

HOUSE COMMITTEE ON STATE AND FEDERAL AFFAIRS

May 3, 1991 Hearing Room E 8:00 a.m. Tapes 124- 126
MEMBERS PRESENT:Rep. Bill Markham, Chair Rep. Larry Sowa, Vice-Chair
Rep. Marie Bell Rep. Mary Alice Ford Rep. Tom Novick Rep. Carolyn Oakley
Rep. Lonnie Roberts MEMBER EXCUSED: None VISITING MEMBER: Rep.
Jerry Barnes, District 52 Rep. Cedric Hayden, District 38 STAFF
PRESENT:Randall Jones, Committee Administrator Carolyn Cobb,
Committee Assistant MEASURES CONSIDERED:HB 2691 - Authorizes
Electors to Vote First-, Second-, and Additional-Choice Votes for
Candidates Where There are More Than Two Candidates for Nomination or
Election to Single Office, PH HB 2943 - Requires Department of Justice
to Adopt rules Relating to Specified Aspects of Bingo and Game
Operations, PH HB 3093 - Provides for System of Certification of Search
and Rescue Volunteers and Search Animals by Emergency Management
Division, WS HB 3151 - Specifies Procedures for Use of Video Lottery
Games, PH, WS HB 3241 - Allows Manufacturer or Wholesaler of Alcoholic
Liquors to Extend Credit to Oregon Liquor Control Commission Licensee If
That Extension is Usual and Customary Business Practice, PH HB 3506 -
Requires County Clerk to Automatically Remove Names of All Police
Officers, Corrections Officers and Fire Service Personnel From List of
Electors Distributed to Political Parties and Other Persons, PH HB 3513
- Adopts Model State Unfair Competition Act, PH HCR6 - Recognizes and
Honors Service of United States Merchant - Marine During World War
II, PH HJR 39 - Makes Attorney General Constitutional Officer, PH HJR
41 - Requires State Initiative Petitions to Contain Percentage of
Signatures From Each Congressional District, PH House Committee on State
and Federal Affairs M6, 3, 1991- Page 2

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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 124, SIDE A

003 CHAIR MARKHAM: Calls meeting to order at 8:20 a.m.

HB 3093 - PROVIDES FOR SYSTEM OF CERTIFICATION OF SEARCH AND RESCUE
VOLUNTEERS AND SEARCH ANIMALS BY EMERGENCY MANAGEMENT DIVISION
SESSION

010 MOTION: REP. FORD moved the rules be suspended for the purpose of
reconsidering the vote on HB 3093.

011 CHAIR MARKHAM: Hearing no objection, the rules are suspended.

012 MOTION: REP. FORD moved to reconsider the vote by which HB 3093
as amended was moved to the floor with a "do pass" recommendation and
subsequent referral to the Committee on Ways and Means. 014 REP.
FORD: Explains the reason to bring the bill back to the committee is
there is a subsequent referral of the bill to the Ways and Means
Committee which is not needed. 015 MOTION: REP. FORD moved to rescind
the subsequent referral to the Committee on Ways and Means of HB 3093.

018 CHAIR MARKHAM: Hearing no objection, it is so ordered.

020 MOTION: REP. FORD moved HB 3093 as amended to the floor with a "do pass" recommendation. VOTE: In a roll call vote, the motion carried, with Rep. Bell, Rep. Ford, Rep. Novick, Rep. Roberts and Chair Markham voting AYE. Rep. Oakley and Rep. Sowa were excused.

HB 2691 - AUTHORIZES ELECTORS TO VOTE FIRST-. SECOND- AND ADDITIONAL CHOICE VOTES FOR CANDIDATES WHERE THERE ARE MORE THAN TWO CANDIDATES FOR NOMINATION OR ELECTION TO SINGLE OFFICE - PUBLIC HEARING Witnesses: none

030 CHAIR MARKHAM: Closes the public hearing on HB 2691.

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HB 2943 - REQUIRES DEPARTMENT OF JUSTICE TO ADOPT RULES RELATING TO SPECIFIED ASPECTS OF BINGO AND RAFFLE OPERATIONS - PUBLIC HEARING Witnesses: none 031 CHAIR MARKHAM: Closes the public hearing on HB 2943.

HB 3506 - REQUIRES COUNTY CLERK TO AUTOMATICALLY REMOVE NAMES OF ALL POLICE OFFICERS, CORRECTIONS OFFICERS AND FIRE SERVICE PERSONNEL FROM LIST OF ELECTORS DISTRIBUTED TO POLITICAL PARTIES AND OTHER PERSONS PUBLIC HEARING Witnesses: none 033 CHAIR MARKHAM: Closes the public hearing on HB 3506.

HB 3513 - ADOPTS MODEL STATE UNFAIR COMPETITION ACT - PUBLIC HEARING Witnesses: none 036 CHAIR MARKHAM: Closes the public hearing on HB 3513.

HJR 39 - MAKES ATTORNEY GENERAL CONSTITUTIONAL OFFICER - PUBLIC HEARING Witnesses: none 038 CHAIR MARKHAM: Closes the public hearing on HJR 39.

HJR 41 - REQUIRES STATE INITIATIVE PETITIONS TO CONTAIN PERCENTAGE OF SIGNATURES FROM EACH CONGRESSIONAL DISTRICT THAT IS EQUAL TO PERCENTAGE OF STATE POPULATION LOCATED IN EACH CONGRESSIONAL DISTRICT - PUBLIC HEARING Witnesses: none 041 CHAIR MARKHAM: Closes the public hearing on HJR 41.

HCR6 - RECOGNIZES AND HONORS SERVICE OF UNITED STATES MERCHANT MARINE DURING WORLD WAR II - PUBLIC HEARING Witnesses: none 044 CHAIR MARKHAM: Closes the public hearing on HCR6.

HB 3151 - SPECIFIES PROCEDURES FOR USE OF VIDEO LOTTERY GAMES - PUBLIC

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. . House Committee on State and Federal Affairs May 3, 1991- Page 4 HEARING Witnesses: Jerry Barnes,

State Representative, District 52 Cedric Hayden, State Representative, District 38 Jim Davey, Director, Oregon State Lottery Jerry Johnston, Amusement Unlimited, Eugene William V. Johnson, Oregon State Police Jerry Justice, Clackamas County, Association of Oregon Counties Eric Mahaffy, Citizen Roger Martin, Oregon Music Operators Association and others Stu Rasmussen, Oregon Lottery Games Manufacturing, Mayor of Silverton Russ Spenser, Oregon State Sheriffs Association Lee Vasquez, Yamhill County Sheriff, Oregon State Sheriffs Association Gary Williams, Contract Officer, Oregon State Lottery

057 CEDRIC HAYDEN, STATE REPRESENTATIVE, DISTRICT 38: This bill intends to eliminate certain recreational video games. -Questions the constitutionality of eliminating certain recreational devices without reasonable cause. -Does not believe these games pose any hazard to the health and welfare of the citizens of Oregon. -Would support the bill if it's purpose was to outlaw all video poker games. The purpose is not to eliminate video poker, but to eliminate the competition to the State of Oregon machines. -Cites hazards of allowing payoffs on video machines. -Because machines will be placed where alcohol is sold, more money is likely to be spent on alcohol also. -Not convinced that once it is seen how much money is brought in by these machines, minors will not be allowed to play the games. -This will bring many social concerns upon the people of the State of Oregon. -If we are going to cause some harm, we must supply some medication. -Suggests the funds be dedicated to fund the Kitzhaber SB 27 health care program.

142 REP. BELL: Did you have amendments you were proposing?

144 REP. HAYDEN: My amendments would be to ban all video poker machines, not just the competition machines. 153 JERRY BARNES, STATE REPRESENTATIVE, DISTRICT 52: When the people of Oregon approved the concept of statewide gambling by their approval of the lottery, they said gambling is okay. -Let us utilize to the benefit of all of our citizens, the results of the public's desire to gamble. -This will be fairly profitable to the age-controlled establishments where the games are placed. -The people who play, if they are successful, will get 88% of the money. -We must not forget the impact upon local government. They will need some money for law enforcement. They will have to make sure there are no back rooms that have illegal machines. Local jurisdictions will need some money put back into their communities. -Based on the experience of other states, the Lottery Commission is projecting income of \$61 million for the first two years of operating these machines. -The revenue that is not given to the cities and counties will be used by the state to payoff the

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state's obligations such as the prison bonds and light rail bonds. After that it will be broadened to expand things that will help our cities and our communities in terms of improvements. -Does not want the bulk of the money kept at the state level. 225 REP. FORD: I am confused because Rep. Hayden thought the money ought to go to fund SB 27, you suggested it go to the communities, and the proposed amendments say it is supposed to go to the intercollegiate athletic fund.

234 REP. BARNES: There will be another bill that will modify that for

the first two years, to have it go into a capital construction fund. That will sundown at the end of two years.

238 REP. FORD: Someone will have to explain to me why the intercollegiate athletic fund needs \$61 million dedicated to it.

244 REP. BELL: The amendment is a county option to opt out of having any video games, or participating. How do you feel about that as a former county commissioner?

247 REP. BARNES: My initial reaction is that I am not much in favor of it. If we are going to do it, it should be statewide or not at all, and the local communities should benefit as well as the state.

256 REP. BELL: If they vote no, they will have the illegal games without the revenue for law enforcement.

261 REP. BARNES: I would not be supportive of this bill unless we give money to the cities and counties for enforcement at that level. -This gives us an opportunity to do things for our communities. -I would have no objection if the people of Oregon wanted to modify the present law and say let's use the money for people programs.

278 CHAIR MARKHAM: Our committee really does not have anything to do with the distribution of the monies. There is probably going to be less concern with the district attorneys and less money spent, once we have these legalized through the lottery, than what is going on today in trying to make these gray games only for fun.

293 ERIC MAHAFFY, CITIZEN, SPRINGFIELD: I am in the coin-operated game industry, running for amusement games only. -I am very concerned about gambling, because it tends to be a situation where the 80% of the public that have 20% of the money are the ones who play these games. -Expresses doubt the state should be going down this path.

328 REP. NOVICK: If there are illegal games already going on out there, and if the state games will have a low payoff, does it not make more sense to have it controlled tightly and monitored by law enforcement?

343 MAHAFFY: It is a logical conclusion, but I have trouble with the morals of it. I do not believe it is right for the state to consider that form of income. I am watching gambling take a lot of money from low-income families.

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356 CHAIR MARKHAM: The people voted to change the constitution when they allowed horse and dog racing fifty or sixty years ago, and they did it again when they allowed bingo. They did it again when they opened it up to raffles put on by churches and others. They did it again to allow so-called social gaming. We are controlling the illegality of the gray games if this passes.

377 MAHAFFY: It bothers me to see to see the state getting involved.

386 WILLIAM V. JOHNSON, CAPTAIN LOTTERY SECURITY SECTION, OREGON

STATE POLICE: Submits and summarizes written testimony (EXHIBIT A) on HB 3151 calling for an amendment to prohibit the possession of gray machines. . . . TAPE 125, SIDE A

008 REP. ROBERTS: What happens to these machines that people have put so much money into?

009 JOHNSON: Those machines will be able to be sold to other out-of-state jurisdictions.

012 REP. ROBERTS: Would they allow them to be sold to private individuals in this state?

013 JOHNSON: No, sir. That would not be our recommendation.

014 REP. NOVICK: It is my understanding of the amendments they would make possession of a gray game a class C felony across the board, with the exception of some antique machines in private homes.

019 JOHNSON: I would still recommend a total ban. I do not know if there are any antique machines. Even if that were the case, they would cause such a problem to law enforcement, they should be completely restricted. -Resumes written testimony.

032 REP. BELL: The Section 6 we talked about in the original bill is included on page 10, and relabeled Section 8 of the proposed amendments. So his concern is still a valid concern even if we adopt these amendments.

044 GARY WILLIAMS, CONTRACT OFFICER, OREGON STATE LOTTERY: Apparently there has been some question about Section 3 of the bill and how we propose to amend it regarding distributions to the intercollegiate athletic fund. All this bill is attempting to do is to delete any reference to a video games account as a sub-account of the intercollegiate athletic fund. The video games money is going to go into the general lottery account. HB 2614, which the Trade and Economic Development Committee is working on will decide how the video lottery dollars are spent. I can assure you, \$61 million is not going to collegiate athletics.

074 REP. ROBERTS: What kind of money are we talking about going to intercollegiate athletics?

077 WILLIAMS: What is going to intercollegiate athletics is the proceeds from the sports action lottery only.

080 REP. NOVICK: Trade and Economic Development will give us a framework for where it may . These minutes cons&in 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. N - se Committee on State and Federal Affairs May 3, 1991- Page 7

go and then the entire legislature will decide.

090 JERRY JUSTICE, CLACKAMAS COUNTY, ASSOCIATION OF OREGON COUNTIES: Reviews initial legislation that was passed in 1989 that authorized video lottery games. Response from local government was cool. There has been a change of heart on the part of local government. The major benefit of this legislation from the standpoint of local government is

that it deals with the banning of the possession of gray machines.
-Describes enforcement procedures necessary under current laws. -Law enforcement has come out in support of this measure. -Agrees the presence of the machines in the communities requires proceeds come back to the communities. -What we are talking about is not the advent of a new device, we are talking about implementing a system that will provide to the State of Oregon revenue from activity that is currently taking place. 157 REP. NOVICK: I would assume the Association of Counties supports the opt-out provision for counties in the amendments. 160 JUSTICE: Yes. There are some jurisdictions that have taken policy stands in the past about the presence of video machines. As the amendments are drafted, there would be a sixty day period following adoption of the rules, when a local jurisdiction could choose to opt-out and not have the machines. That would also take them out of the revenue stream. 171 REP. NOVICK: What about the idea of allowing cities and communities to opt out if they have a specific anti-gambling ordinance? 178 JUSTICE: I am aware of the situation you are addressing, and I would not want to comment. 193 LEE VASQUEZ, YAMHILL COUNTY SHERIFF, OREGON STATE SHERIFFS ASSOCIATION: Our position has been and will continue to be to support a ban on all gray machines. -If there are to be legalized video games in the state, we would prefer them to be regulated under the control of the Oregon State Lottery Commission. -Describes enforcement problems. -Wants a ban on all gray games. 222 CHAIR MARKHAM: Are you satisfied the State Lottery Commission will do an adequate job of background checks on anyone who wants a machine installed? 233 VASQUEZ: I think it would take out a lot of the undesirables. 237 REP. FORD: Do you agree with the State Police that the section of the bill that allows the machines to continue if they are inspected by the Lottery Commission? They feel the bill is not a complete ban on the existing machines. 242 VASQUEZ: We support the State Police on that matter. If there is a way to manipulate the system, people will do it.

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281 RUSS SPENCER, OREGON STATE SHERIFFS ASSOCIATION: We would like to see all gray games banned, whether on private premises or elsewhere. If the language does not address that at this time, we would be interested in seeing that it does.

289 CHAIR MARKHAM: Suggests wording for amendments.

297 JOHNSON: I would suggest "must be removed from the State of Oregon".

307 REP. NOVICK: I understand what you are trying to do, but if on October 1st an owner of these machines has not completed their sale and they have not left the state, then they are Class C felons?

313 SPENCER: That is correct.

314 CHAIR MARKHAM: Could the Lottery Commission by administrative rule let them keep them until they could get them out of the state?

320 SPENCER: I am not an attorney, but it strikes me that if we are setting a statutory deadline through this bill, that would supersede any

administrative rule.

324 REP. BELL: What if they want to put one in a museum?

323 CHAIR MARKHAM: There already is a law that allows antique illegal games.

336 REP. ROBERTS: I thought we were talking about a date of July 1. Are we saying we are going to give from July 1 to October 1 to get them out of the state?

347 CHAIR MARKHAM: That is the sixty day period the Lottery Commission needs to start up the legal games and get rid of the gray games.

351 REP. ROBERTS: But they can still be on-line on July 1?

358 JIM DAVEY, DIRECTOR, OREGON LOTTERY COMMISSION: We would expect to have games replaced during those summer months, and by October 1 any place that had gray games before would have the option of having the new game.

366 REP. ROBERTS: Will those people who presently furnish the machines to the bars and taverns have first shot at becoming involved with the new games?

370 DAVEY: I would not say first shot, our goal is to give everyone the same opportunity, and I would see them keeping their gray games right up to the end of September when we would have the new games ready to go.

377 REP. ROBERTS: You are not going to put in a few of the new games and eventually get rid of the old games? They all have to go on and off at the same time?

381 DAVEY: We could phase in the new games. I doubt if we would be ready on July 1, we are probably looking at September. We would like to phase in the new games before October 1.

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390 REP. NOVICK: During the month of September would the machines be hooked up and people allowed to play them, or would you install them and let people play them for amusement until October 1?

395 DAVEY: We would try to have the games on-line as soon as possible. There could be a period of time when you have both games operating.

407 REP. BELL: If they play the games right up to October 1 we are going to run into the requirement to get them out of the state by October 2 or be charged with a Class C felony. There needs to be a cutoff date and then time to have them out of the state.

TAPE 124, SIDE B

007 VICE CHAIR SOWA: I want to be sure we put on the record that gray games will be completely banned from the state, including those counties that opt not to have the state lottery games.

012 SPENCER: If I understand your question correctly, that is right. There is nothing that would require a county to have Oregon State Lottery games in their county.

015 VICE CHAIR SOWA: The counties will understand they will not have any games in their county if they ban the lottery.

016 SPENCER: I believe that is correct.

018 REP. BELL: If they choose to opt out they will still have the financial responsibility to enforce the ban, so that is a hard decision they will have to make.

027 STU RASMUSSEN, OREGON LOTTERY GAMES MANUFACTURING, MAYOR OF SILVERTON: It would be nice if the money generated in our community came back to our community. -Submits and summarizes written testimony (EXHIBIT B) recommending procedures for the transition from the gray machines to the State Lottery machines. 056 JERRY JOHNSTON, AMUSEMENT UNLIMITED, EUGENE: States he operates no gray games, only video amusement and pinball machines. -The tax on amusement games has been doubled. The amusement games do not make enough money to pay the tax. 078 CHAIR MARKHAM: That will be brought up in the Revenue Committee. 082 VICE CHAIR SOWA: Do you feel comfortable that the definitions in this bill will in no way affect your games? 086 JOHNSTON: I am not an opponent of video lottery, but not necessarily a proponent. If the video lottery games go in, I hope to participate, but my roots are in the amusement game business and that is where I intend to stay.

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097 REP. NOVICK: I have a constituent here who currently repairs the gray game machines, and I hope the State Lottery will allow those people who are qualified technicians to service the lottery machines so we are not putting people out of business.

102 ROGER MARTIN, OREGON MUSIC OPERATORS ASSOCIATION AND OTHERS: His clients, who do own gray machines, are in favor of the banning of those machines and the State Lottery going into the business. -This is a logical solution to the illegal games problem. When it comes to policing, all the Oregon State Lottery enforcement people have to have is a phone number for enforcement and it will be taken care of. Self-policing got rid of the illegal machines over night in South Dakota. -Endorses requiring all gray machines be out of the state by October 1. 153 REP. ROBERTS: Are these four LC amendments, yours? 154 MARTIN: These amendments have been worked on by the Attorney General's office, the Lottery Commission and others. -This state involvement in video poker is starting to happen in other states as they realize it is easier to control the games and realize the revenue. -The logical thing to do is a uniform ban, statewide. -Trade and Economic Development passed an amendment not to allow local option. I would like to see the bill passed with the suggested amendments.

HB 3151 - SPECIFIES PROCEDURES FOR USE OF VIDEO LOTTERY GAMES - WORK SESSION

217 MOTION: REP. FORD moved to amend hand-engrossed HB 31514 dated 5/2/91 (EXHIBIT C) by on page 10, indeterminate line, newly numbered Section 8, deleting the words "any premises to which the public is admitted" and inserting the words "the State of Oregon". 228 CHAIR MARKHAM: Hearing no objection, the amendments are adopted.

231 REP. NOVICK: I agree we should give the counties the option to opt out. There are some cities that also have anti-gambling ordinances. In Section 2, page 1 of the hand engrossed bill, insert after the wording that allows counties to opt out, a new line which says "In addition, any city which currently has an ordinance which would prohibit lottery games which use video devices, may refuse to allow games using video devices from operating in the city by resolution of the governing body of the city delivered to the State Lottery Commission within sixty days." This would basically give those cities that currently would not allow this, the same opportunity to opt out as counties.

253 REP. ROBERTS: I have no problem with that as long as on page 1 there is new language that adds language that says any city that opts out shall not share in the receipts.

256 REP. NOVICK: My understanding is the other bill that deals with this does not give money to the cities, it gives it to the counties.

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267 VICE CHAIR SOWA: Is it your intention that only cities that now have an anti-gambling ordinance would fall in this amendment?

268 REP. NOVICK: Yes.

269 VICE CHAIR SOWA: Then only if they adopted another resolution which says "we do not allow gambling and we are not going to allow it now" and delivered it to the State Lottery Commission within sixty days, would they be out.

276 REP. NOVICK: Essentially. I do not want to set up a system where virtually every municipality is going to vote on this before July 1 and October 1. At the same time, I do want to give those municipalities that have already made a statement they do not want gambling, some opportunity to opt out.

282 REP. FORD: I would also want to make sure that there is absolutely no way, be it a county or a city, that if they opt out, they participate in the distribution of the revenue.

287 REP. BELL: I believe it is going to confuse the issue a great deal with very little positive results. They would be set up just outside the city or county line.

299 VICE CHAIR SOWA: As I understood the motion, if the county decided not to go, that would not give the city an option to go.

309 REP. BELL: I believe there would be a fiscal impact to adding that exclusion, because it will generate a petition drive.

317 REP. NOVICK: A referendum may happen on the state level also. I just do not want to push this down the throats of communities that do not want it.

334 CHAIR MARKHAM: That would make the revenue distribution system very complex.

393 MOTION: REP. FORD moved to adopt the dash four LC amendments dated 5/2/91 to HB 3151 as amended (EXHIBIT D). 398 CHAIR MARKHAM: Hearing no objection, it is so ordered. 400 MOTION: REP. FORD moved HB 3151 as amended to the floor with a "do pass" recommendation.

402 REP. NOVICK: If we are going to do it, this sets up the kind of framework that is needed to allow law enforcement to police it and make sure it is being done in an upright manner. In light of that I will be supporting the motion. 425 VICE CHAIR SOWA: I will be supporting the motion, but I would prefer it if the bill banned gray games and did not go any further.

TAPE 125, SIDE B

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015 VOTE: In a roll call vote, the motion carried, with Rep. Bell, Rep. Ford, Rep. Novick, Rep. Oakley, Rep. Sowa, and Chair Markham voting AYE. Rep. Roberts was excused.

021 CHAIR MARKHAM: Recesses the meeting at 9:45 a.m.

-Resumes the meeting at 9:58 a.m.

HB 3241- ALLOWS MANUFACTURER OR WHOLESALER OF ALCOHOLIC LIQUORS TO EXTEND CREDIT TO OREGON LIQUOR CONTROL COMMISSION LICENSEE IF THAT EXTENSION IS USUAL AND CUSTOMARY BUSINESS PRACTICE - PUBECIC HEARING

033 ROGER MARTIN, UNITED GROCERS: Submits and reviews the proposed dash two LC amendments dated 5/2/91 (EXHIBIT E). -Explains history of why there is a bar in the statute from extending credit to retailers. -We still have this law which works to the decided advantage of the wholesaler. -Diagrams the production of beverage from farmer to customer, showing the retailer is the only one who may not buy on credit. -Anticipates the opposition of the wholesalers. -Urges passage of HB 3241 with the dash two amendments.

121 PAUL ROMAIN, OREGON BEER AND WINE DISTRIBUTORS ASSOCIATION: The wholesalers did not create the system. It was set up for very legitimate reasons which still exist today. -Refers to testimony anticipated from the Oregon Liquor Control Commission. -Some of the smaller distributors will be forced out of business. -Oregon has one of the cleanest alcohol distribution systems in the nation, because we have the Oregon Liquor Control Commission and are a cash state. -To change the law which has been in existence since 1934, there should be a compelling reason. What is the compelling reason to change the law? There is none. 190 VICE CHAIR SOWA: Thirty days is going to make Oregon a credit state. Is ten days going to make Oregon a credit state or a cash state? 192 ROMAIN: It is still the same thing, whatever the number of days. In Oregon we sell at the same price and terms whether you are a big retailer or a

small retailer. 200 JIM BROCKMAN, COAST DISTRIBUTING: Describes the difference between Missouri, where he was in business, and Oregon in how the beverages are distributed. -Games are played when you have credit terms. 219 REP. ROBERTS: Am I correct it would be very damaging to the small distributor? It might actually force him out of business because he cannot carry credit that long? 225 BROCKMAN: It could be very detrimental to the small wholesaler. -This is a very clean state and there are not a lot of games being played.

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-The perception of our credit from the breweries is incorrect. They bill us when they ship. 254 SCOTT G. KLUSMANN, KIENOW'S FOOD STORES: Submits and summarizes written testimony (EXHIBIT F) in support of the measure. 277 REP. ROBERTS: How many states is Kienow's operating in? 280 KLUSMANN: Only the Portland metropolitan area. -Resumes written testimony. 319 REP. NOVICK: My understanding of the bill would allow it, so would not the larger chain stores probably get better terms? 329 KLUSMANN: From our point of view, we have an extreme amount of competitive pressure. This is one area that causes us a great amount of strain. 337 REP. NOVICK: If we do leave discretion up to them, the bigger accounts could receive more liberal payment terms. 343 KLUSMANN: Resumes written testimony. TAPE 126, SIDE A 010 MARIE BELL, STATE REPRESENTATIVE, DISTRICT 41: Introduces Deborah P. Jeffries. 017 DEBORAH P. JEFFRIES, RIVERRIDGE GOLF COURSE, EUGENE: Submits and reviews proposed dash one LC amendments to HB 3241 dated 4/24/91 (EXHIBIT G). -States she is not aware of any opposition to the proposed amendment. 030 CHAIR MARKHAM: This is not a hard liquor license establishment? 033 JEFFRIES: No sir. 035 REP. ROBERTS: Can grocery stores have eighteen, nineteen or twenty year olds selling packaged alcoholic beverages? The Oregon Liquor Control Commission representative says eighteen is the minimum age. 040 REP. BELL: Because of the small percentage of their business that involves food and beverages, they cannot qualify for some of those other licenses which would allow this. 047 VICE CHAIR SOWA: They can sell closed containers in a grocery store, they can sell open containers in a restaurant. 055 REP. BELL: In Section 2, lines 5 through 12 of the dash one amendments describes some of the areas where these young people may be involved. 065 ROSS E. DWINELL, CHAIRMAN LEGISLATIVE STEERING COMMITTEE, UNITED GROCERS: Submits and summarizes written testimony (EXHIBIT H) in support of the

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measure.

108 JACK MUNRO, ASSOCIATION OF OREGON FOOD INDUSTRIES: Is there a good reason to treat this commodity differently than other related commodities? -The Oregon statute speaks in some detail to the kind of relationships, financial and otherwise, that can exist between wholesalers and retailers. -If you could manipulate credit, it would already exist because many of the wholesalers already sell non-alcoholic beverages to the retailers.

159 DICK EVANS, DIRECTOR OF FIELD SERVICES, OREGON LIQUOR CONTROL COMMISSION: I would be happy to answer any questions concerning this bill. 165 REP. NOVICK: Do we have any idea what other control states do in regard to this? 167 EVANS: It is my understanding the Bureau of Alcohol, Tobacco and Firearms currently allows thirty day credit. I think Mr. Romain test)ified as to the states that do and do not allow credit. 174 REP. BELL: Would this bill allow bartering of liquor for other kinds of goods or services? 179 EVANS: I think the issue here is credit. The last session of the legislature acted to extend credit to our dual wholesalers, those selling both soda pop and alcoholic beverages. Under this bill I think the assistance that would occur would be the direct assistance of extending credit or not collecting as they were expected to. 193 REP. BELL: With the current law that kind of bartering would not be legal? 194 EVANS: Many of our retailers put up a bank account and draw on that account with the wholesaler to prevent them from having to carry large amounts of cash. So they do have methods by which funds are available to make the payments at the stores. 201 DANIELLE COWAN, PUBLIC AFFAIRS DIRECTOR, OREGON LIQUOR CONTROL COMMISSION: Discusses additional proposed amendments to HB 3241 which would allow manufacturers and wholesalers of beer and wine to renew their certficates of approval every five years instead of annually.

Submitted by: Reviewed by: Carolyn Cobb Randall Jones
Assistant Administrator

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EXHIBIT LOG:

A - Testimony on HB 3151 - William V. Johnson - 2 pages B - Testimony on HB 3151 - Stu Rasmussen - 1 page C - Hand-engrossed HB 3151 - Rep. Mary Alice Ford - 10 pages D - Amendments to HB 3151 - Rep.. Mary Alice Ford - 11 pages E - Amendments to HB 3241 - Roger Manin - 1 page F - Testimony on HB 3241 - Scott G. Klusmann - 11 pages G - Amendments to HB 3241 - Deborah P. Jeffries - 2 pages H - Testimony on HB 3241 - Ross E. Dwinell - 2 pages

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