

SENATE COMMITTEE ON
TRADE AND ECONOMIC DEVELOPMENT

April 04, 1995 Hearing Room 137
8:00 a.m. Tapes 56-59

MEMBERS PRESENT: Sen. John Lim, Chair
Sen. Bill Kennemer, Vice-Chair
Sen. Bill Bradbury
Sen. Gene Derfler
Sen. Joan Dukes

MEMBERS EXCUSED:

STAFF PRESENT: Joseph Cortright, Executive Officer
Bobby Sullinger, Committee Assistant

WITNESSES: Cindy Becker, Oregon State Lottery
Mike McCracken, Association of Oregon Counties
Ellen Lowe, Ecumenical Ministries
David Hooper, Oregon State Lottery
Mary Eng-Samuel
Gary Weeks, Director, Oregon State Lottery
Ken Armstrong, Oregon Public Ports Association
Gordon Volke, Association of Oregon Counties
Pete Williamson, Port of St. Helens
John Rayburn, Executive Director, Port of Newport
Jon Jaqua, Deputy Director, Oregon Economic Development
Keith Leavitt, Ports Manager, Oregon Economic Development

MEASURES HEARD: SB 700 -- Prohibits Oregon State Lottery from advertising
lottery games in any broadcast or printed medium -- WS

SB 374 -- Allocates three percent of net receipts from video lottery
in each county for community mental health programs for treatment of
emotional and behavioral problems related to gambling -- PH & PWS

SB 1027 -- Reestablishes Ports Division as division within Economic
Development Department -- PH & PWS

SB 990 -- Increases amounts that ports may borrow from Oregon
Revolving Fund -- WS

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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 56, SIDE A

001 CHAIR LIM: Brings the committee to order at 8:12 a.m.

006 CORTRIGHT: Overviews a three step process for bring SB 700 back before
the committee.

014 MOTION: SEN. KENNEMER: MOVES to SUSPEND THE RULES for the purpose of
RECONSIDERING SB 700.

018 SEN. DERFLER: What is the purpose of reconsidering SB 700?

019 CORTRIGHT: The measure has a subsequent referral to the Joint Committee

on Ways and Means. The Chair would like to reconsider SB 700 in order to
eliminate the subsequent referral.

022 Committee discussion relating to the purpose of reconsidering SB 700.

032 VOTE: CHAIR LIM: Hearing no objection the motion CARRIES.

037 MOTION: SEN. KENNEMER: MOVES the Committee reconsider the vote by
which SB 700 was referred to the Joint Committee on Ways and Means with a
DO PASS recommendation.

039 VOTE: PASSES: In a roll call vote, all members present vote AYE. All
members are present.

SB 700 - Prohibits Oregon State Lottery from advertising lottery games in
any broadcast or printed medium - Work Session

043 CHAIR LIM: Opens WORK SESSION on SB 700.

049 CORTRIGHT: Overviews Proposed Amendments To Senate Bill 700-4 [EXHIBIT
A].

060 CORTRIGHT: Overviews Analysis of Proposed Legislation [EXHIBIT B].

067 CORTRIGHT: Overviews a memorandum from the Legislative Fiscal Office
relating to SB 700-4 amendments [EXHIBIT C].

071 Committee discussion relating to the effects of advertising on lottery
revenues.

089 SEN. KENNEMER: What is the net loss to the state as a result of the amendments that were passed?

093 CORTRIGHT: Continues to overview [EXHIBIT B] relating to lost revenues.

101 CINDY BECKER: Responds to committee discussion relating to net loss as a result of decreased advertising.

105 SEN. KENNEMER: Is the net loss to this biennium \$16.6 million dollars?

106 BECKER: Yes.

118 CHAIR LIM: What would the fiscal impact of setting the percentage of revenues that can be utilized for advertising at three percent?

119 BECKER: I would have to do an analysis.

122 CHAIR LIM: If decreasing the amount that can be spent on advertising by one half percent would have the effect of costing the state \$16.6 million dollars next biennium what will happen if the committee increases the percentage by one half percent?

125 BECKER: Responds to committee discussion relating to the impact of an advertising expense increase.

140 SEN. DERFLER: What is the cost of introducing a new game?

145 BECKER: Responds to committee discussion relating to the market research on the effectiveness of advertising and problems associated with introducing new games.

153 SEN. DERFLER: Would that be considered investing?

158 BECKER: Yes.

164 SEN. DUKES: I am looking at the fiscal analysis [EXHIBIT B]. Can you explain the \$85.8 million dollars in 1995 and 1997?

176 BECKER: This figure does not seem to be correct.

179 SEN. DUKES: What is the correct figure?

180 BECKER: It should be \$16.6 million.

181 SEN. KENNEMER: Is it your intention to increase the percentage?

182 CHAIR LIM: Current spending is 2.63 percent of revenues.

199 Committee discussion relating to what percentage to use.

205 MOTION: SEN. BRADBURY: MOVES to AMEND SB 700-4 amendments on line 7, delete "two and one-half" and insert "three".

218 VOTE: FAILS: In a roll call vote SEN. BRADBURY and DERFLER vote AYE. SEN. DUKES, KENNEMER, and LIM vote NO.

224 MOTION: SEN. KENNEMER: MOVES to AMEND SB 700-4 amendments on line 7, delete "two and one-half" and insert "2.65".

230 SEN. BRADBURY: Just because the lottery is spending 2.65 percent now does not mean it is the correct amount.

244 SEN. KENNEMER: My intent is to start a debate relating to a policy. Is the goal of the lottery to raise as much money as possible without regard to the social costs, or is the policy going to be to limit the states' addiction to lottery revenues?

256 VOTE: PASSES: In a roll call vote SEN. DUKES, KENNEMER, and LIM vote AYE. SEN. BRADBURY and DERFLER vote NO.

263 MOTION: SEN. KENNEMER: MOVES SB 700 be returned to the President's desk pursuant to SR8.50, that a letter be attached recommending that the subsequent referral to the Joint Committee on Ways and Means be rescinded, and that SB 700 be sent to the Senate Floor with a DO PASS AS AMENDED recommendation.

268 VOTE: PASSES: In a roll call vote SEN. DUKES, KENNEMER, and LIM vote AYE. SEN. BRADBURY and DERFLER vote NO.

284 CHAIR LIM: Closed WORK SESSION on SB 700.

SB 374 -- Allocates three percent of net receipts from video lottery games in each county for community mental health programs for treatment of emotional and behavioral problems related to gambling -- Public Hearing

285 CHAIR LIM: Opens PUBLIC HEARING on SB 374.

286 CORTRIGHT: Overviews Staff Measure Summary of SB 374 [EXHIBIT D].

322 MIKE MCCracken: Presents Association Of Oregon Community Mental Health Programs -- Gambling Addiction Treatment Programs -- Estimated Budget 1995-97 [EXHIBIT E].

TAPE 57, SIDE A

001 MCCracken: Continues to present [EXHIBIT E].

009 SEN. KENNEMER: Do you have a specific recommendation?

010 MCCracken: No.

011 SEN. BRADBURY: What is your recommendation relating to SB 374?

013 MCCracken: I recommend that you amend the authorization for a direct revenue tap into the lottery funds. The three percent dedication would go away.

018 SEN. BRADBURY: I do not understand what you mean by "tap".

019 MCCracken: I would rather the legislature make a specific appropriation as opposed to a percentage of revenues.

023 CHAIR LIM: What percentage of the population is addicted to gambling?

025 MCCracken: National statistics show it is three percent of the total population of the state.

043 CHAIR LIM: I believe the gambling problem in the state is worse than what we think.

049 SEN. KENNEMER: I think gambling addiction is a very big problem in the state.

064 SEN. DUKES: Do you think advertising gambling addiction treatment programs would help?

071 MCCracken: Responds to committee discussion relating to public service announcements.

080 SEN. DUKES: If we did advertise gambling addiction treatment programs and more people came forward would your organization be able to accommodate the increased demand for services?

086 MCCracken: Yes. We could apply for emergency funds if the demand were increased beyond our resources.

160 Committee discussion relating to the ramifications of SB 374.

169 ELLEN LOWE: Presents testimony in favor of SB 374.

237 LOWE: Continues to present testimony relating to increased demand for gambling addiction treatment.

249 SEN. KENNEMER: Do you know the percentage of people that are addicted to gambling in the state?

261 LOWE: Responds to committee discussion relating to the percentage of people addicted to gambling.

326 DAVID HOOPER: Presents written testimony in favor of SB 374 [EXHIBIT F].

362 CHAIR LIM: Has there ever been a comprehensive study of the number of individuals with gambling addiction problems?

366 HOOPER: I am unaware of any study relating to gambling addiction problems.

388 SEN. DUKES: Why do you oppose the three percent level of funding for gambling addiction treatment?

400 HOOPER: We support the Governors recommended budget of \$4 million dollars.

402 SEN. DUKES: Would the lottery be opposed to increasing funding for gambling addiction programs?

405 HOOPER: No.

415 CHAIR LIM: Which games are more likely to be addicting?

420 HOOPER: Video Poker seems to produce the most problems.

427 MARY ENG-SAMUEL: Presents testimony in favor of SB 374.

TAPE 56, SIDE B

023 ENG-SAMUEL: Continues to present testimony relating to the transition of patients from public health facilities to private facilities.

041 ENG-SAMUEL: Continues to present testimony relating to stable funding streams for gambling addiction treatments.

059 CHAIR LIM: Presents a letter from Kelly Freels relating to SB 374 [EXHIBIT G].

063 CHAIR LIM: Have you done any studies on gambling addiction in the state as a result of the lottery's activities?

063 GARY WEEKS: No.

089 CHAIR LIM: Is there a plan to determine the actual number of people suffering from gambling addiction?

103 BECKER: Responds to committee discussion relating to gambling additions

studies from other states.

125 SEN. KENNEMER: Is there a way to assess the financial impact of treatment on gambling revenues?

143 WEEKS: Responds to committee discussion relating to the correlation between lottery and compulsive behaviors.

166 SEN. DUKES: Do you think we should increase advertising as it relates to gambling addiction treatments?

177 WEEKS: Yes.

179 BECKER: Responds to committee discussion relating to increased efforts to advertising gambling addiction treatments.

183 Committee discussion relating to advertising gambling addiction programs.

209 CHAIR LIM: When someone drinks too much the bartender steps in and stops serving them. Maybe we could have lottery retailers do the same for excessive gamblers.

224 CHAIR LIM: Closed PUBLIC HEARING on SB 374.

SB 1027 -- Reestablishes Ports Division as division within Economic Development Department -- Public Hearing

237 CHAIR LIM: Opens PUBLIC HEARING on SB 1027.

237 CORTRIGHT: Overviews Staff Measure Summary of SB 1027 [EXHIBIT H].

238 KEN ARMSTRONG: Presents written testimony in favor of SB 1027 [EXHIBIT I].

252 ARMSTRONG: Overviews Proposed Amendments To Senate Bill 1027-2 [EXHIBIT J].

395 ARMSTRONG: Overviews a letter relating to proposed cutbacks in federal dredging activities from Ken Armstrong [EXHIBIT K].

419 ARMSTRONG: Continues to presents [EXHIBIT I] (Reasons for amendments).

TAPE 57, SIDE B

012 ARMSTRONG: Continues to present [EXHIBIT I] (Oregon Ports Council).

027 CHAIR LIM: Closed PUBLIC HEARING on SB 1027.

SB 374 -- Allocates three percent of net receipts from video lottery games in each country for community mental health programs for treatment of emotional and behavioral problems related to gambling -- Work Session

029 CHAIR LIM: Opens WORK SESSION on SB 374.

031 SEN. KENNEMER: I would like us to consider a one percent dedicated fund, which would be the equivalent of \$8 million dollars, that would become active in the 1997 biennium for gambling addiction treatment. I would like an additional amendment to create an evaluation process for these treatment facilities. Would it have to be for prevention and treatment?

052 CORTRIGHT: I believe it is just treatment of gambling addiction.

055 SEN. KENNEMER: I would like to add some provision for prevention as well as treatment.

068 CHAIR LIM: Does it seem like the legislature is contradicting itself as it relates to the State Lottery policy?

070 SEN. KENNEMER: We already do that with some of the liquor taxes we impose.

077 SEN. DUKES: We could insert language to encourage the Lottery Commission in their efforts aimed at prevention of gambling addiction.

090 WEEKS: Responds to committee discussion relating to the lottery becoming more active in the prevention of gambling addiction.

119 CHAIR LIM: How would the one percent proposed by Sen. Kennemer for treatment and prevention of gambling addiction effect the lottery?

121 WEEKS: Responds to committee discussion relating to the effects of the proposed amendments.

134 SEN. BRADBURY: I will support Sen. Kennemer's proposed amendments.

139 SEN. DERFLER: I want to point-out that if we increase funding for gambling addiction programs by \$4 million dollars than some other program will have to be cut by the same amount.

148 SEN. KENNEMER: I think the legislature needs to recognize that we should take responsibility for the mental health problems of the state?

168 SEN. DERFLER: It is easy to say that we need to fund this program, but it is much harder to actually do it.

174 WEEKS: Responds to committee discussion relating to the affects of the proposed amendments.

183 CHAIR LIM: How much is a dedicated one percent fund?

184 CORTRIGHT: It is approximately \$8 million dollars.

185 CHAIR LIM: Do the counties have \$5 million dollars right now for treatment of gambling addiction problems?

186 WEEKS: The counties have \$3.75 million dollars for treatment programs.

196 CHAIR LIM: After adding in the Governor's recommended \$4 million dollars will the counties have \$7.75 million?

198 WEEKS: Responds to committee discussion relating to the total amount available to counties to treat gambling addiction.

209 SEN. KENNEMER: Overviews proposed amendments.

220 CHAIR LIM: The one percent figure may not allow for flexibility.

229 SEN. KENNEMER: I believe one percent is the percentage to use.

243 SEN. BRADBURY: The one percent would require the Governor to make the funding part of the next budget.

260 SEN. DUKES: I would encourage Mr. Weeks to conduct a study of what exactly the problem is as it relates to gambling addiction.

275 CHAIR LIM: I agree a study of the problem would be very helpful.

301 Committee discussion relating to dedicated funding of a gambling addiction treatment and prevention program.

315 CORTRIGHT: Overviews proposed amendments to SB 374.

330 Committee discussion relating to the possible state agencies that would be responsible for the administration of the proposed gambling prevention and treatment programs.

350 CHAIR LIM: Are you planning on increasing efforts towards gambling addiction prevention?

352 WEEKS: Yes. We do plan to spend more advertising dollars on prevention efforts.

359 Committee discussion relating to prevention as opposed to treatment of gambling addition and who would be charged with the responsibility for the programs.

400 CORTRIGHT: Continues to overview proposed amendments to SB 374.

TAPE 58, SIDE A

013 SEN. KENNEMER: We need better data on the prevalence of gambling addiction and assessing the effectiveness of mental health treatments.

027 GORDON VOLKE: Responds to committee discussion relating to gambling addiction problems in the state.

032 SEN. KENNEMER: Comments on effectiveness of certain treatment programs for mental health.

039 CHAIR LIM: What kind of treatment programs do we have now?

041 MCCracken: Responds to committee discussion relating to the types of mental health treatment programs that are available.

055 WEEKS: Responds to committee discussion relating to the effectiveness of treatment programs.

069 Committee discussion relating to when funding for treatment programs would be available.

084 WEEKS: Responds to committee discussion relating to the distribution of funds to counties.

090 Committee discussion relating to the effects of the proposed one percent dedicated funding.

108 CORTRIGHT: Overviews conceptual amendments to SB 374.

-On line 13, insert "preventing and" after the words "cost of".

-On line 18, insert "effective July 1, 1997" at the start of the sentence.

Delete "three" and insert "one".

-On 21, insert "the legislative assembly encourages the lottery to continue

its efforts to educate the public about the risk of problem gambling and the availability of treatment programs. There shall be conducted a study of the effectiveness of treatment programs with the funds allocated to counties under this section."

130 MOTIONS: SEN. BRADBURY: MOVES to ADOPT SB 374 conceptual amendments outlined above by committee staff.

148 VOTE: CHAIR LIM: Hearing no objection the MOTION is ADOPTED. SEN. DERFLER is EXCUSED.

150 CORTRIGHT: This measure has a subsequent referral to the Joint Committee on Ways and Means.

153 MOTION: SEN. KENNEMER: MOVES SB 374 be returned to the President's desk pursuant to SR8.50, that a letter be attached recommending that the subsequent referral to the Joint Committee on Ways and Means be rescinded, and that SB 374 be sent to the Senate Floor with a DO PASS AS AMENDED recommendation.

160 VOTE: PASSES: In a roll call vote all members present vote AYE. SEN. DERFLER is EXCUSED.

170 SEN. KENNEMER will lead discussion on the Senate Floor.

171 CHAIR LIM: Closed WORK SESSION on SB 374.

SB 1027 -- Reestablishes Ports Division as division within Economic Development Department -- Public Hearing

170 CHAIR LIM: Opens PUBLIC HEARING on SB 1027.

178 ARMSTRONG: Continues to present testimony in favor of SB 1027.

188 PETE WILLIAMSON: Presents testimony in favor of SB 1027.

230 WILLIAMSON: Continues to present testimony relating to the Port of Portland being a rural economic development entity.

287 WILLIAMSON: Continues to present testimony relating to the funding of dredging activities by the Army Corps of Engineers.

331 WILLIAMSON: Continues to present testimony relating to the Port of Portland Trust Fund.

384 JOHN RAYBURN: Presents testimony in favor of SB 1027.

437 SEN. DERFLER: I would like to see the ports work together with the Economic Development Commission (EDC).

TAPE 59, SIDE A

023 ARMSTRONG: Responds to committee discussion relating to EDC and ports issues.

041 SEN. DUKES: My efforts to have OEDD work more closely with the ports have failed, and that is why I support this bill.

059 CHAIR LIM: Do you want to establish a 5 member council and 23 other committees for each port?

063 ARMSTRONG: No.

065 CHAIR LIM: Can you explain your understanding of the language on page 2, line 14?

073 ARMSTRONG: MEASURE INTEND: Is to give the council the authorities to conduct its job. This should not lead us to believe they will create 20 or more committees.

086 JON JAQUA: Presents testimony relating to SB 1027.

142 SEN. BRADBURY: Are you for or against the establishment of a council?

151 JAQUA: Presents testimony against having a ports council.

161 SEN. BRADBURY: I think we need some decentralized programs within OEDD.

187 SEN. DUKES: How can you convince me we do not need a separate council for ports?

205 JAQUA: Responds to committee discussion relating to EDC and lobbyist efforts for OEDD and Oregon ports.

261 SEN. DUKES: With division status of the council would the availability of the other programs associated with the ports be reduced or eliminated?

265 JAQUA: Responds to committee discussion relating to divisional status of the Oregon ports.

354 KEITH LEAVITT: Presents testimony relating to federal funding cut.

374 CHAIR LIM: Closed PUBLIC HEARING on SB 1027.

SB 990 -- Increases amounts that ports may borrow from Oregon Port Revolving Fund -- Work Session

375 CHAIR LIM: Opens PUBLIC HEARING on SB 990.

376 CORTRIGHT: Overviews Staff Measure Summary of SB 990 [EXHIBIT L].

415 CORTRIGHT: Presents Contracts Held By D.C. Lobbyists [EXHIBIT M].

428 ARMSTRONG: Overviews a letter relating to SB 990 from Ken Armstrong [EXHIBIT N], Oregon Port Revolving Fund -- Summary Of Cash Flow And Fund Balances Since Beginning Of Loan Program [EXHIBIT O], and a letter relating

to SB 990 from Keith Leavitt [EXHIBIT P].

TAPE 58, SIDE B

024 ARMSTRONG: Continues to present [EXHIBIT N].

061 CHAIR LIM: Closed PUBLIC HEARING on SB 990.

062 CHAIR LIM: Opens WORK SESSION on SB 990.

064 CORTRIGHT: Overviews Senate Bill 990 [EXHIBIT Q].

080 Committee discussion relating to legislative contributions to the Oregon
Port Revolving Loan Fund and the funds sunset date.

093 MOTION: SEN. KENNEMER: MOVES SB 990 to the Senate Floor with a DO PASS
recommendation.

101 Committee discussion relating to the sunset date of the programs and
depletion of the Trust Fund.

125 Committee discussion relating to changing the sunset date to July 1,
1999.

131 MOTION WITHDRAWN: SEN. KENNEMER withdraws his motion.

132 MOTION: SEN. BRADBURY: MOVES to ADOPT SB 990 conceptual amendments to
extend the sunset date to July 1, 1999.

134 VOTE: CHAIR LIM: Hearing no objections the amendment is ADOPTED.

143 MOTION: SEN. BRADBURY: MOVES SB 990 to the Senate Floor with a DO PASS
AS AMENDED recommendation.

145 VOTE: PASSES: In a roll call vote all members present vote AYE. All
members are present.

153 SEN. BRADBURY will lead discussion on the Senate Floor.

157 CHAIR LIM: Closed WORK SESSION on SB 990.

159 CHAIR LIM: Adjourns committee meeting at 11:07 a.m.

Submitted by

Bobby Sullinger
EXHIBIT LOG

EXHIBIT A - Proposed Amendments To Senate Bill 700-4, Presented by Joseph
Cortright, 1 page.

EXHIBIT B - Analysis of Proposed Legislation, Presented by Joseph Cortright,
1 page.

EXHIBIT C - A memorandum from the Legislative Fiscal Office relating to SB
700-4 amendments, Presented by Joseph Cortright, 1 page.

EXHIBIT D - Staff Measure Summary of SB 374, Presented by Joseph Cortright,
1 page.

EXHIBIT E - Association Of Oregon Community Mental Health Programs --
Gambling Addiction Treatment Programs -- Estimated Budget 1995-97,
Presented by Mike McCracken, 4 pages.

EXHIBIT F - Written testimony in favor of SB 374, Presented by David Hooper,
2 pages.

EXHIBIT G - A letter from Kelly Freels relating to SB 374, Presented by
Senator John Lim, 1 page.

EXHIBIT H - Staff Measure Summary of SB 1027, Presented by Joseph Cortright,
1 page.

EXHIBIT I - Written testimony in favor of SB 1027, Presented by Ken
Armstrong, 2 pages.

EXHIBIT J - Proposed Amendments To Senate Bill 1027-2, Presented by Ken
Armstrong, 17 pages.

EXHIBIT K - A letter relating to proposed cutbacks in federal dredging
activities from Ken Armstrong, Presented by Ken Armstrong, 3 pages.

EXHIBIT L - Staff Measure Summary of SB 990, Presented by Joseph Cortright,
1 page.

EXHIBIT M - Contracts Held By D.C. Lobbyists, Presented by Joseph Cortright,
4 pages.

EXHIBIT N - A letter relating to SB 990 from Ken Armstrong, Presented by Ken Armstrong, 4 pages.

EXHIBIT O - Oregon Port Revolving Fund -- Summary Of Cash Flow And Fund Balances Since Beginning Of Loan Program, Presented by Ken Armstrong, 1 page.

EXHIBIT P - A letter relating to SB 990 from Keith Leavitt, Presented by Ken Armstrong, 3 pages.

EXHIBIT Q - Senate Bill 990, Presented by Joseph Cortright, 3 pages.