

Tapes 48 (A/B), 49 (A) Public Hearing: HB 2081,
HB 2212, HB 2166,
HB 3274
Work Session: HB
208 1, HB 2212

HOUSE COMMITTEE ON REVENUE AND SCHOOL FINANCE
SUBCOMMITTEE ON INCOME TAXATION
May 2, 1991 8:00 am Hearing Room 357 State Capitol Building

Members Present: Representative John Schoon, Chair
Representative Mike Burton
Representative Bev Clarno
Representative Mike Nelson
Members Excused: Representative
Delna Jones

Witnesses: Jim Brown, Department of Revenue (DOR)
Lucian Baker, Polk County Business Owner
Gary Williams, Lottery Commission
Jim Swenson, Insurance Division, Department of
Insurance and Finance
Jack Kalinoski, Associated General Contractors
(AGC) .
Staff: Steve Bender, Legislative Revenue Office
Terry Drake, Legislative Revenue Office
Dick Yates, Legislative Revenue Office
Jim Scherzinger, Legislative Revenue Officer
Marlene Stickley, Committee Assistant

TAPE 48. SIDE A

005 CHAIR SCHOON called the meeting to order at 8:17 and -conducted
administrative business.

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013 STEVE BENDER updated the committee on previous discussion of HB 2166.

015 JIM BROWN discussed information gathered regarding video machines and
other amusement devices.

034 CHAIR SCHOON noted that he invited Lucian Baker to discuss these
machines.

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These minutes paraphrase and/or summarize statements made during this
meeting. Text enclosed in quotation marks reports the speakers exact words.
For complete context of proceedings, please refer to the tape recording.
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045 LUCIAN BAKER explained his business and involvement with state and
county officials regarding these "videos of chance".

073 LUCIAN BAKER expressed his feeling that the lottery should not be
associated with videos of chance type mechanisms.

096 LUCIAN BAKER provided statistics relating to revenue generated by
amusement devices.

115 LUCIAN BAKER suggested these machines be allowed (according to
,Attorney General's opinion), monitored and charged an excise tax.

139 LUCIAN BAKER compared Oregon to other states with video type machines,
noting that there is no desire for a "casino" atmosphere.

155 LUCIAN BAKER discussed his concerns and felt that legislation should
deal with this issue. Provided examples comparing Oregon to other states
with video chance devices.

199 LUCIAN BAKER felt that small business owners could live with the excise

tax if the lottery was not involved.
226 CHAIR SCHOON questioned machine control within a specified location.
229 LUCIAN BAKER noted his feeling that no more than six machines
should be allowed in a specified location. -
238 CHAIR SCHOON questioned ownership and numbers.
242 LUCIAN BAKER expressed his feeling that the state does not want a
"casino" atmosphere.
273 REP. BURTON questioned cash payoffs v. game payoffs.
282 LUCIAN BAKER clarified that game payoffs are the same as cash but cash
is not given.
284 Questions and discussion followed regarding the control of and
restrictions related to amusement devices, lottery administrative rules and
local options.
327 REP. BURTON questioned if Polk county had regulations regarding these
amusement devices.
331 LUCIAN BAKER replied there are restrictions in Polk county and
discussed Oregon Liquor Control Commission (OLCC) regulations.
344 Questions and discussion interspersed regarding cost and functions of
amusement device machines.

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380 LUCIAN BAKER discussed the state's responsibility in relation to to
cash payment v. game payment.
395 LUCIAN BAKER suggested limiting the availability of machines to someone
who owns an OLCC license. Questions and discussion followed.
TAPE 49. SIDE A
001 Questions and discussion continued regarding limitations in relation to
amusement device machines.
010 LUCIAN BAKER repeated his suggestion of an excise tax; having
legislation review the figures next biennium and adjust accordingly.
026 GARY WILLIAMS commented on illegal operations in relation to amusemnt
devices.
049 GARY WILLIAMS discussed "skimming" and the relation to state dollars,
noting (after legal surveys) the lottery feels the state should either ban
or legalize amusement device machines.
060 GARY WILLIAMS felt the number of machines should be limited to five and
mentioned administrative rules have been drafted regarding how legislature
could do this. Discussed requirements that the lottery would like to
incorporate into the administrative rules.
073 GARY WILLIAMS explained how the video machines are set up and run, and
then compared to other states.
099 Questions and discussion followed.
116 GARY WILLIAMS explained how these machines could be monitored by the
lottery commission, questions and discussion interspersed.
132 GARY WILLIAMS pointed out that amusement device machines do create
competition for the lottery.
142 Questions and discussion followed regarding maximum debts allowed and
administrative costs in relation to amusement devices.
151 REP. BURTON questioned a provision that limits the increase of
administrative costs.
175 GARY WILLIAMS clarified there is such a provision.

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197 JIM SWENSON explained the concept of HB 2212 in relation to insurance
coverage.

238 Questions and discussion follow regarding insurance coverage and the reason for HB 2212 in this committee.

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294 CHAIR SCHOON questioned HB 2212 being referred to Revenue.

299 TERRY DRAKE explained that HB 2212 was considered to have potential impact on the General Fund and that is why it was referred to Revenue.

362 REP. NELSON questioned the guarantee association.

369 JIM SWENSON clarified the reduction of exposure to the General Fund and protection being provided to Oregon residents, noting medical providers are requested to hold the subscribers harmless.

400 Questions and discussion followed.

TAPE 48. SIDE B

001 Questions and discussion continued.

011 REP. BURTON clarified if the insurance policy is in Oregon and the policyholder moves to another state and that state does not pick up the loss, then Oregon is responsible for the loss.

WORK SESSION HB

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085 MOTION Rep. Burton moved HB 2212 to full committee with a do pass recommendation.

095 VOTE In a roll call vote the motion passed (4/0). Excused: Rep. Jones.

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The hearing was closed due to no testimony.

PUBLIC HEARING HB 2081

100 JACK KALINOSKI overviewed prepared testimony. Exhibit 5

WORK SESSION HB 2081

127 MOTION Chair Schoon moved HB 2081 to full committee with recommendation to refer back to Business and Consumer Affairs without recommendation.

130 VOTE In a roll call vote the motion passed (3/0). Excused: Rep.'s Jones and Burton.

140 CHAIR SCHOON adjourned the meeting at 9:25.

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Marlene Stickley, Committee Assistant

Kimberly Taylor, Office Manager

EXHIBIT SUMMARY

1. Proposal, Lucian Baker, 5/2/91 - HB 2166
2. Oregon Small-Business Solution, Lucian Baker, 5/2/91 - HB 2166
3. Testimony, Jim Swenson, 5/2/91 - HB 2212
4. Fiscal Analysis, LFO, 5/1/91 - HB 3274
5. Testimony of Kim Mingo, Jack Kalinoski, 5/2/91 - HB 2081
6. Proposed Amendments, AGC, 5/2/91 - HB 2081
7. Testimony, Pamela Mattson, 5/1/91 - HB 2081

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