

SENATE COMMITTEE ON  
BUSINESS AND CONSUMER AFFAIRS

Hearing Room  
Tapes 418

MEMBERS PRESENT:

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

MEMBERS EXCUSED:

STAFF PRESENT:

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

MEASURES HEARD: Introduction of LC 2881

SB 23 Work Session  
SJR3 Public Hearing and Work Session  
SB 266 Public Hearing

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 17, SIDE A

005 CHAIR: Calls the meeting to order at 3:00 p.m.

006 CHAIR: Opens WORK SESSION for introduction of bills.

008 COMMITTEE ADMINISTRATOR, DARRELL FULLER: Gives overview of LC 2881.

011 MOTION: SEN. LIM moves LC 2881 be introduced on behalf of the committee.

013 VOTE: CHAIR: Hearing no objection the MOTION CARRIES.

015 CHAIR: Closes the WORK SESSION.

016 CHAIR: Announces the holdover of SB 22 and SB 412 to a later time; moves SJR3 ahead of SB 266 due to scheduling need.

037 CHAIR: Opens WORK SESSION on SB 23.

039 FULLER: Gives brief overview, history and explanation of amendments.

WITNESSES: Paul Romain, Oregon Beer and Wine Distributors Association

051 PAUL ROMAIN, Oregon Beer and Wine Distributors Association: Explains amendment, refers to brew pub and warehouse license amendment and Willamette Vineyards.

061 CHAIR: Questions if amendments as put together are technically correct.

062 ROMAIN: Responds affirmatively.

066 MOTION: SEN. DERFLER moves to ADOPT the SB 23-5 Amendments dated 2-9-95.

070 VOTE: CHAIR: There being no objections the SB 23-5 amendments  
are ADOPTED.

071 MOTION: SEN. DERFLER moves SB 23, as amended, be sent to the Floor  
with a DO PASS recommendation.

079 VOTE: MOTION PASSES  
AYES: DERFLER, LIM and KENNEMER  
EXCUSED: DUKES and MCCOY  
CARRIER: CHAIR KENNEMER

090 CHAIR: Closes WORK SESSION on SB 23.

097 CHAIR: Opens PUBLIC HEARING on SJR3.

099 WITNESS: Jon Mangis, Department of Veteran's Affairs  
Mike Wallace, Deputy Director of Department of Veteran's Affairs

100 JON MANGIS, Department of Veteran's Affairs: Testimony in support of  
SJR3. Refers to five-year residency  
requirement for veterans moving to Oregon and applying for a veteran's home  
loan. Requirements have been  
challenged in other states and have been held unconstitutional; refers to  
California supreme court.

115 MANGIS: Lists other supporters; has no fiscal impact other than already  
anticipated.

124 SEN. DERFLER: Question on number of loans per year.

124 MANGIS: Compares to 1980 numbers.

125 SEN. DERFLER: Why not more?

126 MANGIS: Responds moratorium and fact that that Vietnam veterans are  
moving beyond the time limit for eligibility.

139 SEN. DERFLER: Inquires of MANGIS how much longer program should be  
going.

142 MANGIS: Responds as long as veterans are entitled to use it, or the  
United States decides not to get involved in any  
wars.

144 SEN. DERFLER: Questions efficiency of our keeping a department going to  
make two hundred loans a year.

146 MANGIS: Replies that is a small part of their business; major part is  
servicing existing portfolio. States a small staff at  
their office; have closed every office around the state. They contract  
with private lenders to originate the loans; veterans  
are able to shop around. Mentions Fannie May specifications.

155 SEN. DERFLER: Question regarding cost per loan; difficulty in stopping  
a program; efficiency; cost effectiveness.

159 FRANK WALLACE, Deputy Director of Department of Veteran's Affairs:  
Explains that majority of loans  
originated by banks and mortgage bankers in the private sector; they  
re-underwrite loans as they come in. There is very little expense.

169 SEN. DERFLER: Asks if they lend the money.

174 SEN. DERFLER: Do you have requirements other lenders don't have?

176 WALLACE: Explains they do not; adds requirement of eligibility  
certificate.

177 SEN. DERFLER: Question regarding Fannie Mae versus Department of  
Veteran's Affairs.

184 MANGIS: Cites two items that will come up in SB 109; weatherization  
requirement imposed on program in 1977;  
historical property requirement imposed in 1970's. SB 109 will eliminate  
these.

196 SEN. LIM: Asks if state is inviting because of its desirability. Will  
applications increase?

213 MANGIS: Responds; explains decline in pool of potential eligible  
veterans.

218 CHAIR: Question regarding cost to change or can it be done without actual change due to the courts rulings.

232 MANGIS: Does not know; refers to constitution; waiting for challenge in local court.

242 SEN. LIM: Question regarding residency requirement and subsequent moves.

257 MANGIS: Confirms requirement that they must occupy at time of loan.

265 CHAIR: Closes PUBLIC HEARING on SJR3.

263 CHAIR: Opens WORK SESSION on SJR3.

270 SEN. DERFLER: Questions amount of funds quoted just to put into voter's pamphlet.

273 FULLER: Confirms amount.

282 CHAIR: Questions need to go to Ways and Means.

290 CHAIR: Suggests further discussion next scheduled meeting.

300 CHAIR: Closes WORK SESSION on SJR3.

311 CHAIR: Opens PUBLIC HEARING on SB 266.

322 FULLER: Gives overview.

WITNESSES: Dave Heynderickx, Deputy Legislative Counsel  
Mike Reed, Oregon Liquor Control Commission  
Mike McCallum, Oregon Restaurant Association

332 CHAIR: Calls Mike Reed and Dave Heynderickx.

362 DAVID HEYNDRIKX, Deputy Legislative Counsel: Testimony on behalf of SB 266. Refers to

-1 amendments; explains they are more in the nature of corrections to the bill rather than changes in policy.

--Refers to Pages 3 and 4, addresses alcohol by volume and weight;

--Cites deletions, section 22;

--Caterer's and dispensers licenses; changes on Page 18 to dispenser's license;

--Class B licenses;

412 HEYNDRIKX: Continues regarding amendments;

--Page 35, consolidation of licenses and creation of beer and wine dispenser license;

--Tavern licenses;

440 --OLCC gives reference to old type of licenses and kegs; a policy change may need to be discussed.

TAPE 18, SIDE A

023 CHAIR: Clarifies changes with HEYNDRIKX.

039 CHAIR: Questions fiscal impact studies; a way to eliminate fiscal impact of \$180,000.

073 SEN. LIM: Suggests leaving in and seeking funds in the future.

079 MIKE REED, Oregon Liquor Control Commission: Gives explanation.

084 SEN. LIM: Question regarding savings to offset and regain.

092 REED: Explains that fees are structured.

098 HEYNDRIKX: Identifies other changes; most relate to consolidation.

113 CHAIR: Expresses concern regarding putting these together.

136 CHAIR: Suggests formal adoption later.

143 HEYNDRIKX: Explains not necessary.

148 SEN. DERFLER: Refers to suspensions, problems in his district; asks Mike Reed to address.

166 REED: Responds.

174 REED: Refers to a Kevin Manix bill.

181 REED: Responds to question again from SEN. DERFLER regarding authority of commissioners, recommendations of local governments.

200 SEN. DERFLER: Gives examples of businesses where there may be problems.

208 REED: In response, gives Keizer as an example.

218 SEN. DERFLER: They feel you are not responsive to their concerns.

227 REED: Comments on illegality of things they are asked to do; times when commission simply makes a different judgment than the city. These calls are close.

246 SEN. DERFLER: How many licenses do you deny?

252 REED: Cannot answer. Makes a suggestion.

256 CHAIR: Suggests they introduce concept of committee hearing, rather than public hearing on rewrite.

284 REED: Cites history regarding Class C, further discussion ensues, population changes the number of licenses that are available.

311 REED: Explains and gives history. Veterans, Elks, et cetera outside that quota.  
Further explains history and examples. Class B within the quota.

348 HEYNDRIKX: Talks about what the law was intended to do. Refers to the muddled way in which it now appears.

361 REED: Responds yes to question. Use them or loose them.

368 SEN. DUKES: Do you encourage them to?

380 REED: Would, but that is not the trend; issued two since 1990. Questions motivation of the clubs.

410 HEYNDRIKX: Will redraft.

TAPE 17, SIDE B

016 REED: Page 32, Line 1, intended to clarify the privileges of what a brew pub can do. States what can be done under current law.

030 REED: Line 21-24 allow wineries and breweries to be the same in respect to what they can do.

057 CHAIR: Section 96 is history.

060 HEYNDERICKX: Would still be a valid concept. Explains.

065 REED: Refers to brewery sales people.

078 REED: Line 7-19 of -3 Amendments regarding brew pubs, vice-versa.

087 SEN. DUKES: Refers to a section in the las that mentions electric or steam railroad. Comments on time frame relative to need for license to operate in Oregon.

110 REED: Hard liquor license, intrastate state, interstate, etc. There never has been an effort until now.

119 HEYNDRIKX: Comments there has not been a liquor license revision.

129 CHAIR: Asks for other witnesses.

133 MIKE MCCALLUM, Director of Government Relations for Oregon Restaurant Association: Remarks in reference to quota system, marketplace, and myriad of regulations re. issuance of licenses. The criteria is astringent. Feels quota system is outdated; has not been effective in slowing number of licenses that exist.

207 CHAIR: Indicates does not want to add that controversy. Encourages

McCallum to form coalition to achieve that and stand the test.

214 MCCALLUM: Comments hopes to accomplish a re-write and update;  
230 --Tidehouse segments;  
--financial assistance portions;  
--recent bill allowing Portland Trailblazers to sell advertising while  
liquor license was held;  
250 --illustration of confusion regarding manufacturers, distributors,  
wholesalers; are not licensed by OLCC, but attorney  
general ruling differed.

268 CHAIR: Reiterates feelings about including those concerns in this bill.  
Again suggests convening a work group to find  
common ground on financial assistance issues.

260 MCCALLUM: Continues;  
--local government involvement in liquor licensing;  
--appeals that come forth are lengthy;  
--local licensing; and resultant restraint.

300 Paul Romain, Oregon Beer And Wine Distributors Association: Cites a  
client he had this past year in an area that  
the City of Portland had designated as an impact area. The way the city had  
it set up the neighborhood association was  
the one in control. That was in opposition to the other opinions.

347 ROMAIN: More enforcement would be helpful. Financial assistance  
issues, some do border on the absurd. States that  
basically all the SB 266-2 amendments do, Line 6, is allow sale of 18  
liter of wine.

381 CHAIR: Asks FULLER to work with on technical matters.

TAPE 18, SIDE B

025 ROMAIN: Gives suggested changes for future amendments.

035 CHAIR: Would like to have HEYNDRIKX draft the revised bill and have  
hearing and work session; adjust the fiscal  
impact. Will have further announcement then about the financial work  
group.

040 CHAIR: Closes the PUBLIC HEARING on SB 266.

043 CHAIR: Adjourns the meeting at 4:30 p.m.

Submitted by,

Reviewed by,

Carol A. Smith  
Committee Assistant

Darrell W. Fuller  
Committee Administrator

EXHIBIT LOG:

A - Proposed amendments to SB 23 -5, Paul Romain - 3 pages  
B - Proposed -1, -2, and -3 amendments to SB 266 by Dave Heyndrickx,  
Legislative Counsel  
- 8 pages