

SJR17 - PH SB 168 - WKS SB 1000 - WKS SB 82 - WKS SB 123 - WKS SB 126 - WKS

SENATE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

April 20, 1993 HRB, State Capitol 8:00 a.m. Salem, OR

Tapes 76-77

Lottery Administrative Costs Oregon Public Broadcasting Privatization  
Youth Apprenticeship Special Public Works Fund Bond Limit Wastewater  
System Improvement Fund Safe Drinking Water Fund

MEMBERS PRESENT: SEN. JOYCE COHEN, CHAIR SEN. STAN BUNN SEN. SHIRLEY  
GOLD SEN. JEANNETTE HAMBY SEN. KARSTEN RASMUSSEN SEN. BILL KENNEMER SEN.  
JOHN LIM SEN. CATHERINE WEBBER

MEMBERS EXCUSED: SEN. BILL BRADBURY, PRESIDENT OF THE SENATE STAFF  
PRESENT: JOSEPH CORTRIGHT, EXECUTIVE OFFICER JERI CHASE, OFFICE  
MANAGER WITNESSES: SEN. MAE YIH, SENATE DISTRICT 19 DON WAGGONER,  
DIRECTOR, AUDITS DIVISION DEBBS POTTS, CHAIR, OREGON LOTTERY COMMISSION  
STEVE CAPUTO, ACTING DIRECTOR, OREGON LOTTERY KIM DUNCAN, PUBLIC  
AFFAIRS, OREGON PUBLIC BROADCASTING BILL NESSLEY, ASSISTANT ATTORNEY  
GENERAL MAYNARD ORME, PRESIDENT, OREGON PUBLIC BROADCASTING QUINT RAHB  
ERGER, ADMINISTRATOR OF APPRENTICESHIP, BUREAU OF LABOR AND INDUSTRIES  
J. D. HOYE, ADMINISTRATOR, DIVISION OF PROFESSIONAL AND TECHNICAL  
EDUCATION, DEPARTMENT OF EDUCATION

NOTE: These minutes contain materials which paraphrases and/or  
summarizes statements made during this meeting. Only text enclosed in  
quotation marks reports a speaker's exact words. For complete contents  
of the proceedings, please refer to the tapes. Senate Trade & Economic  
Development Committee April 20, 1993 Page 2

TAPE 76, SIDE A

000 CHAIR COHEN: Convenes meeting at 8:15 a.m.

SJR17 (Lottery Administrative Costs) - Public Hearing

020 SEN. YIH: Presents written testimony in support of SJR17 (EXHIBIT  
A). Also presents "Proposed - 1 Amendments to SJR17 (exhibit b),  
Attorney General Opinion 177 -001-G0008-87 (EXHIBIT C), and Secretary of  
State Audit Report Summary (EXHIBIT D). 060 SEN. KENNEMER: I need  
further clarification about the constitutional provision. 055 DON  
WAGGONER: There is a constitutional provision that limits lottery  
administrative expenditures to 16 percent. If you select a particular  
year, there are some years that the lottery has exceeded that 16 percent  
limitation. 077 SEN. KENNEMER: What authority is there for  
enforcement of the 16 percent limitation? 080 WAGGONER: I am not  
sure; possibly through the Department of Justice. 082 CORTRIGHT: With  
video poker, the 16 percent limit that now exists in the Constitution  
effectively ceases to impose any limit on lottery administrative  
expenses. The Lottery now has the ability to spend more than \$300,000  
million, which is more than the total amount returned to the state for  
all lottery games. Therefore, the Lottery could constitutionally expend  
all of the net proceeds of the Lottery under administrative. 113 SEN.  
YIH: It is also important for there to be an amendment to remove the

words "is continuously". Perhaps also SJR17 could be reviewed by Legislative Counsel and the Department of Justice to ensure that the language reflects what it is I want to do. 123 CHAIR COHEN: I would like to leave the definition of Economic Development as it has been developed by the Legislature. So I would suggest an amendment that deletes bold language on lines 19 and 20 that states "included, but not limited to capital construction and infrastructure". Would that be acceptable to you? 137 SEN. YIH: That is up to the direction of the Committee. The former State Auditor suggested that this language be included for clarification. 145 CHAIR COHEN: We have Attorney General's opinions that deal with that issue. I do not want to tamper with the definition, just in case something would accidentally get left out, etc. 150 SEN. KENNEMER: I would agree with that. By including this language, it suggests special status. 170 DEBBS POTTS: Presents written testimony in opposition to SJR17 (EXHIBIT E). 320 STEVE CAPUTO: Submits written testimony (EXHIBIT F) and charts (EXHIBIT G).

325 Committee discussion relating to charts submitted. , Senate Trade & Economic Development Committee April 20, 1993 Page 3

336 CHAIR COHEN: Retail commissions are at 35 percent; is this correct for video poker as well? 345 CAPUTO: In HB 3151 (1991 legislation implementing video lottery) there was language that required an outside consultant to review compensation for contractors. In November that report was completed and the conclusion was that a 35 percent retailer compensation rate was fair and appropriate. Machines currently are averaging \$720 per week. The average retailer is receiving approximately \$1,000 per week for video lottery games. 377 CHAIR COHEN: Are there any plans to change that rate? 382 CAPUTO: The results of that independent report were presented to the Commission and the Commission adopted the consultant's recommendations. 387 SEN. HAMBLY: Do you have any comments on the gambling addiction concerns? 402 CAPUTO: We work with the Oregon Gambling Council and assist them as we can. This includes posting of 1-800 gambling assistance number at all retail locations. 426 CAPUTO: Overviews video poker allocations to counties.

Committee discussion on county allocations.

455 Committee discussion relating to previous Lottery Director's appointment with VLT.

TAPE 77, SIDE A

034 DEBBS POTTS: I was a member of the Ways and Means Committee when the lottery passed and the Legislature allocated \$1.8 million to establish it. When I was appointed to serve on the Lottery Commission I made it a priority to repay those funds as soon as possible. If I had not done that, the Lottery never would have exceeded its 16 percent administrative expenditure limitation. 063 SEN. LIM: How much revenue is expected to be generated for 1993-95.

CAPUTO: The revised forecast is \$330 million; video lottery represents \$206 million of that total.

Committee discussion on video lottery earnings. Discussion of EXHIBIT G.

165 SEN. KENNEMER: I am one that thinks the Lottery is out of control - philosophically. I see that it is the Commission's goal to make every

lottery dollar that is possible and I don't think that is in the public interest. However, I am supportive of your efforts in terms of administration and oversight efforts. 183 SEN. HAMBY: What is the projection for 1993-94 for all gambling in Oregon? 187 CAPUTO: Approximately \$1.5 billion in total activity. 190 SEN. HAMBY: With two million Oregonians (over 18). Would either of you object to clarifying in the constitution that treatment is a portion of the administrative costs, rather than from prizes. Would it Senate Trade & Economic Development Committee April 20, 1993 Page 4

shortchange you to take it from administration?

227 CAPUTO: That would be trading dollars. The amount of funds available for administration is such that it would not be an issue for us; that is a legislative decision.

SB 168 - Oregon Public Broadcasting Privatization · Work Session

252 CORTRIGHT: Overviews Proposed -A3 Amendments (EXHIBIT H) and Proposed -A4 Amendments (EXHIBIT I). The Proposed -A4 Amendments require that the Corporation's bylaws provide that the Governor may appoint five members of the non-profit corporation's Board of Directors. 280 CHAIR COHEN: I thought we were going to have language that requires the Governor to appoint the members. This language does not require that. 297 SEN. KENNEMER: Shouldn't we 310 ICIM DUNCAN: Section 11 of the proposed -4 Amendments, Section 11, contain language that was part of the original bill draft that the commission and foundation boards jointly approved in October and that was subsequently deleted after Executive review. 322 CHAIR COHEN: Then what we have has been approved by both boards. 330 BILL NESSLEY: There is some ambiguity in requiring that they bylaws shall give the Governor the power to appoint five members. Sometimes a grant of power is read as legislative intent that the power be exercised; there is a difference. I would read it as giving the Governor "may" rather than "shall" appointment authority. 350 SEN. RASMUSSEN: It would be my desire to require that a certain percentage of Board of Directors be appointed by the Governor. That was my intent. These amendments do not do what I intended to do. 365 SEN. HAMBY: I think this language needs to be firmed up. 368 SEN. WEBBER: If we are going to do it, we need to make it a directive. 373 CHAIR COHEN: There seems to be consensus that we are interested in determining some percentage that the bylaws provide would be members appointed by the Governor and the Governor shall appoint those members. What are the numbers of Board members and the numbers of members proposed to be Governor-appointed? 382 MAYNARD ORME: We currently have proposed 25 members for the new corporation's board; with five of those appointed by the Governor. 388 SEN. RASMUSSEN: That is 20 percent. What is the current make-up of the board? 392 ORME: The current board is a foundation board of about 20 people on for fund-raising purposes. Six members of the Commission currently sit on the foundation board; in these new by-laws, all members of the commission would sit on the new board, along with the existing members. Senate Trade & Economic Development Committee April 20, 1993 Page 5

424 ORME: The combined Executive Committees of the foundation and the commission preferred not to have a percentage; the primary purpose of the board at this time is to raise funds. 437 CHAIR COHEN: If you assume current application of membership, 20 percent would be appropriate. 446 SEN. RASMUSSEN: Does 20 percent reflect the status

quo existing today? 455 ORME: The current Commission (11 members) has five appointed to it by the Governor; three appointed by the Senate President; three appointed by the Speaker of the House.

446 CORTRIGHT: Continues overview of EXHIBITS H and I.

TAPE 76, SIDE B

SB 1000 - Youth Apprenticeships - Work Session

045 SEN. STAN BUNN: Presents Proposed -3 Amendments to SB 1000 - hand-engrossed - (EXHIBIT J), a chart overviewing last biennium's legislation and this biennium's legislation (EXHIBIT K), and "Section 6 Inserts to SB 1000-3" (EXHIBIT L). 097 QUINT RAHB ERGER: Begins overview of EXHIBITS J, K, L, and M. 160CORTRIGHT: Distributes "Further Amendments to SB 1000~ (EXHIBIT M). 165SEN. BUNN: Describes importance of youth apprenticeships.

Continued discussion.

225 RAHB ERGER: Continues to present EXHIBITS J, K, L, and M (Section 7).

QUINT RAHB ERGER: As a hand-engrossment, Department of Education and Bureau of Labor and Industries needs to be added to Section 7 in EXHIBIT J.

239 RAHB ERGER: Presents Section 8 of SB 1000.

Committee discussion on Section 8.

325 RAHB ERGER: In Section 8, on line 20, we would request that "training agent" be deleted and "employer" be inserted, in order to maintain consistency. In Line 30 delete "training agent" and insert "employer". 346 MOTION: SEN. KENNEMER MOVES to delete "training agent" and insert "employer" in lines 20 and 30. 350 VOTE: There being no objection, the above amendment is adopted. EXCUSED: SENATORS BRADBURY and RASMUSSEN. 354 MOTION: CHAIR COHEN MOVES to add the Bureau of Labor and Industries on line 9 i~ Section 7. Senate Trade & Economic Development Committee April 20, 1993 Page 6

358 VOTE: There being no objection, the above amendment is adopted. EXCUSED: SENATORS BRADBURY and RASMUSSEN. 363 RAHB ERGER: Continues presentation of Section 9, 10, and 11. 386 SEN. BUNN: There is actually a \$1 million dollar limit - line 7 allocates \$250,000, but there is an additional \$750,000 on line 24. We didn't have time to change the way this was worded; I want to make it clear that this a total of \$1 million. 420MOTION: CHAIR COHEN MOVES that the \$250,000 on line 7 and the \$750,000 be merged together for a total limit of \$1 million and re-ordered. 423 VOTE: There being no objection, the above amendment is adopted. EXCUSED: SENATORS BRADBURY and RASMUSSEN.

433 CORTRIGHT: Legislative Counsel has laid this out with three separate sections, each with an allocation and expenditure authority.

438 CHAIR COHEN: I would then request that the amendments be reviewed with Legislative Counsel and do it however they think it should best be done. We will understand it if it is collapsed, or if it is not. We have conceptually approved the two amounts, however they are best drafted.

450 J.D. HOYE: We are hopeful this will leverage additional federal funds and see this as a model for the country in youth apprenticeship and we also see this as an important component of furthering

implementation of education reform that was passed in HB 3565.

478 RAHB ERGER: The final dollar amount is \$300,000 to BOLI for staffing and development, in Section 12. 490 CHAIR COHEN: This committee has approved these allocations already in SB 107 6.

TAPE 77, SIDE B

039 CORTRIGHT: In the ~Further Amendments to SB 1000" is language that clarifies that these allocations are in fulfillment of, and not in addition to, those allocations approved in SB 1076. SEN. BUNN: There was \$1.1 million (including \$100,000 to BOLI) and an additional \$200,000 in another line item to BOLI. 054 SEN. LIM: Do we have any idea when and how much funds will be available from the federal government? If we received more funds, could we serve more students? 056 HOYE: I can't tell you when or how much funds. The intent would be to expand the program with federal funds. 069 MOTION: SEN. BUNN MOVES adoption of the Proposed -3 Amendments, and other conceptual amendments as amended by previous committee action.

076 VOTE: There being no objection, the above amendments are adopted. EXCUSED: Senate Trade & Economic Development Committee April 20, 1993 Page 7

SENATORS BRADBURY, HAMBY, and RASMUSSEN. . . 080 MOTION: SEN. BUNN MOVES SB 1000 to the Senate Floor, as amended above, with a ' request that the Senate President rescind the subsequent referral to the Senate Revenue Committee. 085 VOTE: Passes, 7-0. Voting AYE: CHAIR COHEN, SENATORS BUNN, GOLD, KENNEMER, LIM, RASMUSSEN, and WEBBER, EXCUSED: SENATORS BRADBURY, and HAMBY. (NOTE: SEN. RASMUSSEN originally excused from vote; cast AYE vote at Tape Count 170.)

SB 82 - Special Public Works Fund Bond Limit - Work Session

104 CORTRIGHT: Overviews Proposed -1 Amendments to SB 82 (EXHIBIT N). 125 MOTION: CHAIR COHEN MOVES adoption of the Proposed -1 Amendments to SB 82. (EXHIBIT N). 127 VOTE: There being no objection, the above amendments are adopted. EXCUSED: SENATORS BRADBURY and HAMBY. 129 MOTION: SEN. WEBBER MOVES SB 82, as amended above, to the Senate Floor, with a Do Pass Recommendation. 131 Discussion of fiscal analysis (EXHIBIT O). 157 VOTE: Passes, 7-0. VOTING AYE: SENATORS COHEN, BUNN, GOLD, KENNEMER, LIM, RASMUSSEN, and WEBBER. EXCUSED: SENATORS BRADBURY and HAMBY.

SB 1000 - Youth Apprenticeship - Work Session

165 CHAIR COHEN: Requests unanimous consent to return to a work session on SB 1000 so as to all SEN. RASMUSSEN to cast a vote on SB 1000 (see TAPE COUNT 085). 170 VOTE: SEN. RASMUSSEN votes AYE.

SB 123 - Wastewater System Improvement Fund - Work Session SB 126 - Safe Drinking Water Fund Work Session 175 CORTRIGHT: Overviews Proposed -4 Amendments to SB 123 (EXHIBIT P) and "Further Amendments to SB 123-4" (EXHIBIT Q). Overviews Proposed -3 Amendments to SB 126 (EXHIBIT R) and "Further Amendments to SB 126-3" (EXHIBIT S).

263 CHAIR COHEN: Adjourns meeting at 10:00 a.m.

Submitted by, ? Senate Trade & Economic Development Committee April 20, 1993 Page 8

Jeri Chase

~ ~ ~! Senate Trade & Economic Development Committee April 20,  
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#### EXHIBIT SUMMARY

EXHIBIT A - SJR17, Written Testimony, submitted by Sen. Mae Yih, 2 pages  
EXHIBIT B - SJR17, Proposed -1 Amendments, submitted by Sen. Mae Yih, 1 page  
EXHIBIT C - SJR17, Attorney General Opinion, submitted by Sen. Mae Yih, 6 pages  
EXHIBIT D - SJR17, Audit Report Summary, submitted by Sen. Mae Yih, 1 page  
EXHIBIT E - SJR17, Written Testimony, submitted by Debbs Potts, 5 pages  
EXHIBIT F - SJR17, Memo regarding Legislative Control of Lottery Budget, submitted by Steve Caputo, 10 pages  
EXHIBIT G - SJR17, Oregon Lottery Charts, submitted by Steve Caputo, 6 pages  
EXHIBIT H - SB 168, Proposed -A3 Amendments, submitted by Joe Cortright, 1 page  
EXHIBIT I - SB 168, Proposed -A4 Amendments, submitted by Joe Cortright, 1 page  
EXHIBIT J - SB 1000, Proposed -3 Amendments, submitted by Sen. Stan Bunn, 11 pages  
EXHIBIT K - SB 1000, Comparison Chart (1991-93 vs. 1993-95), submitted by Sen. Stan Bunn, 1 page  
EXHIBIT L - SB 1000, "Section 6 Inserts to SB 1000-3", submitted by Sen. Stan Bunn, 1 page  
EXHIBIT M - SB 1000, "Further Amendments to SB 1000", submitted by Joe Cortright, 1 page  
EXHIBIT N - SB 82, Proposed -1 Amendments to SB 82, submitted by Joe Cortright, 1 page  
EXHIBIT O - SB 82, Fiscal Analysis of SB 82-1, submitted by Joe Cortright, 1 page  
EXHIBIT P - SB 123, Proposed -4 Amendments to SB 123, submitted by Joe Cortright, 4 pages  
EXHIBIT Q - SB 123, "Further Amendments to SB 123-4", submitted by Joe Cortright, 1 page  
EXHIBIT R - SB 126, Proposed -3 Amendments to SB 126, submitted by Joe Cortright, 5 pages  
EXHIBIT S - SB 126, "Further Amendments to SB 126", submitted by Joe Cortright, 1 page