

HOUSE COMMITTEE ON COMMERCE

May 20, 1993           Hearing Room D 8:30 a.m.   Tape 42 - 43

MEMBERS PRESENT:   Rep. Eldon Johnson, Chair Rep. Liz VanLeeuen,  
Vice-Chair Rep. Lee Beyers Rep. Lisa Naito Rep. Michael Payne Rep. Bob  
Repine Rep. Hedy Rijken Rep. Charles Starr Rep. Bob Tiernan Rep. John  
Watt Rep. Cynthia Wooten

STAFF PRESENT:           Marilyn Johnston, Committee Administrator Janet  
McComb, Committee Administrator Kristina McNitt, Committee Assistant

MEASURES HEARD:                    HB 2332 SB 646 HB 2603 HB 2267 HB 2125

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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. [--- Unable To Translate Graphic ---]

TAPE 42, SIDE A

002   CHAIR JOHNSON calls the meeting to order at 10:10 a.m. and opens the work session on HB 2332.

HB 2332 - WORK SESSION

Witnesses:   Jim Markee, Oregon Hairdressers Association

The Preliminary Staff Measure Summary, HB 2332-3 amendments, hand-engrossed HB 2332 and Legislative Fiscal and Revenue statements are hereby made a part of these minutes (EXHIBIT A).

011   REP. REPINE explains provisions of the bill.

052   REP. WATT asks how much in excess revenues are in the fund? REP. REPINE advises that \$700,000 remain in the fund; in the past they have transferred \$750,000 to their scholarship program.

078   REP. TIERNAN asks questions about protection of the fund.

REP. REPINE responds that is the purpose of reducing the amount to \$50,000; the subcommittee did not want to discourage this approach, but also did not want to have the plan developed and the fund exhausted in a year. A report would be brought back on the merits of the plan as it is being developed.

102   REP. PAYNE inquires as to the number of hairdressers in the state and the fees, and whether this will duplicate some of the Oregon Health Plan.

111   JIM MARKEE, Oregon Hairdressers Association: There are 26,000 licensed in the program. The fees have been reduced three times over the past five years; the fee is now \$35 per biennium. One of the reasons for the continual excess is there are so many licensees that do not need to be regulated.

126 REP. NAITO advises the members that the Subcommittee looked at the issue of how this might affect the Oregon Health Plan. The Subcommittee was satisfied it would work quite well.

136 MR. MARKEE: There is a price problem on premiums for these people. To give someone \$350,000 may not result in anything and \$50,000 should be more than adequate to complete the study. They will come back with a plan and we like it, we will buy it. If we don't, we won't.

The \$300,000 is not going to subsidize premiums to any extent, but we believe it might be possible to develop a group program similar to a trust situation where they could create some leverage with an insurance company on pricing. The money would go to subsidize an administrator of the trust for the first two to three years during the time the membership in the group was building. There would be a phase out of the administrative cost until it could stand alone. We don't know if that will work.

183 MOTION: REP. WATT moves that HB 2332, as amended, be sent to the Floor with a DO PASS recommendation.

184 VOTE: In a roll call vote, all members are present and vote AYE.

191 CHAIR JOHNSON declares the motion PASSED.

(Tape 42, Side A) SB 646 - WORK SESSION

Witness: Tim Martinez, Oregon Bankers Association

The Preliminary Staff Measure Summary and Legislative Fiscal and Revenue Impact statements are hereby made a part of these minutes (EXHIBIT B).

193 REP. REPINE explains the provisions of the bill and that the bill is at the request of the Housing Authority of Portland.

221 REP. WATT asks what the difference is between "custodian" and "depositor" and why the language was substituted.

213 TIM MARTINEZ, Oregon Bankers Association, explains that the original legislation was passed last session. The public body is the custodian of public funds, but to the bank, they are the depositor. It also clarifies their standing with the FDIC regulations. The "bailee" is the person giving the bank the money.

256 MOTION: REP. WATT moves that SB 646 be sent to the Floor with a DO PASS recommendation.

259 VOTE: In a roll call vote all members are present and vote AYE.

266 CHAIR JOHNSON declares the motion PASSED.

(Tape 42, Side A) HB 2603 - WORK SESSION

Witness: Paul Romain, Oregon Beer and Wine Distributors

The Preliminary Staff Measure Summary, HB 2603-3 amendments and the Legislative Fiscal and Revenue statements are hereby made a part of these minutes (EXHIBIT C).

268 REP. RIJKEN explains that the bill raises the annual manufacturing limit on brew pubs from 60,000 barrels to 200,000 barrels. The 200,000 is maximum allowed under the federal law for small breweries. The tax on a barrel for a small brewery is \$7.50 compared to \$18.00 per barrel for large breweries.

303 REP. VANLEEUEWEN comments she is not in favor of this because of the implications this industry has on all the social costs we pay in the state. 346 REP. TIERNAN comments he does not see why government should be putting a limit on how much a business can produce, whether it is beer, pop or lumber.

392 REP. NAITO comments that this is a good bill and will help the emerging industry of breweries.

384 REP. TIERNAN asked how many kegs and how many gallons are in each barrel.

412 PAUL ROMAIN, Oregon Beer and Wine Distributors Association: A barrel of beer is 31 gallons. A keg is a quarter barrel. A pony keg is half a keg of beer.

430 MOTION: REP. WATT moves that HB 2603, as amended, be sent to the Floor with a DO PASS recommendation.

434 VOTE: In a roll call vote, REPS. BEYER, NAITO, PAYNE, REPINE, RIJKEN, STARR, TIERNAN, WATT, WOOTEN and CHAIR JOHNSON vote AYE. REP. VANLEEUEWEN votes NO.

446 CHAIR JOHNSON declares the motion PASSED. REP. RIJKEN will lead discussion on the Floor.

TAPE 43, SIDE A

HB 2267 - WORK SESSION

The Preliminary Staff Measure Summary, electronically-engrossed bill, HB 2267-2 amendments, and Legislative Fiscal and Revenue statements are hereby made a part of these minutes (EXHIBIT D).

021 REP. RIJKEN reviews provisions of the bill.

036 REP. WATT asks whether accountants and the board testified in support of the bill.

038 REP. RIJKEN: Yes, and this is the compromise after testimony was heard.

049 REP. REPINE: There was some concerns about the level of standards and implications it might have to the PAs. That is why the bill has been amended to create a couple of tracks of opportunity for the nationally approved quality reviews or testing via the CPA and PA standards. The intention of the bill is to get the agency out of being the testing agency. They would still administer it.

057 MOTION: REP. WATT moves that HB 2267, as amended, be sent to the Floor with a DO PASS recommendation.

059 VOTE: In a roll call vote, all members are present and vote AYE.

065 CHAIR JOHNSON declares the motion PASSED. REP. RIJKEN will lead discussion on the Floor.

(Tape 43, Side A) HB 2125 - WORK SESSION

The Preliminary Staff Measure Summary, electronically-engrossed bill, HB 2125-4 amendments, memo from Oregon Boxing and Wrestling Commission, newspaper article from The Oregonian and Legislative Revenue statement are hereby made a part of these minutes (EXHIBIT E).

066 REP REPINE explains provisions of the bill. It provides a funding mechanism to keep the Boxing and Wrestling Commission in place. Funding currently comes from fees for promotion and from businesses that sponsor and televise sporting events. The businesses also pay a percentage in addition to the fee.

The bill as amended attempts to shift the extra special event revenues from the municipalities to the Boxing Commission. The logic for the amendment is that there is extra money coming to the municipalities. If Oregon is going to keep boxing and wrestling, it is important to have a commission that would provide the safeguards and conditions under which the event would take place. It is either this or the alternative of having no Boxing and Wrestling Commission in the State of Oregon. This bill comes with no recommendation from the subcommittee and has a subsequent referral to Revenue.

137 REP. WOOTEN: I am strongly opposed to this bill. There is a matrix of policy issues here. Do we want to fund the Commission from Other Funds? Pay per view for boxing and wrestling matches belongs with those people who profit from it and enjoy it. The promoters, the cable companies which profit and those who want to watch the pay-per-view should be able to pay an additional fee to support the Boxing and Wrestling Commission. Another issue is municipalities who have franchise contracts with cable companies and other utilities with rights-of-way in public property will have their position eroded. This is an example of the state intervening in local government contracts. A third issue is it is unclear how the federal communications system is going to be reorganizing the way in which fees, franchise agreements and contracts can be negotiated after June 21. Another issue is that pay-per-view opportunities will soon be exploding. Also, we must not assume these are additional revenues to cities.

222 REPS. WATT and PAYNE announce they will vote no.

REP. REPINE further explains how the revenues would flow for the service.

242 REP. WOOTEN reiterates her position regarding municipalities franchise fees and adds that people should pay for what they want.

249 REP. REPINE: This is a contentious issue and the bill needs to get to the Revenue Committee but Representative Jones asked that we try to work through this before we send it there.

270 REP. TIERNAN asks who opposes the bill and what happens if we do nothing?

285 REP. REPINE: The cities oppose the bill in its present form. If nothing is done, the commission is left in a lurch because the funds they have today do not cover the costs they anticipate.

309 REP. TIERNAN: The issue is if we are going to have boxing in the state then we have to a commission and the commission has to be funded. Maybe Revenue will have some other ideas on how to fund it.

311 REP. BEYER asks Rep Repine to explain why pay-per-view is not a better option?

333 REP. REPINE: You are once again striking the provider and shifting the burden to the industry to make a decision on whether to absorb the cost for the commission, or to try to recapture the cost through the linkups or in some other way.

386 REP. WATT: Is there another bill that would put activities currently under the jurisdiction of the Boxing and Wrestling Commission under the counties with the sheriffs administering it?

394 REP. REPINE: I think the counties don't want that responsibility and the costs that would go with it.

400 REP. NAITO: Whether or not you have live boxing is a separate issue from the cable company pay-per-view because those fights will take place anyway. I will vote to simply refer this to the Revenue Committee and let them work this out as they do with all other revenue bills.

415 REP. REPINE moves that HB 2125, as amended and WITHOUT RECOMMENDATION, be referred to the Committee on Revenue and School Finance.

423 VOTE: In a roll call vote, REPS. BEYER, NAITO, REPINE, RIJKEN, STARR, TIERNAN and VANLEEUEWEN vote AYE. REPS. PAYNE, WATT, WOOTEN and CHAIR JOHNSON vote NO.

433 CHAIR JOHNSON declares the motion PASSED. 437 CHAIR JOHNSON makes announcements and declares the meeting adjourned at 11:05 a.m.

Respectfully submitted,                      Reviewed by,                      Reviewed by,

Annetta Mullins  
Jan McComb Coordinator  
Administrator

Marilyn Johnston  
Administrator

EXHIBIT SUMMARY A - HB 2332, Preliminary Staff Measure Summary, HB 2332-3 amendments, hand-engrossed bill, Legislative Fiscal and Revenue statements, staff, 7 pp B - SB 646, Preliminary Staff Measure Summary and Legislative Fiscal and Revenue statement, staff, 2 pp C - HB 2603, Preliminary Staff Measure Summary, HB 2603-3 amendments and Legislative Fiscal and Revenue statements, staff, 3 pp D - HB 2267, Preliminary Staff Measure Summary, electronically-engrossed bill, HB 2267-2

amendments and Legislative Fiscal and Revenue statements, staff, 8 pp E  
- HB 2125, Preliminary Staff Measure Summary, electronically-engrossed  
bill, HB 2125-4 amendments, memo from the Oregon Boxing and Wrestling  
Commission, news article from The Oregonian and Revenue statement,  
staff, 20 pp