

SENATE COMMITTEE ON TRADE & ECONOMIC DEVELOPMENT

March 6, 1997 Hearing Room 343

1:00PM Tapes 31 - 32

MEMBERS PRESENT:

Sen. John Lim, Chair

Sen. Joan Dukes, Vice-Chair

Sen. Bill Fisher

Sen. Gary George

Sen. Avel Gordly

Sen. Veral Tarno

STAFF PRESENT:

Jim Stembridge, Administrator

Julie Havel, Administrative Support

MEASURE/ISSUES HEARD:

SB 16 Public Hearing and 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 31, A		
005	Chair Lim	Calls meeting to order at 1:25pm and opens public hearing on SB 16.
<u>SB 16 - PUBLIC HEARING</u>		
003	Tom Cropper	Multnomah Activists Solutions, testifies in favor of SB 16, and explains he is very opposed to gambling in any form. Proposes substituting the word "broadcasting" in line eight of the bill with "electronic" communications to include such entities as cable and the internet (EXHIBIT A) .

024	Al Moffatt	Moffatt-Rosenthal Advertising, testifies in opposition to SB 16, and states it is his firm that does the advertising for the lottery (EXHIBIT B).
070	Moffatt	Continues presentation, explaining this bill will directly eliminate at least 500 jobs in Oregon. Adds that video lottery has never been advertised, and as far as he knows, there are no plans to begin advertising it.
120	Moffatt	Continues presentation, stating he's never seen any studies which prove that advertising leads to addiction. Adds that 8 million people in this country have some sort of eating disorder--so asks if that means we should outlaw food advertising. Asks the committee not to "shoot the messenger," because they really are trying to be responsible advertisers.
142	Sen. Tarno	Asks what percent of the agency's income comes from lottery ads.
149	Moffatt	States it is between 25 and 30 percent.
155	Sen. Tarno	Asks if that figure is comparable to what other agencies that deal with the lottery make.
157	Moffatt	Explains they are the primary agency that deals with the Oregon Lottery, and he can't speak for other agencies across the country.
160	Sen. Dukes	Asks for clarification on Moffatt's statement that the lottery had been "wholeheartedly endorsed by Oregonians."
164	Moffatt	Clarifies that the lottery's ongoing surveys continue to show that the majority of people favor the lottery and believe it's a good thing for the state.
167	Sen. Dukes	States that Oregonians didn't vote in Keno or Sports Action or video poker--they only voted in Scratch-Its, and questions whether they envisioned back then what all games would be available now.
160	Sen. Dukes	Asks if Moffatt's firm does the billboards.
173	Moffatt	Explains they share that part of it with the Oregon Lottery.
175		Discussion continues on intended perceptions vs. the actual impression of the message on lottery billboards, and how there seems to be less humor involved than there used to be.
193	Moffatt	States advertising is very subjective and not everyone is pleased by the same ad. States their decision on SB 16 should not be based on a critique of the ads, it should be whether to advertise period.
198	Sen. Dukes	Asks if they've done ads designed to address addiction.
200	Moffatt	States the Oregon Lottery handles those in-house.
201	Sen. George	Asks if anyone remembers what the vote was when voters created the Education Endowment Fund which invested 15 percent of lottery revenues in scholarships.
215	David Hooper	Public Affairs Manager, Oregon Lottery, states it passed by a nine to one margin.
211	Sen. Fisher	Asks if they would spend as much money just keeping the word "lottery" out there even if only in the form of gambling awareness ads.
235	Moffatt	Explains they really have no control over that as an agency.

240	Sen. Fisher	Asks follow-up question regarding the effectiveness of just getting the people exposed to it.
263	Moffatt	Explains part of the success of the ads is that they are humorous and try to be entertaining.
286	Sen. Fisher	Asks if Moffatt has had a chance to study the -1 amendment.
289	Moffatt	States he has not studied it in great detail.
290		Discussion held on proposed amendment in relation to the educational aspect of promoting the lottery.
323	Chair Lim	Confirms that the percentage of gambling addicts in our state is somewhere between three to five percent. Asks what the social costs would be to our state if that three to five percent were on welfare or any other state funded treatment programs.
336	Moffatt	States he does not know.
341	Chair Lim	Explains he is trying to get a figure on how much this would be and urges Moffatt to try to come up with one as well. States Moffatt's presentation was very intelligent and balanced.
332	Jim Stembridge	Committee Administrator, begins videotape presentation showing samples of lottery commercials
382		Video presentation continues.
TAPE 32, A		
020		Video presentation continues.
033	Sen. Dukes	States the former Director of the Oregon Lottery had assured them that a higher percentage of their lottery money was going to public service announcements on problem gambling awareness, and she did not see any of them in this presentation.
046	Ardyce Henager	Concerned citizen, testifies in favor of SB 16, stating her 40-year old son became addicted to gambling, lost his family, and his self-respect. Adds she is concerned about what advertising does to children.
096	Henager	Continues testimony.
110	Ronda Hatefi	Concerned citizen, testifies in favor of SB 16 (EXHIBIT C).
160	Hatefi	Continues testimony about advertising and who it targets.
179	Diane Hafemann	Testifies in favor of SB 16. Explains her perception of just how powerful the lottery ads can be.
183	Chair Lim	Closes public hearing on SB 16 and opens work session on SB 16.
<u>SB 16 - WORK SESSION</u>		
230	Chair Lim	Asks Chris Lyons about promise made two years ago by the lottery to produce educational ads for problem gambling.
		Director, Oregon Lottery, explains two ads were produced, but the reason they weren't provided in today's presentation was because they thought

	Chris Lyons	the members wanted to see ads pertaining to games only. Adds they have earmarked a large amount of money in their budget for this type of advertising. States she intends to increase this effort significantly.
275	Chair Lim	Asks for and receives clarification on monetary limit placed on the machine.
283	Lyons	Explains players are not "cut off" as long as they are sober and their judgment is not impaired, so there is no limit on the amount of money or time an individual can spend at a machine.
324	Sen. Dukes	Asks if the machines have a toll free help number for problem gamblers posted on the machines.
330	David Hooper	Public Affairs Manager, Oregon State Lottery, explains.
350	Chair Lim	Asks for clarification on the number of people who use the toll free number to seek help.
359	Hooper	Explains he does not have those figures but will get them to the committee.
374	Stembridge	Explains provisions of SB 16 and intent of proposed amendments, (EXHIBIT D) .
TAPE 31, B		
005	Sen. Dukes	Asks for definition of public information advertising as it relates to the lottery.
007	Stembridge	Explains the Oregon Lottery's differentiation between the public information ads, which they call "Oregon Wins," and the "Play Responsibly" campaign, as opposed to those ads which call public attention to specific games or prizes, or persuade, entice or urge people to play those games.
037		Discussion held between members on results of social costs vs. monetary profits.
052	Sen. Gordly	Asks for re-cap of the nature of the videotape ads they viewed during her absence.
063	Lyons	Asks for clarification on whether the ads they just saw (those that promote specific games) would be prohibited under the language of this bill.
093	Sen. George	Reads example of informational ad on voters' funding of the lottery and the benefits of where the money goes.
106	Lyons	States she agrees that example illustrated an ad that was part promotional and part educational.
107	Chair Lim	MOTION: Moves to ADOPT SB 16--1 amendments dated 2/26/97.
	Chair Lim	Hearing no objection, declares the motion CARRIED.
135	Sen. Dukes	MOTION: Moves SB 16 to the floor with a DO PASS AS AMENDED recommendation.
		States he did not originally vote for the Oregon Lottery, but says he

134	Sen. George	believes that if they are going to do something, they need to do it right, therefore he will not be supporting this bill at this time.
150	Sen. Fisher	Echoes Sen. George's sentiments about the bill.
147	Sen. Dukes	Shares her concerns that we are truly sending the overall wrong message if parents think they need to play the lottery so their kids can have textbooks at school. States this discussion needs to be held on the floor, so she will support this bill today, but does not know how she will vote on the final version.
173	Sen. Gordly	States she will support this bill today.
180		VOTE: 6-0 AYE: In a roll call vote, all members present vote Aye.
187	Sen. Fisher	States he has agreed to vote yes today to see the bill through this committee, but shares his intention not to support it on the floor.
188	Sen. George	States again that he too, is voting yes, but may not vote yes on the final version.
	Chair Lim	The motion CARRIES. SEN. LIM will lead discussion on the floor.
192	Sen. Dukes	Commends Chair Lim on the open and frank discussions that have been held on this bill.
199	Chair Lim	States he believes the committee did a good job and hopes to continue the discussion on the Senate Floor.
204	Chair Lim	Closes work session and adjourns meeting at 2:38pm.

Submitted By, Reviewed By,

Julie Havel, Jim Stembridge,

Administrative Support Administrator

EXHIBIT SUMMARY

A - SB 16, hand-engrossed proposed amendment, Tom Cropper, 5pp.

B - SB 16, testimony outline and 1995 Baseline survey results, Al Moffatt, 2 pp.

C - SB 16, written testimony, Ronda Hatefi, 7 pp.

D - SB 16, proposed -1 amendments, Staff, 1p.