

SENATE COMMITTEE ON BUSINESS, HOUSING AND CONSUMER AFFAIRS

May 12, 1993 Hearing Room 343 3:00 p.m. Tapes 70 - 71

MEMBERS PRESENT: Sen. Bill Dwyer, Chair Sen. Bill Kennemer, Vice-Chair
Sen. Karsten Rasmussen

MEMBER EXCUSED: Sen. Ron Cease Sen. Brady Adams

VISITING MEMBER: Rep. Jim Edmunson, District 39

STAFF PRESENT: Richard Day-Reynolds, Committee Administrator
Kathy Taylor, Committee Assistant MEASURES CONSIDERED: Work
Session: SB 645 - Specifies that certain
activities of financial institution or insurance

companies are exempt from "real estate appraisal activity." Public
Hearing and Possible Work Session: HB 3002A - Allows
athletic club or golf club operated for profit to hold Class
"A"

dispenser license issued by Oregon

Liquor Control Commission if meals are cooked and served to members of
club

and guests. HB 3061A - Modifies provisions
relating to discounts on alcoholic liquors sold to persons holding
dispenser's licenses

issued by Oregon Liquor Control

Commission. HB 2180 - Authorizes Oregon Liquor
Control

Commission to increase premises

licensed under Class "C" dispensers'

licenses each year by up to 30 premises over number of premises licensed
during preceding calendar year. HB 3067 - Allows
patron to take partly full

bottle of wine from premises licensed

by Oregon Liquor Control Commission

under Class "B" dispenser's license. HB 2678A - Removes
requirement of bond or other security for certain person
licensed by Oregon Liquor Control Commission if

person has been licensed for 10

consecutive years and has timely paid

all fines, license fees and privilege

taxes.

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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 70, SIDE A

008 CHAIR DWYER: Calls the meeting to order at 3:10 p.m.

(Tape 70, side A) HB 3002-A ALLOWS ATHLETIC CLUB OR GOLF CLUB OPERATED FOR PROFIT TO HOLD CLASS "A" DISPENSER LICENSE ISSUED BY OREGON LIQUOR CONTROL COMMISSION IF MEALS ARE COOKED AND SERVED TO MEMBERS OF CLUB AND GUESTS - PUBLIC HEARING AND WORK SESSION

Witnesses: Rep. Jim Edmunson, District 39 Debbie Jeffries, Riveridge Golf Course Paul Romain, Oregon Beer and Wine Distributors Association Mike McCallum, Oregon Restaurant Association David Knowles, Oregon Golf Club

025 REPRESENTATIVE JIM EDMUNSON, DISTRICT 39: Testifies in support of HB 3002-A.

053 DEBBIE JEFFRIES, RIVERIDGE GOLF COURSE: Retail malt beverage license does not enable us to hire college age help

082 PAUL ROMAIN, OREGON BEER AND WINE DISTRIBUTORS ASSOCIATION: Testifies in favor of the bill

089 MIKE MC CALLUM, OREGON RESTAURANT ASSOCIATION: Introduces David Knowles

093 DAVID KNOWLES, OREGON GOLF CLUB: Oregon Liquor Control Commission currently has two types of licenses available, Class A which are for

for-profit restaurants open to the general public and Class B which are for non-profit clubs closed to the public. There is no category of

for-profit clubs closed to the public

110 CHARLES KURTZ, OREGON LIQUOR CONTROL COMMISSION: The commission has voted to support both portions of this bill. Submits written testimony

in favor of HB 3002-A (EXHIBIT A).

120 SENATOR KENNEMER: Has there been a problem with 18 year-olds in restaurants?

125 KURTZ: There has been one single violation committed by a minor in the last three years with over 7,000 permits issued.

(TAPE 70 SIDE A) HB 3002-A - ALCOHOL DISPENSER LICENSES FOR PRIVATE FOR PROFIT GOLF OR ATHLETIC CLUBS - WORK SESSION

135 MOTION: Sen. Rasmussen moves HB 3002-A to the floor with a Do Pass recommendation.

139 CHAIR DWYER: Hearing no objection, SO ORDERED

VOTE: The measure passes 3-0, SENATOR ADAMS and SENATOR CEASE

excused. SENATOR RASMUSSEN will carry.

(TAPE 70, SIDE A) HB 3061 - MODIFIES PROVISIONS RELATING TO DISCOUNTS ON ALCOHOLIC LIQUORS SOLD TO PERSONS HOLDING DISPENSER'S LICENSES BY OREGON LIQUOR CONTROL COMMISSION - PUBLIC HEARING

Witnesses: Mike McCallum, Oregon Restaurant Association Chris Lyons, Oregon Liquor Control Commission

160 MIKE MCCALLUM, OREGON RESTAURANT ASSOCIATION: Testifies in support of the bill. Submits written testimony (EXHIBIT B).

239 SENATOR RASMUSSEN: If we go from a rebate to a discount program the discount will always be in effect whereas the rebate is not always in

effect. Is that a fair statement?

242 MC CALLUM: That is a correct statement, the current rebate is only triggered when sales reach a certain amount.

255 CHRIS LYONS, OREGON LIQUOR CONTROL COMMISSION: Testifies in support of the bill. Submits written testimony (EXHIBIT C).

269 SENATOR KENNEMER: This will reduce your administrative costs and work load?

271 LYONS: Yes it will, Mr. Mc Callum described very accurately the fact that the current system is cumbersome. It is a costly program to

administer the way it was built because it's a rebate system that only goes into effect if we exceed our sales projections. We have to keep track of this on a six-month basis because that is the way the law is written.

284 SENATOR KENNEMER: What controls are there here to be sure the money is available, and how could we be sure we're not reducing it unfairly?

290 LYONS: The rebate would only go into effect if we exceeded our sales projections. This was a difficult thing to measure. Sometimes we were

successful and sometimes we were not. The way the new system is set up we will continue to build realistic sales projections. We are not a

classic kind of sales driven organization where we push for profits, but we do try to present a realistic picture of revenue and we will continue to do that. I wouldn't expect any additional drain on revenue as a result of this bill.

305 SENATOR KENNEMER: Does the bill provide flexibility for you to adjust the discount rate?

308 MCCALLUM: The bill does say up to five percent at the direction of commission (OLCC).

(Tape 70, Side A) HB 3061 - MODIFIES PROVISIONS RELATING TO DISCOUNTS ON ALCOHOLIC LIQUORS SOLD TO PERSONS HOLDING DISPENSER'S LICENSES ISSUED BY OREGON LIQUOR CONTROL COMMISSION - WORK SESSION

314 MOTION: SENATOR KENNEMER moves HB 3061 to the floor with a DO PASS recommendation.

VOTE: The measure passes 3-0, SENATOR CEASE and SENATOR ADAMS excused. SENATOR KENNEMER will carry.

(Tape 70, Side A) HB 3067 - ALLOWS PATRON TO TAKE PARTLY FULL BOTTLE OF WINE FROM PREMISES LICENSED BY OREGON LIQUOR CONTROL COMMISSION UNDER CLASS "B" DISPENSERS'S LICENSE - PUBLIC HEARING AND POSSIBLE WORK SESSION

Submitted for the record by staff (EXHIBIT D) Submitted for the record by staff (EXHIBIT E)

Witnesses: Bob Keyser, Private & Fraternal Organizations Charles Kurtz, Oregon Liquor Control Commission Mike Mc Callum, Oregon Restaurant Association

322 BOB KEYSER, PRIVATE & FRATERNAL ORGANIZATIONS: We requested the introduction of HB 3067. The bill allows a patron in a Class "B"

licensee establishment to take have a bottle of wine they have consumed a portion of. That can currently be done in a Class "A" establishment.

When that language was added to the statues the Class "B" establishments were left out. We believe the law encourages people to drink

responsibly. Rather than sitting in a restaurant and finishing a bottle of wine because they don't want to waste it, this law would encourage

customers to take the bottle home and drink it at another time.

355 CHARLES KURTZ, OREGON LIQUOR CONTROL COMMISSION: Testifies in opposition to the bill. Submits written testimony (EXHIBIT F).

368 SENATOR KENNEMER: How well has this worked for the class "A" licensees?

370 KURTZ: This privilege has been available to restaurant licenses for around 10 years. I don't believe we have had a single problem with

either drunk driving or open container law violation. We believe it has been quite successful and created no problems

375 SENATOR KENNEMER: I think we passed a measure dealing with this issue since I have been here

378 KEYSER: It's probably been about ten years, I tried to get this amendment into the law back in 1985.

380 CHAIR DWYER: Asks witnesses to read the -1 and -2 amendments. The difference is - 1 covers class "B" and -2 covers all 423
KEYSER: No objections with these amendments.

440 MCCALLUM: No objections.

453 KURTZ: The OLCC has not reviewed these but they look like a consistent, responsible way to serve alcohol. If your intent is to have a verbal

warning between customer and server, that would be adequate.

470 CHAIR DWYER: I thought, if your going to let people take half consumed bottles out we ought to let them know not to put it in the front seat.

It goes on your record as a DWI when your insurance premiums come due.

(Tape 70, Side A) HB 3067 ALLOWS PATRON TO TAKE PARTLY FULL BOTTLE OF WINE FROM PREMISES LICENSED BY OREGON LIQUOR CONTROL COMMISSION UNDER CLASS "B" DISPENSER'S LICENSE - WORK SESSION

480 MOTION: SENATOR RASMUSSEN moves the -2 amendments.

485 CHAIR DWYER: Hearing no objection, SO ORDERED.

MOTION: SENATOR RASMUSSEN moves HB 3067 as amended to the floor with a DO PASS recommendation.

VOTE: The measure passes with 3-0 vote. SENATOR ADAMS and SENATOR CEASE excused, SENATOR RASMUSSEN will carry.

TAPE 71, SIDE A

(Tape 71, Side A) HB 2678 - A REMOVES REQUIREMENT OF BOND OR OTHER SECURITY FOR CERTAIN PERSON LICENSED BY OREGON LIQUOR CONTROL COMMISSION IF PERSON HAS BEEN LICENSED FOR 10 CONSECUTIVE YEARS AND HAS TIMELY PAID ALL FINES, LICENSE FEES AND PRIVILEGE TAXES - PUBLIC HEARING

Witnesses: Paul Romain, Oregon Beer and Wine Distributor Association
Merle Lindsey, Oregon Liquor Control Commission

053 ROMAIN: The engrossed version of the bill does a very simple thing. It says that a distributor, winery or brewery (those are the ones who are

liable for the privilege tax in this state, the beer and wine tax), that

have been in business or licensed for ten consecutive years and has timely paid all fines, license fees and privilege taxes shall be exempt from a bond or letter of credit requirement. The House the testimony by the OLCC stated that there has never been a default on anyone who has been in business ten years or more. The bond or letter of requirement costs us money. If you have bond a \$100,000 dollars, you will have to set aside a \$100,000 dollars. If you have a letter of credit for a 100,000 you have to pay for the letter of credit and tie up that much of your credit line. This is a simple bill that should assist distributors in alleviating themselves of some minor costs. If there are no questions I will go on to an amendment I promised I would make this morning.

073 CHAIR DWYER: What is the amendment?

076 ROMAIN: Rep. Repine, in a committee hearing this morning was trying to help out a micro-brewery that is expanding and wishes to build a larger capacity brewery in a area we hopefully designated as a historical area in a now depressed portion of Portland. It is to benefit Widmer brewing company. They asked to expand the brewery license from the current

60,000 up to 200,000 barrels of malt beverages. In other words, the small brewery is entitled to do something the large brewery is not entitled to do, which is basically have a for sale tasting room on their premises. Submits for the record proposed amendments to HB 2678 (EXHIBIT G).

095 CHAIR DWYER: What happened to the bill draft 2603?

098 ROMAIN: Relating to clause problem. We have brew pubs and breweries, they are two distinct licenses.

103 CHAIR DWYER: Are there federal definitions of a small brewery?

105 ROMAIN: Yes there are and it is 200,000 barrels. That is where we came up with the figure. In Federal law, for tax purposes, only a

micro-brewer defined as 200,000 barrels with the first 60,000 barrels subject to a lesser tax of \$ 7.50 a barrel and everything over and above that is subject to the tax that everybody pays which is \$ 18.00 a barrel. In the state law there is no distinction, they pay from barrel one the same as any other brewery.

114 CHAIR DWYER: Has the OLCC seen these amendments?

116 ROMAIN: They have seen them as applied to 3368, and 2603.

122 MERLE LINDSEY, OREGON LIQUOR CONTROL COMMISSION: I have not seen the amendments but as Mr. Romain has described we don't have a

problem at

this time with them.

124 CHAIR DWYER: Why don't you look at them and then tell me.

129 LINDSEY: I have read the amendments and still no problem with them. There is no tax consideration here.

138 SENATOR RASMUSSEN: We will have to strike lines one and two, I think the relating clause is broad enough.

153 ROMAIN: Being a former member of legislative council, the relating clause would be broad enough. Explains conceptual amendment.

170 SENATOR RASMUSSEN: I thought that was what I just said.

177 ROMAIN: The relating clause here is just, relating to alcohol and liquors, that's it.

(Tape 71, Side A) HB 2678 - REMOVES REQUIREMENT OF BOND OR OTHER SECURITY FOR CERTAIN PERSON LICENSED BY OREGON LIQUOR CONTROL COMMISSION IF PERSON HAS BEEN LICENSED FOR 10 CONSECUTIVE YEARS AND HAS TIMELY PAID ALL FINES AND PRIVILEGE TAXES - WORK SESSION

188 MOTION: SENATOR RASMUSSEN moves the - 1 amendments as conceptually amended.

192 RICHARD DAY-REYNOLDS, ACTING ADMINISTRATOR: Explains the amendments. - Changed proposed amendments from HB 2603 to HB 2678 - Page one of the bill, in line two after 471.210 insert " and 471 .220" - Page two, line twenty one, insert from line three the proposed

amendments HB 2603 - Change on line fourteen from 90,000 barrels to 200,000 barrels

205 CHAIR DWYER: Hearing no objection, SO ORDERED.

MOTION: SENATOR RASMUSSEN moves HB 2678-A as amended to the floor with a DO PASS recommendation.

VOTE: The measure passes 3-0, SENATOR ADAMS and SENATOR CEASE

excused. SENATOR KENNEMER will carry.

(Tape 71, Side A) SB 645 SPECIFIES THAT CERTAIN ACTIVITIES OF FINANCIAL INSTITUTION OR INSURANCE COMPANIES ARE EXEMPT FROM "REAL ESTATE APPRAISAL ACTIVITY"- WORK SESSION

Submitted for the record - 2 Amendments (EXHIBIT H)

Witnesses: Linda Riddell, Appraiser Certification Licensure Board Tim Martinez, Oregon Bankers Association

250 LINDA RIDDELL, APPRAISER CERTIFICATION LICENSURE BOARD: The amendments that have been added to this bill make provisions for reciprocity

between states in appraiser certification. In Section five it addresses criminal offender information, being able to obtain that information

when we have an applicant for certification or licensure who indicates they have had a criminal background.

268 CHAIR DWYER: A criminal background does not preclude you from being licensed?

270 RIDDELL: No, it is case by case

271 CHAIR DWYER: What about section three of Section five?

272 RIDDELL: That information would be any information given to us by the State Police or FBI. It is restricted for protection for the applicant.

280 CHAIR DWYER: Who might be some people with a legitimate need to know?

282 RIDDELL: The attorney representing that person, and the applicant themselves.

286 CHAIR DWYER: What about subsection four of Section five?

288 RIDDELL: That is if there is a fee charged to the Appraiser and Certification Licensure Board, that fee would be paid by the person

needing the criminal background checked, or the person applying for a license or certificate.

289 CHAIR DWYER: You mean if you have to make an investigation you may charge them a fee?

293 RIDDELL: No, if there is a fee charged to us for gaining their information.

295 CHAIR DWYER: By the other state or the FBI?

297 RIDDELL: Yes, if we incur a fee.

298 CHAIR DWYER: You just pass the cost along?

299 RIDDELL: The actual cost.

300 CHAIR DWYER: You would not object to putting actual before cost?

304 RIDDELL: No, that would be fine.

310 SENATOR KENNEMER: What is the difference between the boards cost and the actual cost?

311 CHAIR DWYER: The boards cost maybe the time, hearing time, it could be anything they wanted it to be. For the record, the actual cost is the

cost the board will have to pay to gain the information, not it's time involved in asking for the information.

324 TIM MARTINEZ, OREGON BANKERS ASSOCIATION: We have worked long and hard with both the Appraisal board and it's staff as well as the Appraisal

institute to come to an agreement on these amendments. I believe everyone has signed off on them. The first parts of the amendments deal with what real estate appraisal activity is and the intention of our bill is to make sure we could do internal types of use of information and not be actually conducting appraisals. In Section two we add some new definitions, and add appraisal assistant to the definitions category. We also add a new category State Certified Residential Appraiser, which the Fed's have now agreed is an appropriate registration type. We are in agreement for the amendments and we encourage your adoption.

(Tape 71, Side A) SB 645 SPECIFIES THAT CERTAIN ACTIVITIES OF FINANCIAL INSTITUTION OR INSURANCE COMPANIES ARE EXEMPT FROM "REAL ESTATE APPRAISAL ACTIVITY" -WORK SESSION

342 CHAIR DWYER: Amend line thirteen of page four, preceding the word "cost" insert the word "actual".

356 MOTION: SENATOR RASMUSSEN moves the - 2 amendments as further amended.

358 CHAIR DWYER: Hearing no objection SO ORDERED.

MOTION: SENATOR RASMUSSEN moves SB 645 as amended to the floor with a DO PASS recommendation.

VOTE: The measure passes 3-0, SENATOR ADAMS, SENATOR CEASE excused. SENATOR RASMUSSEN will carry.

351 CHAIR DWYER: Adjourns the meeting at 4:00.

Submitted by:

Reviewed by:

Willie Tiffany
Assistant

Richard Day-Reynolds Committee
Acting Administrator

EXHIBIT LOG:

A - Testimony on HB 3002-A - Charles Kurtz, OLCC - 1 page B -
Testimony on HB 3061, Mike Mc Callum, ORA - 2 pages C - Testimony on

HB 3061, Chris Lyons, OLCC - 1 page D - -1 Amendments for HB 3067,
Staff - 1 page E - -2 Amendments for HB 3067, Staff - 1 page F -
Testimony on HB 3067, Charles Kurtz, OLCC - 1 page G - Amendments on
HB 2678, Staff - 1 page H - -2 Amendments on SB 645, Staff - 4 pages I
- Witness registration sheets, Staff - 4 pages