, and states total lottery sales equal \$345-million a year ( <b>EXHIBIT A</b> ).
374	Hutchison	Continues presentation, raising questions about the long term effect of no advertising. Uses example of Massachusetts, which has eliminated lottery advertising and has no Indian gaming in the state.
<b>TAPE 15, A</b>		
020	Hutchison	Continues presentation, summarizing his belief that this bill is not fair because it allows certain mediums such as direct mail and sporting events to do business with the lottery, while shutting out radio and TV stations, newspapers, billboards, etc.

026	Sen. Fisher	Asks if Massachusetts would be affected by Indian gambling in other nearby neighboring states.
033	Hutchison	States he believes Connecticut offers Indian gaming, but does not know how far one would have to travel to reach it from Massachusetts, or what the effect might be.
040	Chair Lim	Asks Hutchison's opinion on what is more important: the long term effect of eliminating gambling advertising or the long term effect of gambling on people.
047	Hutchison	Responds that he believes we are all adults and we have a choice about whether we want to participate in the lottery, but we should have the right to decide our own individual choice rather than have it mandated by a committee.
050	Bill Sizemore	States he is speaking today as a private citizen, and not as a member of Oregon Taxpayers United. Testifies in support of SB 16.
068	Sizemore	States he does not have a personal problem with recreational gambling, but his father had a gambling problem which adversely affected his entire family. Sizemore states this experience has left him morally opposed to the lottery's promotion of gambling.
133	Sizemore	Continues testimony, stating that spending public money to promote gambling, is endorsing get rich quick schemes, etc.
161	Bill Williamson	President, Coquille River Broadcasting Association, testifies in opposition to SB 16, and shares letter from Dennis Williamson (no relation), General Manager, KGW-TV ( <b>EXHIBIT B</b> ), stating it will place an undue hardship on small businesses and other constituencies.
206	B. Williamson	Continues testimony against SB 16, stating that as a small market broadcaster, he has his own concerns about the proposal
232	Connie Williamson	General Manager, Coquille River Broadcasters, testifies in opposition to SB 16.
253	Sen. Gordly	Asks for clarification regarding Dennis Williamson's reference to "unfair restraint" in his letter.
264	B. Williamson	Replies he cannot be sure what D. Williamson meant since he is not present at the meeting.
273	Sen. Fisher	Refers to their telephone conversation that took place yesterday regarding patterns of advertising by the lottery and asks for clarification.
280	B. Williamson	States he believes some of the advertising does not do what it should do and that he, too, believes some of it is "dumb." States he does not believe the lottery uses Arbitron or other available tools to effectively reach their target audience and therefore believes some of the agency's campaigns have been ineffective.
336	Clint Sly	General Manager, Jacor Communications, KKRZ/KEX/Z100, testifies in opposition to SB 16 ( <b>EXHIBIT C</b> ).
359	Sly	States for every one dollar in lottery advertising, 9-12 dollars is generated in lottery sales, \$3.00 of which go to the state; and that SB 16 will result in a \$35-50 million loss to the state over the next biennium.

<b>TAPE 14, B</b>		
011	Sen. Dukes	Comments her memory of how lottery originated in Oregon differs--uses example of the out-of-state company that manufactured the "Scratch-it" game. States at that time there was no talk of Megabucks or Keno, etc. and does not believe people had the lottery in mind as an additional revenue source back then
022	Sly	Asks if she thinks people wouldn't want it managed responsibly.
025		Discussion continues on issue of the lottery's current status vs. how it originated and how it has developed into something much bigger.
035	Sly	Concludes presentation, stating the lottery is a business that we are already in and he believes it is important for the state to run that business responsibly. The decision of whether or not we should be in this business is a whole other issue.
039	Chair Lim	Asks if we should advertise more to get more revenue from the lottery in his opinion.
050	Sly	Explains it's their decision to make responsible decisions about how much gets spent; he doesn't know the details of their budget, but he believes the lottery should be able to run as a business and handle the advertising accordingly.
063	Chair Lim	Replies the committee intends to weigh the total situation and try to decide what is best for the state and for the people.
075	Van Moe	Oregon Eagle, Inc., and owner of KTIL and KMBD radio stations in Tillamook. Testifies in opposition to SB 16.
116	Moe	States his stations got no revenues from the lottery in 1995, and made only \$750.00 in 1996, so he has not benefited from lottery advertising revenues. States it appears to him the intention of this bill is to eliminate the lottery, and if it is, he believes it is a "backward, cowardly" way to go about it. States this effort is similar to having a herd of cattle in Tillamook County and milking them, but not feeding them.
135	Bernie Foster	Publisher, Scanner Newspaper, testifies in opposition to SB 16, stating it amounts to "censorship" ( <b>EXHIBIT D</b> ).
185	Foster	Continues testimony in opposition to SB 16.
227	Sen. Gordly	Asks how he, as a publisher, takes the quantity or quality of the ads into account when deciding what he will and will not publish in his paper.
233	Foster	Explains for him it's mainly a free speech issue.
252	Gail Ryder	Oregon Newspaper Publishing Association, testifies in opposition to SB 16 ( <b>EXHIBIT E</b> ), stating it is an unfair application of the law that hinders the free enterprise system, and the real losers will be the projects for economic development and education.
318	Sen. George	Asks if there is any relationship to what the Oregon lottery can do vs. what the casinos can do.
	Ryder	Explains her understanding is that the casinos are governed by a compact between the state of Oregon and tribal representatives, and she believes

		what they can do regarding advertising is dictated by that compact.
349	Sen. Fisher	Asks if she sees any problem with a warning that states "playing the lottery may be hazardous to your pocketbook."
356	Ryder	States she really does not have an opinion on that one way or another, and that she does not know if that would be effective.
363	Chair Lim	Asks if she thinks advertising will bring more people into gambling.
374	Ryder	States she believes advertising allows the lottery to compete for those gamblers who are committed gamblers--and could keep them from switching to venues such as Las Vegas or Indian gaming casinos.
365	Kenneth C. Johnson	Private citizen, testifies in favor of SB 16 ( <b>EXHIBIT F</b> ).
<b>TAPE 15, B</b>		
010	Johnson	Testifies he is a compulsive gambler, and he believes the lottery does impact the gambling addict by essentially creating a "dream" for those who play it.
062	Johnson	Continues testimony in favor of SB 16, stating he believes it amounts to a hidden tax on those who can least afford it.
078	Sen. Gordly	Asks for clarification on when the committee can hear from the rest of the people who have not had time to testify.
085	Chair Lim	Responds he will be scheduling another hearing on the matter, and anyone who doesn't get to testify today can come back then.
100	Chair Lim	States it is his opinion that no one can deny we have a problem in our state--one that came very quietly, like a cat, and it is affecting everyone.
115	Chris Lyons	Oregon Lottery, introduces David Hooper and Carol Bono, also from the Oregon Lottery, testifies in opposition to SB 16 ( <b>EXHIBIT G</b> ), stating the lottery tries to avoid programs that are aimed toward minors and children, and they try to create a responsible message.
145	Lyons	States their media campaign is not an aggressive one that is designed to increase sales, but simply to maintain and support projected figures.
183	Sen. Gordly	Asks if the governor has taken a position on this issue.
188	Lyons	Explains she has not had a conversation with the governor's office on this issue.
196	Sen. Gordly	Asks follow up questions regarding Keno billboard referred to earlier by Rep. Bowman.
210	Bono	States they will go back and look for sure, but they do not recognize that as one of their billboards.
224	Sen. Gordly	Asks about number of complaints the lottery has received regarding advertisements.
232	Lyons	Explains in her tenure there have been very few, and they always try to accommodate the person, but mostly responses are positive, adding that there have been no more than two or three negative responses.
251	Chair Lim	Asks if lottery can provide examples of advertising so the committee can

		see it for themselves.
261	Lyons	States they will get that information to them.
267	Sen. Dukes	Asks about conversation with lottery representatives that took place two years ago regarding the agency's attempts to make people aware of compulsive gambling problems.
295	Lyons	States it is her intent to match dollar for dollar those types of public awareness ads to the ones that actually promote the lottery--an amount of about 750 thousand dollars.
327	Sen. Dukes	Asks follow-up question about what type of ads that effort might include.
339	Lyons	Explains they are in the planning stages of that right now as they put together their budget for the coming year.
367	Chair Lim	Asks for clarification on figures in charts regarding Lottery budget and retail operations--what is considered "advertising" and what is considered "information".
400	Lyons	States the very base amount is around \$5 million --but she will clarify further at future hearing.
441	Chair Lim	Closes public hearing on SB 16.
443	Chair Lim	Adjourns meeting at 2:58pm.

Submitted By, Reviewed By,

Julie Havel, Jim Stembridge,

Administrative Support Administrator

**EXHIBIT SUMMARY**

**A - SB 16, Advertising and sales statistics, Oregon Lottery, 9 pp.**

**B - SB 16, written testimony, Dennis Williamson, 2pp.**

**C - SB 16, written testimony, Clint Sly, 3pp.**

**D - SB 16, written testimony, Bernie Foster, 3pp.**

**E - SB 16, written testimony, Gail Ryder, 2pp.**

**F - SB 16, written testimony, Kenneth Johnson, 2pp.**

**G - SB 16, written testimony, Chris Lyons, 3pp.**

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