

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

February 18, 1997 Hearing Room 343

1:00PM Tapes 18, 20, 21

MEMBERS PRESENT:

Sen. John Lim, Chair

Sen. Bill Fisher

Sen. Gary George

Sen. Avel Gordly

Sen. Veral Tarno

MEMBER EXCUSED: Sen. Joan Dukes, Vice-Chair

STAFF PRESENT:

Jim Stembridge, Administrator

Julie Havel, Administrative Support

MEASURE/ISSUES HEARD:

SB 314 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 18, A		
010	Chair Lim	Calls meeting to order at 1:06pm and opens public hearing on SB 314.
<u>SB 314 - PUBLIC HEARING</u>		
025	Sen. Jeannette Hamby	Testifies in favor of SB 314 and introduces proposed amendments to the bill (EXHIBIT A).
061	Chair Lim	Asks about definition of the word "dominant" and whether she consulted the Webster's dictionary, or did she get any other opinions on it's definition.
		Explains they are using it to mean anything over 50%. States they have

071	Sen. Hamby	not included any dictionary definition of dominance, and the definition of the word with respect to this issue was left open by the Oregon Supreme Court.
085	Chris Kuhner	Sen. Hamby's Legislative Assistant, gives presentation on SB 314 (EXHIBIT B) .
126	Sen. Fisher	Asks for and receives clarification on portion of presentation concerning venue breakdown and percentage of gross sales.
158		Discussion continues on interpretation of gross sales chart.
154	Chris Lyons	Oregon Lottery Director, helps clarify gross sales chart.
204	Kuhner	Continues presentation.
230	Sen. Gordly	Asks Kuhner to read numbers on chart.
257	Sen. Fisher	Asks about criteria used for random pick.
264	Kuhner	Replies the Oregon Lottery has assured him that the agency just loaded all the names of establishments into the computer and had the computer randomly pull 20 of them.
305	Sen. Fisher	Asks what Kuhner means by the word "over-represented.."
313	Kuhner	Explains the sampling they have shows Dotty's Deli as representing 1/20th of the entire lottery venue market, when in fact the actual figure that Dotty's represents is actually much smaller.
326	Sen. Fisher	Asks for and receives clarification as to whether 22 Dotty's facilities under one management means the percentages are based on each individual location or based on a total of the overall corporation's revenues.
355	Sen. George	Asks if Dotty's #4 is reflective of all of their delis.
357	Kuhner	Explains that it's impossible to say for sure, but states they visited a Dotty's Deli and based on similar observations, all the Dotty's Delis run about the same and all have the nature of a "miniature-casino."
403	Kuhner	Continues presentation and shares photos of Dotty's with committee.
TAPE 20, A (#19 NOT USED)		
034	Kuhner	Continues presentation and states the Deli is making 68% of it's sales from the lottery, and is fundamentally different from other establishments --this is a place where you go to primarily play video poker and keno.
064	Chair Lim	Asks where the problem is coming from regarding the 88% vs. the other 20%.
073	Kuhner	Itemizes out the smaller percentages and where they come from.
081	Sen. Fisher	Asks what percentage of people play video poker vs. other gambling activities like horse and dog races.

087	Kuhner	States that 80 % of the gambling population plays video poker as its first choice of gambling activities.
105	Chair Lim	Asks about effects of advertising on these games.
114	Kuhner	States they do not have that information at this time.
125	Kuhner	Concludes testimony and introduces Anita Sizer.
132	Anita Sizer	Former Dotty's Deli patron, testifies in favor of SB 314, explaining she is a recovering compulsive gambler who used Dotty's as her venue to play video poker.
159	Katherine Stetson	Network Project STOP, testifies in favor of SB 314, explaining how common the problem of compulsive gambling is becoming and how her agency now serves over a hundred people a month. States those presenting themselves with video poker problems are mostly older women non-drinkers who are isolated in some way.
206	Sen. Fisher	Asks for and receives clarification about apparent contradiction regarding the social atmosphere at Dotty's.
221	Chair Lim	Asks whether hers is a private agency or whether it receives public funds.
218	Stetson	Explains they are private not for profit and subsidized through lottery money on a grant through Multnomah County and funded by lottery dollars in the state.
240	Chair Lim	Asks how their clients get referred.
245	Stetson	Explains calls come through a hotline run by Metro Crisis, which has operators who either offer counsel over the phone, or refer the caller to treatment agencies such as Project STOP.
253	Sen. Tarno	Asks what the trend is regarding the typical problem gambler.
263	Stetson	States there are few stereotypes that apply and it could be any one of us, but there are often prior addiction problems in people's families.
300	Sen. Tarno	Asks follow-up question regarding problem gamblers.
317	Mike McCallum	Oregon Restaurant Association, testifies against SB 314, calling it legislation that is overbroad.
389	McCallum	States neighborhood bars and taverns that are not in the lottery business are being unfairly targeted.
TAPE 18, B		
024	McCallum	Continues presentation, stating it's the full blown Indian gaming casinos that are contributing greatly to the increase in problem gamblers.
043	Sen. George	Shares his concerns regarding the establishment of so-called "mini-casinos."
058	McCallum	Replies he believes the problems associated with this standard are being grossly overstated.
064		Discussion held on factors that contribute to problem gamblers and the need to raise awareness about the existence of the hotlines.
		Asks how much money his association invests annually in advertising to

084	Sen. Gordly	reach the gamblers through awareness programs.
095	McCallum	States he uses the resources of the lottery within his current establishments, and is not aware of any additional dollars in advertising vehicles for that.
102		Discussion held on advertising the issues of problem gambling to the general public.
118	Chair Lim	Asks what he perceives is the right "dominant" amount.
129	McCallum	States he believes there are other factors other than revenues that need to be considered.
134	Sen. Fisher	Asks about how many video poker outlets are out there.
137	McCallum	Replies he believes there are currently 1,823 outlets.
166	Sen. Fisher	States that based on the sampling and documents provided it appears to him that if current rules and regulations are being followed, then there really is no need for this bill.
191	McCallum	States he believes the Oregon Lottery will have a lot more information and better data next year.
201	Sgt. Rodger Jincks	Oregon State Police, testifies in favor of SB 314 (EXHIBIT C).
273	Michael Teahan	Restaurant owner, testifies in favor of SB 314, stating although he knows he could make a lot of money if he were to offer video poker, but he refuses to offer it because he knows too many people who have lost their jobs and livelihoods to it.
328	Teahan	Continues testimony.
356	Sen. Fisher	States he makes a good point but this bill does not address this point.
367	Teahan	States it really amounts to welfare for bars and restaurants and there is zero self-regulation going on.
424	Teahan	Continues testimony, sharing examples of good restaurants that cannot set up shop because they can't compete with video poker.
TAPE 20, B		
039	Andrew Eisman	Buckman Community Association and neighborhood activist, testifies in favor of SB 314, stating he is seeing a great influx of liquor license applications because people want to pursue the video poker aspect, not the sale of liquor.
084	Lou Beres	Small-business owner and Christian Coalition member, testifies in favor of SB 314, citing several studies which prove that gambling destroys more jobs than it creates (EXHIBIT D).
109	Sen. Fisher	Shares his frustrations that the issue at stake is not being addressed here, and states even though he personally opposes gambling, Mr. Beres' testimony is not addressing the issue.
139	Beres	Continues testimony, using examples of other towns in Mississippi and Illinois and the economic toll gambling took on them.
168	Sen. George	Asks hypothetical question of profit margins.

199	Sen. Fisher	Repeats his concerns about the issue in the bill and states he needs a compelling reason why he should support or oppose it.
209	Sen. Gordly	Revisits Eisman's earlier point about minimizing the negative impact of gambling while still being beneficial to the state.
232	Eisman	Uses example of proactive stance taken by Indian Tribes.
249	Ellen Lowe	Ecumenical Ministries, testifies in favor of SB 314 (EXHIBIT E).
327	Chris Lyons	Oregon Lottery Executive Director, introduces David Hooper , Oregon Lottery, and testifies in opposition to SB 314 (EXHIBITS F,G).
394	Lyons	Continues testimony.
TAPE 21, A		
036	Lyons	States they are looking aggressively at this issue--and the Dotty's store in question is currently out of compliance, and if they do not get compliance, they will lose their license. States she intends to audit some 600 locales per year to make sure they are in compliance.
046	Sen. Gordly	Asks when the first audit can be completed.
050	Lyons	States it can be completed within a year.
054	Sen. George	Asks if she thinks his hypothetical scenario is correct.
059	Lyons	States his suggestion is one approach that could be taken, but it is a very difficult topic.
067	Sen. George	Asks follow-up question regarding Sgt. Jincks' statement that a business would not open its doors until it gets approval to offer video poker.
079	Sen. George	Asks how Lyons would characterize Indian casinos and what appears to be their responsible way of handling problems that arise such as alcohol and gambling abuses.
088	Chair Lim	Closes informational session.
107	Chair Lim	Adjourns meeting at 3:05pm.

Submitted By, Reviewed By,

Julie Havel, Jim Stembridge,

Administrative Support Administrator

EXHIBIT SUMMARY

A - SB 314, proposed amendments to bill, Sen. Jeannette Hamby, 2 pp.

B - SB 314, testimony packet, Chris Kuhner, 28 pp.

C - SB 314, written testimony, Sgt. Rodger Jincks, 2 pp.

D - SB 314, magazine article, Lou Beres, 6 pp.

E - SB 314, Court Decision: Ecumenical Ministries vs. Oregon State Lottery Commission: 318 Or 551 (1994), Ellen Lowe, 1 p.

F - SB 314, written testimony, Chris Lyons, 2 pp.

G - SB 314, Estimated Fiscal Impact of SB 314 on Lottery Funds, Chris Lyons, 1p.
