

SENATE COMMITTEE ON
BUSINESS AND CONSUMER AFFAIRS

Hearing Room
Tapes , 12, 13 & 14

MEMBERS PRESENT:

Sen. Bill Kennemer, Chair
Sen. John Lim, Vice-Chair
Sen. Gene Derfler
Sen. William McCoy

MEMBER EXCUSED:

Sen. Joan Dukes

STAFF PRESENT:

Darrell W. Fuller, Committee Administrator
Carol A. Smith, Committee Assistant

MEASURES HEARD:

SB 266: Public Hearing
SB 307: Public Hearing
SB 314: Public Hearing and Work Session

These minutes contain materials which paraphrase and/or summarize statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE , A

005 CHAIR KENNEMER: Calls meeting to order.

006 CHAIR: Opens WORK SESSION to introduce courtesy bills.

009 COMMITTEE ADMINISTRATOR, DARRELL FULLER, Introduces LC'S 2701 and 2416 for consideration as committee bills.

018 MOTION: SEN. LIM Moves ADOPTION of LC's.

VOTE: There being no objection, MOTION CARRIES.

025 FULLER: Notes there is some information in committee members' files which is available for the public that wasn't distributed at the time of the last hearing on SB 317 (EXHIBIT A) and (EXHIBIT B).

030 CHAIR: Opens PUBLIC HEARING on SB 266.

040 FULLER: Provides an overview of bill which amends 69 sections of Oregon statutes and repeals 47.

049 WITNESSES: Dave Heynderickx, Deputy Legislative Counsel
Mike Reed, OLCC
John Powell, Miller Brewing Company
Mark Nelson, Anheuser-Busch
Paul Romain, Oregon Beer and Wine Distributors Association

050 DAVE HEYNDERICKX, Deputy Legislative Counsel: Introduces his testimony, dated Feb. 2, 1995, (EXHIBIT C) addressed to the Chairman of the Senate Business and Consumer Affairs Committee which outlines those sections which made substantial changes to the liquor law. There are thirty additional sections in the bill.

090 HEYNDERICKX: Regarding tavern licenses, packages to go (was the old malt liquor license).

111 --Consolidation into one license; further remarks regarding host of other licenses merged into one license; incorporated seasonal dispenser license.

150 --Certificates of approval; consolidated national & international.

162 --Fees are simplified.

185 --Definitions; Section 1-33 are the definitional provisions. Now would have a single set of definitions for 471, 472 and 473.

194 --Section 12 of bill regarding malt beverage definition, stated in a much clearer fashion than previously.

220 CHAIR: Comments on resolution of areas of disagreement.

230 MIKE REED, OLCC: Submits written testimony (EXHIBIT D). Comments on agreement of definitions of terms.

245 CHAIR: Comments hearing only today. SEN. DUKES and SEN. MCCOY are excused
SEN. DERFLER is excused but expected shortly.

266 HEYNDERICKX: Chapters & Sections regarding technical parts of Second Section, Sections 48-62 to bring consistency.

280 --Third part of bill is regarding number of dispensers' licenses issued by OLCC, Sections 48-52. The attempt with these sections is to bring consistency to the language in chapters regarding hard liquor licenses.

301 --Single licensing procedure. Two parallels exist. Procedures are almost identical; differences regarding amendment of one but not both.

325 --Refers to his letter; explains rules regarding age of employee working where alcohol is sold.

345 --Items 75-85: Significant to people in the industry, competition, fair play, etc. Trouble with existing statutes is complex; mentions ambiguity that exists in present law; gives an example. Defines what is a manufacturer or a retailer in regard to prohibitions.

356 --Tied House Statutes; 75-85, significant to industry because of relationship to competition, fair play, promotions, et cetera; explains trouble with existing statutes.

375 --Attempts to put them into coherent structure with three sections altogether where all statutes and all rules relating to Tied House Statutes are now contained.

379 CHAIR: Asks which sections.

380 HEYNDERICKX: Responds to question; 76-80; corrects himself, it is five sections.

390 --Explains there is some ambiguity in the present law with respect to application of Tied House Statutes; licensing is an example.

418 --Defines what is a manufacturer or a retailer for purposes of these prohibitions; wholesalers are explained.

TAPE 12, SIDE A

002 HEYNDERICKX: Continues: Explains that the biggest problem doesn't appear in those five sections. Refers to

brewpub licensing; gives explanation of the problem; is a hermaphrodite.

018 Malfunction on tape, nothing further on Tape 12, testimony continues on Tape 11, Side B, with tiny gap in between.

TAPE 11, SIDE B

018 HEYNDERICKX: Continues; referring to brewpubs and OLCC treatment. Gives examples; refers to Tied House Statutes.

042 HEYNDERICKX: Continues; Passport for proof of age; Section 86; gives an example of why needed; however, not a controversial area.

045 HEYNDERICKX: Reiterates that the sections that may generate the most controversy would be the consolidation issues because the biggest changes in the law are there, comparatively.

055 MIKE REED, Assistant Administrator of Liquor Control Commission: Refers to HEYNDERICKX regarding amendment language to be made in reference to Class C Licenses; may amend that part.

065 REED: Reference to licensing, manufacturers having interest also in a brewpub; references to brewpubs and wineries sales associates; also amendment to include malt beverages.

066 CHAIR: Asks if in the technical correction mode.

067 REED: Responds affirmatively.

074 HEYNDERICKX: Mentions substantive change in bill regarding Class C dispenser license; enroute supply of alcoholic beverage license.

079 PAUL R. ROMAIN, Oregon Beer and Wine Distributor's Association: Discusses alcohol content of product for definition of beverage.

080 REED: Further discussion of technical information for rewrite; alcohol by volume; dock sales; wholesale license rules. Reiterates problem of five-gallon container size; they are a little shy of that amount.

092 HEYNDERICKX: Reference to beer alcohol content within wholesale malt beverage license and brewery license; need to be fixed.

099 CHAIR: Asks REED if he is aware of that as well.

100 REED: Responds affirmatively, notes that also inadvertently removed from tavern and restaurant section part that allows consumer-supplied containers to be filled and to be taken off the premises.

103 HEYNDERICKX: Assumes there may be a problem there because of consolidation of tavern and restaurant license there will be an issue as to whether or not the restaurant license will have the authority to sell kegs for removal of the premises; a privilege they do not currently have.

109 REED: Our intent would be to continue to handle that by rule, the way that we do now, which is that the only business allowed to sell kegs are those that do not allow minors.

118 REED: Lists exceptions to the Tied House Statutes; gives those licenses and three conditions to be met. Suggests amendment that includes brew pubs in the list of retailers so long as conditions met. Gives an example.

134 REED: Revisions inadvertently prohibit brew pubs from co-producing a special event with other manufacturers. Gives examples; sees no problem; no retailer is involved; will suggest language that will allow that to continue.

140 CHAIR: Comments that is consistent with the rewrite; we are trying to make consistent with common practice and

current law.

145 REED: Brewpubs, holding winery license and prohibited from holding a brewery or wholesale license, but the statute is silent as to warehouse license. Suggests addition of allowance of warehouse license; no regulatory purpose that should prohibit that.

151 REED: Gives background regarding treatment of micobreweries and wineries. Suggests changes made regarding employees.

165 CHAIR: Asks REED for this information in a form that can be shared. Asks for confirmation that REED will work with HEYNDERICKX to get amendments drafted.

178 PAUL ROMAIN, Oregon Beer and Wine Distributors Association: Concurs with most of REED and HEYNDERICKX testimony regarding SB 266. States that they have requests that are reasonably significant; states that he has drafts for committee.

230 CHAIR: Asks HEYNDERICKX and REED to join ROMAIN at witness table so these can be discussed.

245 HEYNDERICKX: Alcohol content discussion would raise interest.

257 ROMAIN: The change from 4% by weight to 5% by volume should not be controversial. By raising it to 6% you are including products that are not today called beer, you are allowing them to be called beer.

268 HEYNDERICKX: Addresses the above.

278 CHAIR: Suggests a draft of correction by volume be done.

280 REED: Discusses alcohol content of beer, suggests that the 6% would be translated to 4.8%.

291 CHAIR: Addresses rewrite and options upon consensus.

294 REED: This not a major point; addresses statutes, changes regarding dock sales, wholesale licenses.

320 REED: Addresses sizes of containers and legality of sales; problem began when switch was made from gallons to liters.

341 CHAIR: Asks witnesses MARK NELSON and JOHN POWELL to join the others.

350 JOHN POWELL, Miller Brewing Company: Joins in the concern ROMAIN raised about the percentage of alcohol; states is in process of communicating with different manufacturers to reach logical conclusion to give benefit of advice as to what number should be.

367 MARK NELSON, Anheuser-Busch Brewing Company: Concurs with previous definitions; company also trying to determine percentages, by next week will have information complete.

374 NELSON: Another issue wishes to have lawyers look at is Section 77, Page 28, Tied House Statutes, and states concern regarding Section 78; quotes exceptions. Refers next to Section 14, Line 19, regarding retail.

412 CHAIR: Asks HEYNDERICKX, and possibly REED, to respond to NELSON'S question.

414 HEYNDERICKXS: States that most language, except for that regarding brewery, is in existing law; expands on that; prohibitions on holding an interest and selling at both wholesale and retail.

430 CHAIR: Asks HEYNDERICKX to smooth that out.

435 POWELL: Refers to SB 266 and clarification in technical sense; will have information in ten days.

TAPE 13, SIDE A

002 POWELL: Continues; refers to Tied House Statutes.

020 CHAIR: Confers with POWELL on time to clarify issues on SB 266.

033 CHAIR: Closes PUBLIC HEARING on SB 266.

040 CHAIR: Opens PUBLIC HEARING on SB 307.

041 DARRELL FULLER: Gives a brief overview of the bill.

WITNESSES: Fred VanNatta, Oregon State Home Builders Association.
James Rasmussen, Modern Building Systems
Jeff Starkey, Blazer Industries
Dana Roberts, Building Codes
John Gervais, National Electrical Contractors Association
Gary Wright, U.A., Local 290 Plumbers & Steamfitters

050 FRED VANNATTA, Oregon State Home Builders Association: Speaks in support of SB 307; describes on-site and other definitions of types of housing; mentions HUD code, same as Oregon on-site-building code; some or all of the work is done in a plant.

052 VANNATTA: Proposed amendments (EXHIBIT E) regarding other items that need addressing; out-of-state contractors who sell products in Oregon.

110 VANNATTA: Gives details regarding third-party inspections.

174 VANNATTA: Refers to Line 12; 180-day reversal of notice.

235 JAMES RASMUSSEN, Modern Building Systems: Submits written testimony of Donald Rasmussen (EXHIBIT F). Addresses third-party planner approval, estimates cost drops to be as much as 50 percent.

290 JEFF STARKEY, Blazer Industries: Agrees with Rasmussen's comments; however, requirements of codes have placed demands and constraints on contractors.

365 DANA ROBERTS, Building Codes: Greatest concern regarding public safety, wishes to retain out-of-state requirements.

416 ROBERTS: Cites examples of more lax laws in other states. We have developed agreements with other states.

TAPE 14, SIDE A

003 ROBERTS: Comments regarding reciprocal agreements.

006 SEN. LIM: Question regarding number of inspections of fabricated houses.

010 ROBERTS: Responds to question, gives breakdown.

015 SEN. LIM: Refers to privatization.

022 CHAIR: States that amendments will be drafted and copies made available.

024 JOHN GERVAIS, NECA: Comments on maintenance of quality control. Cites are comfortable with bill as long as out-of-state competitors have to meet same standards and quality that in-state builders do.

037 GARY WRIGHT, U.A. Local 290: Expresses concerns privatizing of inspections; that idea catching on in other building code areas; consumer protection of uppermost importance.

061 CHAIR: Closes PUBLIC HEARING on SB 307.

064 CHAIR: Opens PUBLIC HEARING on SB 314.

087 WITNESSES: Lana Butterfield, Northwest Propane Gas Association
 Tari Glocar, Office of State Fire Marshall
 Brian Amspoker, District Manager, Suburban Propane
 Bob Rubenstein, Ferrellgas

098 LANA BUTTERFIELD, Northwest Propane Gas Association: Submits written testimony (EXHIBIT G). Reiterates recent history of propane gas associations; cites current law regarding checks that must go with reports, has a deadline, postmarks are not acceptable. Problem arises with time limit allowed when intrastate mailings.

126 TARI GLOCAR, State Fire Marshall's office: Submits written testimony (EXHIBIT H). They support the above request to help foster better business climate in Oregon.

148 BRIAN AMSPOKER, Suburban Propane: Submits written testimony and samples of late fees along with his letter (EXHIBIT I). States this reporting date would not change their bookkeeping procedures; would prevent his business from being penalized.

180 BOB RUBENSTEIN, Ferrellgas: Submits written testimony (EXHIBIT J). Concurs with. AMSPOKER on SB 314.

190 CHAIR: Calls recess to permit asking SEN. DERFLER to leave another meeting to enable a vote to be held.

250 CHAIR: Closes PUBLIC HEARING on SB 314.

252 CHAIR: Opens WORK SESSION on SB 314.

270 MOTION: SEN. LIM Moves SB 314 to floor with a DO PASS recommendation.

 VOTE: MOTION CARRIES
 AYE: DERFLER, LIM & KENNEMER
 EXCUSED: DUKES & MCCOY
 CARRIER: LIM

280 CHAIR: Closes WORK SESSION on SB 314.

281 CHAIR: Adjourns the meeting approximately 4:45 p.m.

 Submitted by, Reviewed by,

 Carol A. Smith Darrell W. Fuller
 Committee Assistant Committee Administrator

EXHIBIT SUMMARY:

A - SB 317 - Proposed (-1) Amendments dated 2-1-95, submitted by Sen. McCoy - 1 page
B - SB 317 - Testimony - Geoffrey Huntington, Assistant Attorney General - 2 pages
C - SB 266 - Testimony - Dave Heynderickx, Deputy Legislative Counsel - 3 pages
D - SB 266 - Testimony - OLCC - 2 pages
E - SB 307 - Testimony - Fred VanNatta, Oregon State Home Builders Association - 2 pages
F - SB 307 - Testimony - Donald Rasmussen - Modern Building Systems, Inc. - 3 pages
G - SB 314 - Testimony - Lana Butterfield - Northwest Propane Gas Association - 2 pages
H - SB 314 - Testimony - Tari Glocar - Office of State Fire Marshall - 1 page
I - SB 314 - Testimony - Brian Amspoker - Suburban Propane - 4 pages
J - SB 314 - Testimony - Bob Rubenstein - Ferrellgas - 1 page

