

you are tied in with the host race course, you have not changed that in any way? 091 NELSON: This committee has a very important piece of legislation to the racing industry in its possession, which is SB 531. It allows the co-mingling of wagering into the host track's pool. When you are wagering into the host track's pool, a relative large bet has an insignificant effect on the odds. If you are wagering into a very small pool, a relatively large bet can change the odds dramatically. In order for these kinds of simulcasts to be successful, it is important they be allowed to be wagered as ~ part of the total pool of the host track, and calculated in that fashion. 108 REP. REPINE: We were considering putting in language that referred to the common wagering aspect, but in light of the fact SB 531 is in your possession, there is no reason to do that. 114 REP. NOVICK: Right now you cannot go into the host track's pool? 116 NELSON: That is correct. Howe Co. ~ Stote ~ Y_I Mi, 6, 1991
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119 REP. ROBERTS: I thought you automatically went into the host track's pool.

122 NELSON: That is the calculation of the off-track location. For example, the Salem location is part of the Multnomah Kennel Club pool and the Portland Meadows pool, and is calculated that way. On a signal brought in from Santa Anita, it is calculated only as the pool within the state.

128 REP. NOVICK: When you appeared last time, I was concerned you were overly optimistic with your projections of what this might generate. Have you had a chance to take a closer look at the potential?

135 DON JACKSON, SOUTHERN OREGON HORSE RACING ASSOCIATION: There is nothing sure about this, we would just like to have the legislation passed so we can try it. The purpose of this bill is to promote live horse racing in Grants Pass. If it catches on there, maybe some of the other people in the state will do the same thing.

150 REP. NOVICK: Do you have a sense of what you would project in the first year?

152 AL WESTOFF, MANAGER, JOSEPHINE COUNTY FAIR: If we can get somewhere around \$10,000 to \$15,000 a day to start, we would be more than pleased.

162 REP. NOVICK: Will this draw from different markets than the off-track betting facility in Medford?

166 JACKSON: Portland Meadows has had simulcast in Medford for two years. This last year they did \$5,648 average handle. We feel this is a small amount and we can do much better than that. Grants Pass is the only stable race meet in the State of Oregon anymore. 197 NELSON: Describes "stallion progeny stakes" races, which develop considerable interest.

208 VICE CHAIR SOWA: Isn't there a prohibition against having simulcasting in counties with populations of less than 250,000?

213 NELSON: No, there is not a prohibition, it is a prohibition against an off-track site competing directly against a live county fair meet.

217 VICE CHAIR SOWA: This would not be classified as an off-track site even though there was not racing going on there at the same time?

219 NELSON: Technically it would be classified as an off-track wagering site, but it is not competing against a live race meet. It may be competing against another off-track site that will be approximately thirty miles away. The prohibition in the law is to prohibit off-track wagering sites from competing with and damaging small county fairs that have been running for some time.

237 JACKSON: There are only three recognized race meets in the State of Oregon and Grants Pass is one of them. We are the only stable race meet in the state at this time. We realize this could damage the Portland Meadows site at Medford, but if it does it would be a small amount compared to what we feel we can do at Grants Pass. All our money is going back to racing.

251 REP. ROBERTS: You are talking about the time you are running your fair? House Comm; - e oo State and Federal Affaire Ma' 6, 1991 - Page 4

253 JACKSON: No, the only time we would simulcast would be from November 1 to April 30. There is no live racing in Oregon during that time except Portland Meadows, and they are 250 miles away.

266 REP. NOVICK: Will you be doing only Boise, or will you be looking at other places? 269 JACKSON: We will bring in races from Golden Gate and Bay Meadows. -Explains how the simulcast would operate.

293 REP. ROBERTS: Are these considered non-profit?

297 NELSON: Yes, they are. -Reviews proposed hand-engrossed dash one LC amendments dated 4/25/91, pages 3 and 4 (EXHIBIT B).

331 MOTION: REP. ROBERTS moved to adopt the amendments presented by Rep. Bob Repine to the dash one LC amendments dated 4/25/91 to HB 2684 (EXH:IBIT B). 333 CHAIR MARKHAM: Hearing no objection, it is so

ordered. 347 MOTION: REP. ROBERTS moved to adopt the dash one LC amendments dated 4/25/91 to HB 2684 as amended. 349 CHAIR MARKHAM: Hearing no objection, it is so ordered. 357 MOTION: REP. ROBERTS moved HB 2684 as amended to the floor with a "do pass" recommendation.

369 STEVE BARHAM, EXECUTIVE DIRECTOR, OREGON RACING COMMISSION: The Racing Commission is neutral on the bill. It is feasible and we could regulate it. There is no fiscal impact that we can see. 379 CLIFF BABBITT, HORSEMEN'S ASSOCIATION OF OREGON, HB PA: Expresses opposition to the bill because it will detract from the majority of the horsemen in Oregon. It will probably take away our off track betting sit in Medford We are opposed to out-of-state races being brought in competition with the live races at Portland Meadows. 392 REP. ROBERTS: In my district we have the greyhound track and they piped in the "Triple Crown". It has had no adverse affect. 404 BABBITT: Our horses would not be running in Grants Pass at that time, they will be running at Portland Meadows. They would not derive any income from this operation.

TAPE 128, SIDE A

010 VICE CHAIR SOWA: Is it my understanding that the Grants Pass race meet is over and the

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Portland Meadows meet has started during this period?

014 BABBITT: That is correct.

017 VICE CHAIR SOWA: You do get money from the Medford track?

018 BABBITT: Yes sir, we do.

019 VICE CHAIR SOWA: The off-track wagering at the Grants Pass facility brings in what types of races?

029 NEISON: The horses that compete at Grants Pass are probably 50% thoroughbreds, 40% quarterhorses, and 10% appaloosas. There may be a relatively small impact on the Medford site, but the potential gain for the horsemen at Grants Pass is offsetting and maybe a significant gain.

035 VICE CHAIR SOWA: What type of races are you bringing in from out-of-state during the offseason?

037 NELSON: I would expect them to be a combination of all types.

038 VICE CHAIR SOWA: They would come from the big tracks in California and Nevada?

039 WESTOFF: Most of these are from California that we are planning now.

040 VICE CHAIR SOWA: How will the money be spent?

041 WESTOFF: Fifty percent of any net profits will go to next year's live race meet purses. The remaining 50% would be spent on the racing facility or race course. The money has to be spent for that, plus 50% goes automatically to the next year's live race meet purses.

049 VICE CHAIR SOWA: How much of that money will go to management?

053 WESTOFF: Explains the management costs anticipated.

061 VICE CHAIR SOWA: Off the top of the money that is taken in, you first pay \$75 to rent the building and pay the tellers that are necessary, then after that you split it 50 - 50. I am assuming the \$75 goes into the county general fund or the fair grounds general fund, and the other goes into a dedicated fund that goes only to repair and maintenance of the track. 072 REP. BELL: When it says the Commission shall not authorize more than twelve locations for off-track wagering, are the first twelve the ones who can do that for the rest of their lives, or is that negotiated periodically so other people have an opportunity? 078 CHAIR MARKHAM: That is existing law. It can be changed by the legislature. 085 BARHAM: The twelve sites are designated for intrastate wagering. If you pass the bill, Portland Meadows can have twelve sites, this site will exist doing its own thing. - House Committee on State and Federal Affairs - y 6, 1991 - Page C

091 VICE CHAIR SOWA: In most cases I think it is bad policy to gamble. However, my questions have been trying to determine if this will benefit horses in this state, and help the tracks to be ready to have good quality racing in this state. 100 VOTE: In a roll call vote, the motion carried, with Rep. Bell, Rep. Ford, Rep. Novick, Rep. Roberts, Rep. Sowa, and Chair Markham voting AYE. Rep. Oakley was excused. Work session on HB 26 '4 rc-opcns on ~c 13.

116 RANDALL JONES, COMMITTEE ADMINISTRATOR: Gives background of the informational meeting and submits documents dated 4/29/91 (EXHIBIT C) which were received from the office of Sen. Yih. 121 LOIS DAVIS, DIRECTOR OF GOVERNMENT RELATIONS, OREGON HEALTH SCIENCES UNIVERSITY: TIM GOLDFARB, DIRECTOR, UNIVERSITY HOSPITAL: Submits and summarizes written testimony (EXHIBIT D) regarding the bidding process used by University Hospital to obtain goods and services. 188 REP. ROBERTS: You said you needed a vendor who would provide some free service to some home patients. Do all the people who were asked to bid understand that part of the service is they take of some of the people who are indigent? 204 GOLDFARB: It was clearly outlined in the request for proposals that in fact, in return for taking the paying patients, they would have to take non-paying patients as well. 211 REP. ROBERTS: There were some complaints also that bidders and legislators were refused access to the bidding records. Are you refusing to allow people see the records? 232 DAVIS: We have given everybody who asked, everything the law allowed us to. The only thing that was withheld was what was protected as a trade secret. The Attorney General's office has said we may not release that material if a request has been received that it be withheld as a trade secret. 242 REP. ROBERTS: My understanding is there was a system where one side said their bid was a trade secret and the other side said no because you did not put it in your bid you can no longer consider it a trade secret. We can release yours, but we cannot release the other's. 247 DAVIS: That is not an accurate reflection of what happened. The vendors asked their bids be considered trade secrets with the exception of Mr. Reedal. Mr. Reedal was given two different opportunities to request the information from his bid be classified a trade secret. He did not wish to do so. We have no interest in it other than obeying the law. If we are told by the Attorney General we cannot release it, then we cannot. The Attorney General also told us if they do not ask to have their material protected as a trade secret, we cannot legally withhold it. s a trade secret, we cannot legally withhold it. House Committee on State and Federal Affairs May 6, 1991 - P - e 7

274 REP. BELL: Are the terms of contract including the assignment of non-paying patients, the rotation system and so forth, in writing?

281 DAVIS: Are you referring to, before this contract, the rotation process? 286 REP. BELL: Anytime, do you have that in print so that if I am going to make a bid I would know exactly what your system is? 287 DAVIS: We issue a RFP (Request For Proposal) which puts in detail what the system is, what the expectations are, and what our needs are.

290 REP. BELL: And you talk about the rotation and that they have to accept some non-paying patients? 291 DAVIS: The RFP relates to a contract with a single provider. That RFP itself does not discuss the rotation because the rotation was prior to that. 293 REP. BELL: You have changed that procedure and do not do it that way anymore? 294 DAVIS: That is correct. 297 REP. BELL: Do you still require that they accept other patients? 301 DAVIS: Yes, that is exactly what the contract does, and that was our purpose in going to a contract. 305 GOLDFARB: Resumes written testimony at page 2, paragraph 2. 339 REP. BELL: In awarding a contract, is that solely based on the low bid, or the bid plus the services offered? What are the components? 344 DAVIS: This is a personal services contract, it is not a bid in the usual sense of the word. Under the law, personal service contracts do not need to go to the lowest bidder because there are other considerations that may outweigh cost. In this case, we were concerned foremost with quality and competence. The major reason for not having

cost as a major factor is there is no way to determine who the lowest bidder is. Each patient is an individual case, and there is no way, up front, we can determine the cost for each and every patient. 364REP. BELL: Could you give me some examples of what those subjective kinds of things would be. 370 GOLDFARB: The general areas in the RFP were broken out as 14% for price, 12% for competence of the individuals, 12% for their experience, 12% for access, and 50X for general vendor qualifications. 379 REP. BELL: If the most highly qualified was really high on the cost, would you still go with them or would you make some adjustment? House Committee On State and Federal Affairs May 6, 1991- Page 8

384 DAVIS: There are a series of points accorded, so you would have to meet all those other tests and have the highest overall score to overcome an extremely high cost. It is really impossible to tell who is the highest bidder unless you could look and know each and every case that was coming.

403 VICE CHAIR SOWA: Then the bid is on a per unit basis?

409 DAVIS: That is why you could not make a cost a major factor because you couldn't really do that. There is no way to forecast what each patient will require. We are not the parties that control the costs, the third party payers (insurance companies) are the ones who control and monitor the costs. No state money is changing hands. We did not award a certain amount of money to this contract.

429 VICE CHAIR SOWA: Could you give us an example of why one vendor over another would be considered to be the winner under competence?

TAPE 127, SIDE B

018 GOLDFARB: I am not an expert in this field, but from reviewing the material, it would be competence in the area of pediatrics. You would want to look at a company that could provide care for children as well as adults in the sense that University Hospital cares for a full spectrum of patients. You would want access to a company that had that skill.

025 VICE CHAIR SOWA: That would be in deference to the fact that one company might have registered nurses available in every major community in the state rather than a technician?

028 DAVIS: It does have to do with the available personnel, but it also has to do with their range of expertise. You are providing a lot of sophisticated therapies. In our case, University Hospital is a tertiary care hospital. The patients tend to have more than one problem at the same time. You are looking for someone who has the expertise to deal with sophisticated medical problems.

038 REP. BELL: Which types of those guidelines would be considered trade secrets?

042 DAVIS: What they were protecting as trade secrets were pricing formulas and issues related to them.

046 REP. BELL: Over the years they may have worked out a pretty accurate formula.

047 DAVIS: The law relating to trade secrets requires that it be

something that you keep confidential, that is important to how you do business. There are three or four things you must meet to have it qualify as a trade secret.

054 REP. NOVICK: The trade secret classification is so broad that if you contend it is a trade secret, it is. The emphasis is on someone else to prove that it is not.

066 VICE CHAIR SOWA: You said the first year a company was selected as the vendor, and the second year another company was selected?

There minutes contain materials which paraphrase and/or summarize statements made during their 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 6, 1991- Page 9

069 GOLDFARB: That is correct. In 1985 Caremark was selected, in 1989 O.P.T.I.O.N. Care was selected. 071 VICE CHAIR SOWA: Is that the same company with a different name or are they affiliated in any way?

072 GOLDFARB: To my knowledge they are two separate companies.

-Resumes written testimony at page 2, paragraph 6. 156 CHAIR

MARKHAM: What are the records you have brought in the boxes?

157 DAVIS: About half the box would equal a full set of the material,

including correspondence and the records. This is relating to the

current contract so it would date from 1989. 164 CHAIR MARKHAM: What

does the local hospital do about this? 169 GOLDFARB: I do not know

what Salem Memorial does, but all major hospitals in the Portland

metropolitan area have their own home health care agency or a subsidiary

that provides this service. 172 CHAIR MARKHAM: Does the bidding

process just pertain to University Hospital? 174 DAVIS: In the

Portland area all the other hospitals have the same process, using a

single vendor. In some cases the hospital owns the vendor in that it is

a subsidiary. 185 REP. BELL: What medical auxiliaries are we talking

about? 189 GOLDFARB: It is my understanding it would include

registered nurses and pharmacists. 194 REP. BELL: If they had some

retired physicians who would be willing to go on these calls, would that

raise their score really high because their staff would be more highly

qualified? 198 DAVIS: I do not know the answer to that question. What

you are looking for is the overall level of expertise of the provider

team. 207 REP. BELL: Are there things they can do to enhance their

chances of obtaining the contract? I can see if this were truly free

enterprise, you might increase the quality of the service, knowing they

could raise their percentage by offering more. 215 DAVIS: One would

have to look at the overall package they were offering. The different

personnel and equipment would be a factor, but it is the overall picture

you are looking at. 228 REP. BELL: Is there an appeal process where

someone could appeal the decision made? 234 DAVIS: There is an appeals

process, and they (Reed) have complained on both occasions and asked

for various things to be revisited. A half a dozen different agencies

have looked at this and said it was proper.

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242 REP. BELL: I would probably have more confidence in a neighborhood hospital's team who does the same thing or someone who does a similar

job.

246 DAVIS: There is no specific process like that. I can tell you the vendor we went with is very well respected in the community. Other hospitals use this company as well.

255 REP. BELL: Don't you think that would be helpful?

256 DAVIS: I am not sure how you would do that.

259 REP. BELL: I am not sure what the answer is here, but we do need to keep asking ourselves, can we eliminate some of the black holes.

271 DAVIS: We do need to be as responsive to the public as possible, and we have attempted to do so.

278 GOLDFARB: Resumes written testimony at page 4, paragraph titled Public Records.

366 ED HUGHES, HOME PARENTAL CARE: Back in the eleventh month of last year Mr. Reedal and I went to Oregon Health Sciences University to see President Kohler, but we were not allowed to see him. When we talked with Mr. Whitter, assistant administrator, he was quite arrogant. We are the ones that requested the entire review that has been done. -Senator Yih wrote a letter and was unable to obtain the requested information. -All we asked for were the documents that were used in the calculation of the formula. We were told that those were destroyed at the time.

TAPE 128, SIDE B

-Describes conversations with staff members in the Governor's office. They responded they had reviewed the matter with the agency and they were within their rights. -Describes efforts to get information through members of the legislature which were unsuccessful. -University Hospital released Rich Reedal's prices, but kept everyone else's secret.

041 REP. BELL: Did you request those be held as trade secrets?

044 RICH REEDAL, HOME PARENTAL CARE: I said my prices are as confidential as my competitors. I did not feel it was in the best interest of the State of Oregon that the prices be kept confidential. I did not say they were trade secrets.

050 REP. BELL: Do you see where there might have been a misunderstanding there if you did not make that designation when you made the bid?

055 HUGHES: We have tried everything. Pharmacist Rich Reedal is in receipt of a letter from the Attorney General telling him he is not to talk with legislators about his problems. If he wants to talk with someone, he is to talk with his own attorney, and then his attorney is to talk with the Attorney General and then they talk to the agency. That is the worst aberration of the legislative process I have ever seen.

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070 REP. BELL: Is there any kind of litigation still in process? 071
REEDAL: Since the documents have been turned over, we have not dismissed
the case yet. I have told my attorney to talk to the Attorney General's
office about my attorney's fees. 075 REP. BELL: Is that a possible
reason why they might say don't talk to anyone, because there is still a
case open? 077 REEDAL: That is not a valid reason. The issues in the
case were the release of those public documents. -Submits and summarizes
written testimony (EXHIBIT E). 112 REP. NOVICK: If they are granted
trade secret exemptions, they are not allowed to release them.
118 REEDAL: I may be wrong. However, the Attorney General has written
a letter saying the owners of the trade secrets have re-evaluated their
position, all the documents that were submitted to OHSU are the property
of OHSU. 127 REP. BELL: I think we need a ruling on this. 132 REEDAL:
Resumes written testimony at page 1, paragraph 3. 190 REP. BELL: I have
heard you refer to being a pharmacy, what services do you offer with the
pharmaceutical products? 195 REEDAL: I was originally the founder of
home IV services in the State of Oregon. I was originally a hospital
pharmacist and when the government had to start paying for these
services, I was the first pharmacist in the state to leave and open up
these services as a retail pharmacy in an out-patient setting. 203 REP.
FORD: What are the services? 208 REEDAL: We are an IV pharmacy. We can
train patients to take care of themselves at home. We use nurses and
pharmacists to train the patients to take care of their own catheter, to
deliver their own medications, and to understand complications involved
in their disease process. 217 REP. FORD: Do you have the services or
staff that directly provides those services? 222 REEDAL: Yes. I have on
my staff in the State of Oregon, nine nurses. 225 REP. BELL: When you
say nurses, are you saying registered nurses? 227 REEDAL: All are RNs
and they have specialties in various fields. 232 REP. BELL: If anyone
was going to teach a patient how to do an IV, would it ever be anyone
other than a registered nurse? .

Houge Committee OD State and Federal Affairs May 6,1991- Page 12

234 REEDAL: At times a registered pharmacist would do that also. 232
HUGHES: What Mr. Goldfarb fails to realize that when you are talking
about pharmacy, it is a service. However, it is also a product. They are
using the personal services bidding method when maybe they should be
using the product bidding method. All we have ever asked is they go back
and review their policies, and change their procedures so they are fair.

249 REP. FORD: Are not the products almost all alike, it is the service
and training and procedures used that are most important? 252 REEDAL:
That argument could be made, but when you are dealing with a product,
you are dealing with the preparation of those products and quality
control. -You asked if the most qualified provider was also the highest
priced provider, would they have been awarded the contract. That is just
what happened. But a lot of my concerns revolved around the process OHSU
used. Mr. Goldfarb said OHSU did not destroy any information, but the
original score sheets were destroyed. They awarded ten points to
O.P.T.I.O.N Care for experience. Those ten points cannot be justified,
they only had two and a half years of experience. They were the highest
priced provider and they did get the contract. 298 REP. BELL: How do
you feel about the Attorney General or Legislative Fiscal auditing or
making a determination if the bidding process is correct? Do you have
another option that might be more reasonable? 308 REEDAL: OHSU has
mentioned the number of agencies that have been involved. What the
auditor's office did was to audit the math. They did not address whether
the formula used was appropriate. I do not know of a committee we could

turn to. Basically OHSU has been unresponsive, and has refused to let certain legislators look at their documents. 336 REP. BELL: I have just as little confidence in the legislature reviewing this as I do in attorneys and accountants. We need to find a valid way to determine if a decision has been properly made by the state agency. 355 REP. ROBERTS: That is our job whether we are qualified or not. We are talking about a procedure of bidding and providing service. The determination of what service must be provided has already been done by the medical industry. The problem is the legislature is only here for six months every two years. So we need a third party that is not involved personally. TAPE 129, SIDE A 014 REP. BELL: One thing we might consider is that among our legislators are a doctor and a pharmacist. Maybe we could come to a conclusion as far as open records and this bill. 021 HUGHES: I think there would be a conflict of interest there because when we went up to see Dr. Kohler and were referred to Mr. Whitter, the next door was Dr. Kitzhaber's office. 022 REP. BELL: Can you think of a good third party in that field? 025 HUGHES: How about Rep. Ford.

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028 REP. FORD: I would have a conflict because I am on the board of one of the advisory - committees to the university. 028 CHAIR MARKHAM: Have you discussed this with the Chancellor of Higher Education?

029 HUGHES: Pharmacist Reedal is from Eugene and we had talked about that.

033 REP. BELL: Is there any way we could look to another state and how their hospitals deal with this?

036 REEDAL: I think the bill that you presented will deal with the trade secret information. As far as dealing with what is in the contract and how fair they are to providers, that is what is most important for me to address with this committee. I believe HB 2974 will address a lot of the concerns about trade secrets.

062 REEDAL: I think the University and I should sit down and see if we could work out a compromise. I would also like to show you a price comparison of what the OHSU patients have been paying versus what they should have been paying. I think the cost issue has been misrepresented to this body.

HB 2684 - PRESCRIBES DIVISION OF PURSE MONEY FOR OFF-RACE COURSE MUTUEL WAGERING ON HORSE RACES HELD OUTSIDE THIS STATE - WORK SESSION

074 REP. NOVICK: Requests unanimous consent that the rules be suspended to allow Rep. Oakley's vote to be recorded on the motion to move HB 2684 as amended to the floor with a "do pass" recommendation.

076 CHAIR MARKHAM: Hearing no objection, it is so ordered. Rep. Oakley how do you vote?

077 REP. OAKLEY: Aye.

HB 2490 REQUIRES CANDIDATES AND POLITICAL COMMITTEES TO FILE ADDITIONAL

STATEMENT OF CONTRIBUTIONS AND EXPENDITURES - WORK SESSION

093 REP. ROBERTS: I am going to oppose the bill. I do not want to see either caucus be considered a PAC. Number two, the campaign contribution tax credit was originally put forth to encourage the general public middle class to get involved. It has the potential of really upsetting the reporting system.

120 REP. BELL: If anything, making this change to the tax credit is going to make for purity in the system. People on the street find out their PAC has supported candidates they cannot stand. If you keep it on an individual basis, each contributor will say yes or no on the individual candidate.

132 REP. ROBERTS: It will be absolutely the opposite because people are not forced to give money to these PACs. They choose to do so because they feel they do not have the time to screen candidates. They elect their own boards to screen candidates and they have signed off on it.

There rnioute. contain materilllr which paraphrare and/or aurnrnarize rt~ ementa nude during thii reraion Ooly text encloret in quotation nurks report a speaker's exact words For complete contents of the proceetiolo, please refer to the taper House Committee on SB tce and Federal Affairs May 6,1991- Page 14

When the federal government was able to stop the tax credit on federal returns, we jumped ours from \$50 to \$100 because we were getting more middle class working people involved. I think it is the best tool for getting people involved in the political arena.

157 VICE CHAIR SOWA: I will be making a motion to delete that part that refers to political action committees tax credits. Asks Rep. Miller to tell him what this does. It just shifts money around where we can't keep tabulations on it. With the latest amendments, have we closed up all the loopholes?

176 RANDY MILLER, STATE REPRESENTATIVE, DISTRICT 24: The proposed dash eleven LC amendments dated 5/2/91 (EXHIBIT F) continue to reflect our difficulty with trying to interfere with federal election laws, so we did not prohibit transfers from federal to state PACs, or state to federal PACs.

186 VICE CHAIR SOWA: Then you tried to block that by prohibiting a state candidate from receiving transfers from a federal PAC. That is in reality pretty close to as well as we can do with this.

191 TED REITLINGER, LEGISLATIVE COUNSEL: We have attempted to prohibit the federal candidates and federal PACs from giving to state candidates and state PACs by saying they may not accept those transfers. The main loophole is that a state candidate could give to a federal PAC, then the federal PAC could give it back to a state political party, who could give to a state candidate. We have closed every loophole that we possibly can. 213 VICE CHAIR SOWA: The federal party can give to a state party if that party has a PAC?

215 REITLINGER: Yes.

218 VICE CHAIR SOWA: If people give me money to go into my campaign fund, I cannot give that money to a federal party? 226 REITLINGER: You can make a contribution to a federal candidate, but you cannot make

a contribution to a state candidate. 230 VICE CHAIR SOWA: So if I want to support Rep. Roberts in his election campaign, rather than just give a contribution to him directly, I have to go through a second transfer in order to do that? Is it illegal for me to give to a federal party with the stipulation that the party will give it right back to the state? 238 REP. MILLER: I would say yes. That is laundering money, which is illegal. 243 REP. ROBERTS: I think you have left the window open on the federal thing.

258 REP. MILLER: This bill will be on an initiative. My guess is it will be implemented and there will be prohibitions on pass-throughs, although not as well thought out as what you are working on today. Only 4.7% of Oregon taxpayers use the tax credit for contributions, so it is not something that the great mass of Oregonians are rushing to take advantage of.

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274 REP. ROBERTS: Who are the 4.7%. I think they are generally the working people between the \$25,000 to \$50,000 per year income bracket.

280 REP. MILLER: I do not think that is necessarily the indication the Department of Revenue has. If anything, it discriminates against those who do not make enough in a given tax year to take advantage of any tax credit.

288 REP. ROBERTS: As long as I have been here, I have heard very few people talk about concerns for the middle class.

292 REP. MILLER: This does indeed limit the focus of that credit, but it does not keep people out who want to be in. It does increase accountability. Even if we took it out altogether, people could continue to give to campaigns and political action committees in whatever amounts they deem advisable.

307 MOTION: REP. BELL moved to adopt the dash eleven LC amendments dated 5/2/91 to HB 2490 (EXHIBIT F). 311 REP. NOVICK: I am interested in moving the dash eight and dash nine amendments.

327 MOTION: REP. SOWA moved to amend the dash eleven LC amendments dated 5/2/91 to HB 2490 (EXHIBIT F) by beginning on page 2, deleting Section 4, and by beginning on page 4, deleting Section 5.

342 REP. BELL: I do not accept that as a friendly amendment.

346 REP. NOVICK: You may wish to add Section 6 to that amendment.

348 VICE CHAIR SOWA: Amends motion to delete Section 6 on page 5 of the dash eleven LC amendments. 352 REITLINGER: If you just want to take out the tax credit language, it is Sections 5 and 6. 354 VICE CHAIR SOWA: Amends motion to amend the dash eleven LC amendments dated 5/2/91 to HB 2490 (EXHIBIT F) restoring Section 4 and deleting Sections 5 and 6.

362 VOTE: In a roll call vote, the motion failed, with Rep. Novick, Rep. Roberts and Rep. Sowa voting AYE. Rep. Bell, Rep. Ford, Rep. Oakley and Chair Markham voting NAY. 392 VOTE: In a roll call

vote, the motion to adopt the dash eleven LC amendments dated 5/12/91 to HB 2490 carried, with Rep. Bell, Rep. Ford, Rep. Oakley, Rep. Sowa, and Chair Markham voting AYE. Rep. Novick and Rep Roberts voting NAY.

400 MOTION; REP. NOVICK moved to adopt the dash eight LC amendments dated 4/26/91 to HB 2490 (EXHIBIT G). 402 REP. NOVICK: Reviews the provisions of the proposed dash eight LC amendments.

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419 REP. MILLER: Reminds the committee that we pride ourselves on being a small business state. If you want to cause small businesses to file a political action committee in order to be involved in somebody's campaign, I could not support it.

432 REP. BELL: Does this include associations?

TAPE 130, SIDE A

010 REP. NOVICK: Most of them already have PACs. If they are incorporated they would not be able to directly give you money.

017 REP. BELL: For the non-profit and smaller corporations there is an amount up to which they can give without losing their regular tax status. 021 REP. ROBERTS: Is it possible to put a restriction against any individual or organization putting into the state in the aggregate, an amount over \$500? 027 REITLINGER: Under your proposal you could give \$500 out of your treasury funds, and over \$500 you would have to form a PAC? 028 REP. ROBERTS: If you have some small organization that wants to give a couple of hundred dollars, you are not going to subvert the state with that amount. I am just trying to make it honest without having all the paperwork involved. 037 REITLINGER: I think you could as long as you had the same dollar amount for everybody. If you just made it \$500, I think that would work. 040 REP. OAKLEY: That is not per person, that is total? 042 REITLINGER: Per corporation, per labor organization, per partnership. It would not apply to individuals. 044 MOTION: REP. ROBERTS moved amend the dash eight LC amendments dated 4/26/91 to HB 2490 (EXHIBIT G) to give a \$500 aggregate exemption from the ban on contributing directly or indirectly from treasury funds. 048 REP. NOVICK: I would accept that as a friendly amendment. 055 REITLINGER: Are we talking about \$500 per calendar year or election cycle? 057 REP. ROBERTS: Per year.

060 VOTE: In a roll call vote, the motion carried, with Rep. Ford, Rep. Novick, Rep. Roberts and Rep. Sowa voting AYE. Rep. Bell, Rep. Oakley and Chair Markham voting NAY. 068 MOTION: REP. BELL moved HB 2490 as amended to the floor with a "do pass" recommendation.

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VOTE: In a roll call vote, the motion failed, with Rep. Bell, Rep. Ford, and Chair Markham voting AYE. Rep. Novick, Rep. Oakley, Rep. Roberts and

Rep. Sowa voting NAY.

079 VICE CHAIR SOWA: Asks for reconsideration of the measure.

085 REP. MILLER: I don't believe reconsideration is required unless moved.

088 CHAIR MARKHAM: Changes vote to NAY and serves notice of possible reconsideration.

Submitted by:
Jones Assistant

Reviewed by: Carolyn Cobb
Administrator

Randall

EXHIBIT LOG:

A - Amendments to HB 2684 - Rep. Bob Repine - 4 pages B - Amendments to
HB 2684 - Rep. Bob Repine - 2 pages C - Informational Testimony -
Randall Jones - 15 pages D - Informational Testimony - Timothy Goldfarb
- 34 pages E - Informational Testimony - Richard J. Reedal - 14 pages F
- Amendments to HB 2490 - Rep. Randy Miller - 5 pages G - Amendments to
HB 2490 - Rep. Tom Novick - 2 pages

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