

SENATE COMMITTEE ON
TRADE AND ECONOMIC DEVELOPMENT

April 18, 1995 Hearing Room 137
8:00 a.m. Tapes 67-68

MEMBERS PRESENT: Sen. John Lim, Chair
Sen. Bill Kenemer, Vice-Chair
Sen. Brenda Brecke
Sen. Gene Derfler
Sen. Joan Dukes

MEMBERS EXCUSED:

STAFF PRESENT: Joseph Cortright, Executive Officer
Jeri Chase, Office Manager
Bobby Sullinger, Committee Assistant

WITNESSES: Steve Caputo, Oregon Lottery
Gary Oxley, United Grocers
Ken Armstrong, Oregon Public Ports Association
Jon Jaqua, Deputy Director, Oregon Economic Development

MEASURES HEARD: SB 1027 -- Reestablishes Ports Division as division within
Economic Development Department -- WS

SB 1095 -- Allows lottery game retailer to avoid termination of lottery
games retail contract for failure to meet weekly sales average by making
specified payment to state lottery -- WS

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 67, SIDE A

001 CHAIR LIM: Brings the committee to order at 8:00 a.m.

003 CHAIR LIM: Introduces Sen. Brenda Brecke as a new member of the Senate
Trade and Economic Development Committee.

SB 1095 -- Allows lottery game retailer to avoid termination of lottery
games retail contract for failure to meet weekly sales average by making
specified payment to state lottery -- Work Session

009 CHAIR LIM: Opens WORK SESSION on SB 1095.

010 CORTRIGHT: Overviews Proposed Amendments to SB 1095 -3 [EXHIBIT A].

024 SEN. DERFLER: Can you explain what SB 1095-3 amendments accomplish?

025 CORTRIGHT: Continues to overview [EXHIBIT A].

039 SEN. DERFLER: Does this bill affect Video Poker games?

041 CORTRIGHT: No. The bill relates to regular lottery games such as:
instant winner games, Mega Bucks, Lotto America, and Kino.

043 STEVE CAPUTO: Presents testimony relating to SB 1095 and how it relates
to net revenues as opposed to gross revenues of lottery retailers.

060 SEN. DERFLER: Does it cost \$4,000 per year to service lottery
retailers?

062 CAPUTO: Yes.

065 SEN. KENNEMER: Has there been an effort to settle this conflict without
legislation?

073 CAPUTO: Responds to committee discussion relating to possibilities of
resolving this issue without legislation.

080 SEN. KENNEMER: If we do not move this bill the lottery will adopt it as
part of their rules?

082 CAPUTO: Yes.

089 GARY OXLEY: Presents testimony in relating to the possibility of the
Lottery Commission implementing new rules as opposed to this bill.

108 CHAIR LIM: Do you know how many machine were taken out because they
could not meet minimums revenue standards?

110 OXLEY: Responds to committee discussion.

115 CAPUTO: On a quarterly basis it averages between 15 to 20 retailers.

127 CHAIR LIM: Do you give these retailers a choice once they fail to meet
minimum requirements as to whether or not they want to continue to provide
lottery game to their customers?

129 CAPUTO: No. We would move the lottery terminal out of the retailers place of business.

133 SEN. DERFLER: Could you screen retailers more carefully to avoid having to discontinue the service?

139 CAPUTO: Responds to committee discussion.

147 SEN. DERFLER: I have a problem with providing a service at a loss to the state.

151 OXLEY: The retailer will absorb the cost associated with keeping a machine in service that does not meet minimum revenue standards. There will be no fiscal impact to the lottery.

160 CHAIR LIM: What is the minimum dollar amount a retailer must sell to keep the service.

162 CAPUTO: The retailer would need to maintain \$1500.00 per week in sales to maintain minimum revenue requirements.

173 SEN. KENNEMER: Some retailers promote the sales of tickets and some do not.

183 CAPUTO: Responds to committee discussion relating to types of retailers and their abilities to promote the sales of lottery games.

195 CHAIR LIM: Do you support SB 1095-3 amendments?

196 CAPUTO: Yes.

197 CHAIR LIM: I am a small business owner, and I provide items which I do not make profit on as a convenience to my customers. I think retailers should be allowed to provide lottery games to their customer even if they do not sell enough to meet minimum revenue requirements.

225 SEN. KENNEMER: I believe the bill is unnecessary because the problem is too small. Not all of the stores that cannot meet the standard are small businesses.

260 MOTION: SEN. DERFLER: MOVES to ADOPT SB 1095-3 amendments.

269 VOTE: CHAIR LIM: Hearing no objections the amendments are ADOPTED. All members are present.

273 MOTION: SEN. DERFLER: MOVES SB 1095 to the Senate Floor with a DO PASS AS AMENDED recommendation.

275 VOTE: PASSES: In a roll call vote SEN. BRECKE, DUKES, DERFLER, and LIM vote AYE. SEN. KENNEMER votes NO.

276 SEN. BRECKE will lead discussion on the Senate Floor.

277 CHAIR LIM: Closed WORK SESSION on SB 1095.

SB 1027 -- Reestablishes Ports Division as division within Economic Development Department -- Work Session

288 CHAIR LIM: Opens WORK SESSION on SB 1027.

290 CORTRIGHT: Overviews Proposed Amendments To Senate Bill 1027-5 [EXHIBIT B].

338 SEN. DERFLER: Is there a Ports Division within OEDD?

348 CORTRIGHT: It is a section within the Regional Development Division.

357 KEN ARMSTRONG: Presents testimony in favor of SB 1027 and provides Amendments to SB 1027-5 amendments [EXHIBIT C].

TAPE 68, SIDE A

010 SEN. KENNEMER: Do we have additional amendments other than the -SB 1027-5?

012 ARMSTRONG: Responds to committee discussion by overiewing [EXHIBIT C].

028 SEN. DUKES: How does this bill give a better representative to the ports?

030 ARMSTRONG: Responds to committee discussion.

039 SEN. DUKES: You could end up with several port divisions?

041 ARMSTRONG: Yes. SB 1027-5 amendments would allow for several port divisions. Under the amendments I proposed [EXHIBIT C] we could have Coos Bay and Newport, St. Helens, Umatilla, and Portland. Two ports on the coast and two ports on the river.

047 SEN. DUKES: You could have Coos Bay and Newport, Portland, Umatilla, and Morel. This would leave the lower Columbia unrepresented.

049 ARMSTRONG: Yes. The Port of Portland is a lower Columbia river. There

would be room for negotiations. The difference is SB 1027-5 amendments guarantee a position on the commission.

068 SEN. DUKES: How will Oregon Public Ports Association react if your proposed amendments do not get adopted?

070 ARMSTRONG: Our primary interest is moving the bill.

075 ARMSTRONG: Continues to overview [EXHIBIT C].

120 Committee discussion relating to the appointment of Oregon Ports Advisory Council members.

147 ARMSTRONG: Responds to committee discussion relating to a member of the EDC being part of the Oregon Public Ports Association.

163 CORTRIGHT: Overviews proposed amendments relating to the appointment of council members.

171 CHAIR LIM: Could you give us your thoughts on the proposed amendments?

172 JON JAQUA: The language is satisfactory.

186 SEN. DERFLER: This bill shifts the responsibility from EDD to the Ports Division for making grants to the ports. What is EDD's position on this transfer of responsibility?

190 JAQUA: The EDD Director still would have authority over the Ports Division.

202 SEN. DERFLER: If the Ports Division of EDD wanted to make a grant what could EDD do?

205 JAQUA: EDD would have the authority to approve those grant to decline them.

207 SEN. DERFLER: Can you show me where that language is?

209 JAQUA: It is not part of the bill. I am relying on the judgment of the Attorney General.

211 SEN. DERFLER: I believe we are making the Ports Division autonomous.

213 JAQUA: In the past the Ports Division operated within the department and did not have any authority that circumvented the authority of the Director.

231 CHAIR LIM: Are you comfortable with this language?

232 JAQUA: Yes.

237 SEN. DERFLER: It is not clear in the bill.

238 CHAIR LIM: I did not see any language in the bill relating to the removal of a member from the council. Who has that authority?

243 ARMSTRONG: The council would serve at the pleasure of the EDC.

251 SEN. DERFLER: How would this bill make the operations at OEDD different than what is currently in place?

255 JAQUA: Responds to committee discussion relating to the five division available to OEDD.

287 SEN. DERFLER: If we make the Ports a separate division in OEDD how will that change the way they operate?

300 JON JAQUA: My intention is that it will not function any differently. I think that what they will have is the visibility that has been a big part of this negotiation with the reorganization. The removal of their division

to status was looked upon as removing them from a position of visibility that did show and express, to those on the outside, the importance of the ports and the port districts to the economic development strategies of this

state. They have been very strong in their position that the divisional status is important. I need to make it clear that from an Economic Development Commission standpoint with the integration that we have that the Ports Division will still remain the way they are.

309 SEN. DERFLER: It is just a status symbol?

310 JAQUA: Yes.

337 SEN. DERFLER: Is there a fiscal impact?

338 JAQUA: No.

364 SEN. DERFLER: I would like to have some assurances that EDD is still in control of the Ports Division.

365 JAQUA: Could we pass the bill with the understanding that EDD will continue to control the Ports Division?

368 CHAIR LIM: Do you to have amendments drafted?

381 SEN. DERFLER: I want to make sure EDD has control over how dollars are spent by the Ports Division.

388 CHAIR LIM: Do you think EDD has control over the spending of the proposed Ports Division?

389 JAQUA: Yes.

409 SEN. DUKES: Is there language in EDD's formation statutes that relates to the authority over divisions?

427 JAQUA: Yes.

430 SEN. DUKES: I would like to comment on the status symbol issues. Without statutory authority the Ports Division cannot be cohesive.

TAPE 67, SIDE B

024 ARMSTRONG: Overviews section 13 relating to OEDD's control of the Ports Revolving loan fund.

055 CHAIR LIM: Do you think it is good to have the legislature involved as members of the council?

069 ARMSTRONG: Responds to committee discussion relating to the need for legislative support for the programs and port legislation.

084 CHAIR LIM: Could we us "may" as opposed to "shall" serve on the council.

087 SEN. DUKES: We could allow the legislator to have an alternate.

089 CHAIR LIM: What should it be "shall" or "may"?

090 SEN. BRECKE: May

092 SEN. DUKES: I like the "shall" with an option for an alternate.

105 SEN. BRECKE: Comments on the different roles the ports play and the need for regional representation on the proposed ports council.

116 ARMSTRONG: Responds to committee discussion relating to the various interest serving on the proposed ports council.

142 CHAIR LIM: The bill mentions Port Planning and Marketing Fund and Port Revolving Loan Fund. Do these funds to combined?

147 CORTRIGHT: Overviews the differences between the Port Planning and Marketing Fund and Port Revolving Loan Fund.

158 CHAIR LIM: Are any of the funds associated with the Ports combined?

160 CORTRIGHT: The Marine Navigation and Improvement Fund and the Port Planning and Marketing Fund were combined.

168 CHAIR LIM: Could you overview the amendments?

169 CORTRIGHT: Overviews the proposed amendments to SB 1027-5.

-On page 1, line 23 of SB 1027-5 amendments, delete "One of the four members described in this subsection shall be a representative of a coastal port, one member shall be a representative of a port located on the upper Columbia River above the Bonneville Dam and one member shall be a representative of a port located on the lower Columbia River below the Bonneville Dam." insert "Of the four, two shall represent Oregon's coastal ports, and two shall represent ports located on the Columbia River."

-On page 1, lines 10-12 of SB 1027, insert "When filling the positions of council members the commission shall consider the recommendations of the Oregon Public Ports Association".

-On page 2, line 16 of SB 1027-5 amendments, insert "The presiding officers of the Trade and Economic Development Committee or their alternates shall serve as ex officio members of the council without a vote".

-On page 2, line 20 of SB 1027-5 amendments, after ORS 285.030, add "(2)".

-On page 3, line 12, after "developing", insert "recommendations for".

-On page 4, line 30, delete "...including the development"

206 CHAIR LIM: Do we want to keep the bold language on page five of the proposed amendments?

207 CORTRIGHT: Yes.

222 ARMSTRONG: Overviews rational for the bold language on page five of SB 1027-5 amendments.

239 CHAIR LIM: Do you like the bold language on page 5 of SB 1027-5 amendments?

240 JAQUA: Yes.

267 JAQUA: I would like clarification on the number of division OEDD can have.

270 CHAIR LIM: I agree there should be six divisions.

273 JAQUA: We hoped the legislature would agree to allow us not to consider administration a separate division. We would not have to amend the statutes if we all had the same understanding.

268 CORTRIGHT: There is nothing in statute the precludes OEDD from considering administration a separate division.

276 JAQUA: We want 5 operating division.

280 CHAIR LIM: Are you planning to have a Ports Division or an International Trade Division?

283 JAQUA: We want a Ports Division, but if the Film and Video Office were to become semi-private then EDC would like to have the flexibility to decide what the fifth division will be.

296 SEN. DERFLER: Can the EDC just do this in the rules?

309 JON JAQUA: The problem I had, and why I wanted to bring it up here was because I think there was an understanding that administration would be considered a division in the reorganization plan.

305 CHAIR LIM: We all understood that the EDD would decide which one would be the fifth division.

310 MOTION: SEN. DUKES: MOVES to ADOPT the conceptual amendments on page 2, lines 3-5 and lines 10-12 of SB 1027, insert "When filling the positions of council members the commission shall consider the recommendations of the Oregon Public Ports Association", on page 2, line 16 of SB 1027-5 amendments, insert "The presiding officers of the Trade and Economic Development Committee or their alternates shall serve as ex officio members of the council without a vote".

334 Committee discussion relating to whether or not to have Legislative Counsel draft new amendments or use the conceptual amendments.

355 VOTE: CHAIR LIM: Hearing no objections the amendments are ADOPTED. All members are present.

361 MOTION: SEN. DUKES: MOVES to ADOPT amendments on page 2, line 20 of SB 1027-5 amendments, after ORS 285.030, add "(2)", on page 3, line 12 of SB 1027-5 amendments, after "developing", insert "recommendations for", on page 4, line 30 of HB 1027-5 amendments, delete "...including the development", and on page 4, line 31 of HB 1027-5 amendments, delete the entire line.

370 CHAIR LIM: I thought we already adopted the SB 1027-5 amendments.

371 SEN. DUKES: We adopted the conceptual amendments on page two.

379 VOTE: CHAIR LIM: Hearing no objections the amendments are ADOPTED. All members are present.

382 MOTION: SEN. DUKES: MOVES to ADOPT the SB 1027-5 amendments as amended.

389 Committee discussion relating to what conceptual amendments have been adopted.

400 SEN. BRECKE: What is the concern relating to section one of the bill?

401 SEN. DUKES: I like the original SB 1027-5 amendments.

403 CHAIR LIM: Could we review what has been amended?

404 CORTRIGHT: Overviews the amendments that have been adopted.

449 SEN. BRECKE: I prefer the new language on page 1, line 23 of SB 1027-5 amendments, delete "One of the four members described in this subsection shall be a representative of a coastal port, one member shall be a representative of a port located on the upper Columbia River above the Bonneville Dam and one member shall be a representative of a port located on the lower Columbia River below the Bonneville Dam." insert "Of the four, two shall represent Oregon's coastal ports, and two shall represent ports located on the Columbia River."

TAPE 68, SIDE B

010 SEN. DUKES: The difference between the original language of SB 1027-5 amendments and the version provided by OPPA is the location of the representation of the council.

017 SEN. BRECKE: Is there a way to have both the Columbia River represented and still have a guarantee that there will be two coastal ports?

020 SEN. DUKES: Not without taking the Port of Portland off or specifying the entire makeup of the council.

022 CORTRIGHT: Overviews the representation of the port council.

030 SEN. DUKES: There are ports that are not on the Columbia River or on the coast and it seems reasonable to leave them a slot on the council.

032 ARMSTRONG: The OPPA will support what ever the committee decides relating to the membership of the council.

047 SEN. DERFLER: I am not comfortable with the bill. I still have concerns relating to the authority we are giving the Port Division.

056 Committee discussion relating to the authority given to the Ports Division and what authority EDD's Director will possess.

057 CORTRIGHT: The language I can up with to clarify this issue is as follows: "The actions of the Ports Division shall be subject to the approval of the Director of the Economic Development Department."

062 SEN. DUKES: I would like to add this amendment to the motion on the floor.

063 MOTION: SEN. DUKES: MOVES to ADOPT the conceptual amendment "The actions of the Ports Division shall be subject to the approval of the Director of the Economic Development Department."

070 VOTE: CHAIR LIM: Hearing no objections the amendments are ADOPTED.
All members are present.

074 MOTION: SEN. DUKES: MOVES SB 1027 to the Senate Floor with a DO PASS AS AMENDED recommendation.

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

084 SEN. DUKES will lead discussion on the Senate floor.

085 CHAIR LIM: Presents a letter in support of SB 1027 from Mike Thorne [EXHIBIT D].

087 CHAIR LIM: Closed WORK SESSION on SB 1027.

088 CHAIR LIM: Adjourns committee meeting at 9:35 a.m.

Submitted by

Bobby Sullinger
EXHIBIT LOG

EXHIBIT A - Proposed Amendments to SB 1095 -3, Presented by Joseph Cortright, 1 page.

EXHIBIT B - Proposed Amendments To Senate Bill 1027-5, Presented by Joseph Cortright, 12 pages.

EXHIBIT C - Amendments to SB 1027-5 amendments, Presented by Ken Armstrong, 1 page.

EXHIBIT D - A letter in support of SB 1027 from Mike Thorne, Presented by Senator John Lim, 1 page.