

HOUSE COMMITTEE ON STATE AND FEDERAL AFFAIRS

May 17, 1991                      Hearing Room E 8:00 a.m.                      Tapes 141 - 143  
MEMBERS PRESENT: Rep. Bill Markham, Chair Rep. Larry Sowa, Vice-Chair  
Rep. Marie Bell Rep. Mary Alice Ford Rep. Tom Novick Rep. Carolyn Oakley  
MEMBER EXCUSED: Rep. Lonnie Roberts VISITING MEMBER:     Rep. Kelly  
Clark, District 27 STAFF PRESENT:                      Randall Jones, Committee  
Administrator Carolyn Cobb, Committee Asdstant MEASURES  
CONSIDERED:        HB 2728 - Prohibits Candidate or Political Committee From  
Making Payments Contingent on Result of Election, WS HB 2769 - Specifies  
Procedures for Runoff Election if Candidate for Election to Office of  
Governor, Secretary of State, State Treasurer, Superintendent of Public  
Instruction, State Senator or State Representative Does Not Receive  
Majority of Votes Cast, WS HB 2778 - Provides for Certain Private Clubs  
to be Licensed to Conduct Contests of Chance for Charitable Purposes,  
PH, WS HB 2987 - Repeals Gender Requirements Applicable to Precinct  
Committeepersons of Major Political Parties, 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, WS HB 3291 - Increases Penalty to Maximum  
One Year Imprisonment or \$2,510 Fine, or Both, For Obtaining Signatures  
on Initiative, Referendum or Recall Petition by Person Not an Ebctor, WS  
HB 3513 - Adopts Model State Unfair Competition Act, PH, HJR 38 -  
Changes Number of Votes Needed to be Elected to Legislative Office and  
Certain Statewide Offfces From Plurality to Majority, WS HJR 39 - Makes  
Attorney General Constitutional Officer, WS House Com~nittee on State  
and Federal Affairs May 17, 1991 - Page 2

These minutes contain materials which paraphrase and/or summarize  
statements made during this session. Only text enclosed in quo ation  
marks report a speaker's exact words. For complete contents of the  
proceedings, please refer to the tapes.

TAPE 141, SIDE A

003 CHAIR MARKHAM: Calls the meeting to order at 8:14 a.m.

H.1R 38 - CHANGES NUMBER OF VOTES NEEDED TO BE ELECTED TO LEGISLATIVE  
OFFICE AND CERTAIN STATEWIDE OFFICES FROM PLURALITY TO MAJORITY - WORK  
SESSION HB 2769 - SPECIFIES PROCEDURLES FOR RUNOFF ELECTION IF CANDIDATE  
FOR ELECTION TO OFFICE OF GOVERNOR. SECRETARY OF STATE, STATE TREASURER,  
SUPERINTENDENT OF PUBLIC INSTRUCTION, STATE SENATOR OR STATE  
REPRESENTATIVE DOES NOT RECEIVE MAJORITY OF VOTES CAST - WORK SESSION

015 RON SUNSERI, STATE REPRESENTATIVE, DISTRICT 22: Everything the  
committee has asked us to do on these bills has been done.

022 CHAIR MARKHAM: Submits hand engrossed HJR 38 dated 5/16/91  
(EXHIBIT A).

026 RANDALL JONES, COMMITTEE ADMINISTRATOR: Submits proposed dash A3 LC  
amendments dated 5/16/91 to HB 2769 (EXHIBIT B), and A-Engrossed HB 2769  
(EXHIBIT C).

031 VICE CHAIR SOWA: Do these have the forty days for the mail-in  
election?

033 REP. SUNSERI: It is thirty-two days, which is what the elections

people said they needed to get ballots back.

038 REP. FORD: I still have concerns with the implementing legislation because thirty-two days is not long enough for all of the people who might be in the military or out of state. They are disenfranchised in the runoff election.

041 REP. SUNSERI: We spoke with Multnomah County and they said the thirty-two days was more than ample to be able to get the absentee ballots returned.

046 REP. FORD: We felt we needed a forty day minimum for absentee ballots in another bill we dealt with.

057 MOTION: REP. NOVICK moved to adopt the dash two LC amendments dated 5/16/91 to HJR 38 (EXHIBIT D). 065 CHAIR MARKHAM: Hearing no objection, it is so ordered.

There minutes contain material which paraphrase and/or summarize statements made during this session. The text enclosed in quotation marks reports a speaker's exact words. For complete contents of the proceedings, please refer to the House Committee on Staff and Federal Affairs May 17, 1991 - Page 3

069 MOTION: REP. NOVICK moved HJR 38 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. Oakley, and Chair Markham voting AYE. Rep. Novick and Rep. Sowa voting NAY. Rep. Roberts was excused. 080 JONES: Reviews the proposed dash A3 LC amendments to HB 2769.

091 MOTION: REP. NOVICK moved to adopt the dash A3 LC amendments dated 5/16/91 to HB 2769 (EXHIBIT B). 103 CHAIR MARKHAM: Hearing no objection, it is so ordered.

104 MOTION: REP. OAKLEY moved HB 2769 A-engrossed 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. Oakley, and Chair Markham voting AYE. Rep. Novick and Rep. Sowa voting NAY. Rep. Roberts was excused.

HB 3513 - ADOPTS MODEL STATE UNFAIR COMPETITION ACT - PUBLIC HEARING  
Witnesses: Mari Anne Gest, Oregon School Employees Association Roger Gillespie, Chair, Oregonians for Cost Effective Government Joe Gilliam, National Federation of Independent Business Jennifer Harding, Owner, Eastside Athletic Club Michael Hutchens, Director of Purchasing, Multnomah County School District No. 1 (Portland) John Miller, Assistant General Manager, Courthouse Athletic Club Keith Mobley, Private Citizen Keith Mobley, Oregon State System of Higher Education Jeanine Meyer Rodriguez, Oregon Public Employees' Union Valerie Salisbury, League of Oregon Cities Craig Schmidt, Owner, Hood River Sports Club Susan Schneider, City of Portland Ruth Spetter, Senior Deputy City Attorney, City of Portland Gary Wilhelms, Director of Government Relations, U. S. West Communications, Inc. Dee Wolfe, Treasurer, Oregonians for Cost Effective Government

124 JOE GILLIAM, NATIONAL FEDERATION OF INDEPENDENT BUSINESS: HB 3513 was developed by a group called the Business Coalition for Fair Competition. -We want to start looking at the cost effectiveness of government and the use of private sector goods and services rather than

public agencies creating their own. The first objective of the bill is the prevention of public agencies providing goods and services that can be provided by the private sector. -The second objective is accountability by tax exempt entities for engaging in activities of a

These minutes contain material which paraphrase and/or summarize testimony 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 report. House Committee on State and Federal Affairs May 17, 1991- Page 4

commercial nature. -The third objective is to provide a remedy when the provisions of the bill are violated. -Presently state government and other public bodies compete unfairly with private business in many instances.

175 VICE CHAIR SOWA: Have you done a study that would give some statistics as to how much money state government could save by contracting with the private sector?

178 GILLIAM: You will be hearing some testimony from Oregonians for Cost Effective Government about what other states have saved by privatizing services. -Certain services could be done by state agencies, but they would have to track their costs and prove it less expensive than using private business. 199 GARY WILHELMS, DIRECTOR OF GOVERNMENT RELATIONS, U. S. WEST COMMUNICATIONS OF OREGON: Supports the concept of the bill. -Our concern is that we know the State of Oregon is very aggressively pursuing its own telecommunications network. When it is done they are going to end up with surplus capacity on that network. Their inclination is going to be to resell that surplus capacity, first to other state agencies, then to local governments, and possibly even to private businesses. -We have a very serious concern about state government competing with private enterprise. 238 VICE CHAIR SOWA:

Would you still object if by some miracle state government can do it more cheaply than private enterprise? 245 WILHELMS: I have no objection to the State of Oregon providing telecommunications services for the State of Oregon, but when they step over the line and resell, whether or not they can do it more cheaply, I have serious objections. 256

VICE CHAIR SOWA: You do not want the State to compete with private enterprise even if they can do it much more cheaply?

264 WILHELMS: That is a fair characterization of what I said.

266 REP. NOVICK: Do you have the same concerns when large private companies start to by-pass your telecommunications network?

270 WILHELMS: We intend to meet the competition when we are playing on a level playing field. When you are competing with government they have the advantage in that they pay no taxes. 276 REP. NOVICK: On the electric utility side, about 20% of the state has decided they would rather run their own systems. Under this bill would those citizens be

allowed to do that? 284 WILHELMS: I believe they would still be able to do that. 289 VALERIE SALISBURY, LEAGUE OF OREGON CITIES: Expresses concern about the broadness of the bill, which could seriously impair the abilities of cities to perform the traditional functions their citizens expect of them. -Parks and recreational facilities would be in doubt under the bill.

These minutes contain material which paraphrase and/or summarize testimony 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 17, 1991- Page 5

-Reviews other goods and services offered by municipalities that may be impacted by the bill. -Questions whether many of functions of cities could continue under the bill. -Urges careful consideration before adopting language that is this broad and has this wide an application.

343 MICHAEL HUTCHENS, DIRECTOR OF PURCHASING, MULTNOMAH COUNTY SCHOOL DISTRICT NO. 1 (PORTLAND PUBLIC SCHOOLS): Submits and summarizes written testimony (EXHIBIT E) in opposition to the bill.

TAPE 142, SIDE A

006 ROGER GILLESPIE, CHAIRMAN, OREGONIANS FOR COST EFFECTIVE GOVERNMENT: Submits and summarizes written testimony (EXHIBIT F) in support of the measure. 042 DEE WOLFE, TREASURER, OREGONIANS FOR COST EFFECTIVE GOVERNMENT: Cites examples of savings that resulted when state agencies contracted out services to the private sector. 054 REP. NOVICK: Germany and Japan where the government is fairly active in a lot of these areas, seem to be doing all right. 060 WOLFE: You haven't been reading that about the Soviet Union however. 062 REP. BELL: I hope you do consider the fact that janitorial services vary in quality. It is hard to have blanket decisions on some of these things. 070 WOLFE: I think if we encourage privatization on a selective basis, then everyone benefits. There are certain instances when for the good of the public, it may not work. The emphasis has to be on privatization where it can work. 089 MARI ANNE GEST, OREGON SCHOOL EMPLOYEES ASSOCIATION: Submits and summarizes written testimony (EXHIBIT G) in opposition to the measure. 133 JEANINE MEYER RODRIGUEZ, OREGON PUBLIC EMPLOYEES UNION: -It is dangerous to say flatly that private contractors save money. -It is necessary to look at these issues over time. -Expresses concern about the issue of accountability. -I am grateful the same competitive pressures do not exist in the public sector. 200 REP. BELL: There are those of us who will be working with this process who understand that some services are more than services. But we cannot afford government at the present rate we are paying. 223 JENNIFER HARDING, EASTSIDE ATHLETIC CLUBS: Submits and summarizes written testimony (EXHIBIT H) in support of the measure.

. These minutes contain materiall1 which paraphrase and/or llummarize sta~ rnents ~de during this accelon Only textl enclo ed in quotation marks report a speaker's exwt words For complete contents of the procoodi~c, ploase refer to d. tapea Hoose Comnatee on State and Federd Affairs May 17, 1991- Page 6

324 VICE CHAIR SOWA: If this or a similar bill moves forward, how do you think it affect the Clackamas County project or a similar one?

337 HARDING: I think it would have the project go back to a private business committee, which would scale down the project and we would have no objection to it.

345 CRAIG SCHMIDT, HOOD RIVER SPORTS CLUB: Submits and summarizes written testimony (EXHIBIT I) in support of the measure.

TAPE 141, SIDE B

009 REP. BELL: I believe the reason our socieq has gone for these big recreational facilities is because there is a small part of the population of children who cannot afford to do things. So we build a big public facility that lets everyone come. The private facilities might

consider a sliding fee schedule so these children we are worried about have a place they can afford.

020 SCHMIDT: Could we not look at some cooperation between the public and private sector and do a scholarship fund for those children.

027 KEITH MOBLEY, PRIVATE CITIZEN: Submits and summarizes written testimony (EXHIBIT J) in opposition to the measure. 059 KEITH MOBLEY, OREGON STATE SYSTEM OF HIGHER EDUCATION: Submits and summarizes written testimony (EXHIBIT K) in opposition to HB 3513.

078 VICE CHAIR SOWA: We have a state agency that is not only looking out for higher education, but is supposedly regulating private schools and keeping their competition down to a minimum. It seems to me the reason that agency is allowed to continue is that it is the will of the legislature and other people that we need someone to protect our turf. We not only have competition by state agencies with private business, but we have a group like that one that make sure the state agencies have the upper hand.

102 SUSAN SCHNEIDER, CITY OF PORTLAND: The City is opposed to HB 3513. 104 RUTH SPETTER, SENIOR DEPUTY CITY ATTORNEY, CITY OF PORTLAND: This bill is very broad and may have some unintended results. -This bill could potentially curtail municipalities ability to provide water services. -The rate structure issues could wind up costing the public more for services. -Urges the committee to exempt municipal services from the bill. -Endorses the issue raised by the League of Oregon Cities. 126 JOHN MILLER, ASSISTANT GENERAL MANAGER, COURTHOUSE ATHLETIC CLUB: Submits and summarizes written testimony (EXHIBIT L) in support of the measure.

HJR 39 - MAKES ATTORNEY GENERAL CONSTITUTIONAL OFFICER - WORK SESSION

, 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 17, 1991- Page 7

223 KELLY CLARK, STATE REPRESENTATIVE, DISTRICT 27: The bill would make the Attorney General a constitutional officer of the State of Oregon. -The state has a proud tradition of strong, independent Attorneys General, but it is not difficult to imagine a different kind of relationship between the Attorney General and the legislature or the executive. -Gives history of the office. -The Attorney General is the only statewide elected official who does not have the kind of autonomy the others do. -If that office exists in the constitution, it does away with the threat of elimination of the position by the legislature. -In no other situation in state government do you have one independently elected official under the direction of another elected official.

297 CHAIR MARKHAM: Does the Attorney General have to go to the governor to get approval to conduct investigations?

304 REP. CLARK: I do not know.

309 MARLA RAYE, OREGON DEPARTMENT OF JUSTICE: HB 2846 authorizes the Attorney General to have subpoena power. That would cure the issue you are talking about. Presently the Attorney General possesses no independent subpoena power. The only time he possesses it is upon the

order of the governor. 320 CHAIR MARKHAM: You do not have to get the governor's permission to investigate alleged wrong-doing. 325 REP. CLARK: Not permission, but subpoena power. 348 REP. NOVICK: The Attorney General also defends the governor in law suits. Do you see making it a constitutional office would change that? 358 REP. CLARK: No, I do not think so. At some future time, if the Attorney General gives advice the legislature does not like, I can imagine threats being made to do away with the office. -I do not think the duties and responsibilities of the office will be changed by HJR 39.

390 MOTION: REP. BELL moved HJR 39 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. Oakley, Rep. Sowa, and Chair Markham voting AYE. Rep. Roberts was excused.

TAPE 142, SIDE B

HB 2987 - REPEALS GENDER REQUIREMENTS APPLICABLE TO PRECINCT COMMITTEEPERSONS OF MAJOR POLITICAL PARTIES - WORK SESSION

003 JONES: Gives background of the bill. Submits proposed dash one LC amendment dated

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 content of the proceedings, please refer to the tapes House Committee on State and Federal Affairs, March 17, 1991 - Page 8

5/14/91 (EXHIBIT M).

008 REP. BELL: Reviews the provisions of the proposed amendments.

026 VICE CHAIR SOWA: Does this prohibit write-ins?

033 REP. BELL: I do not believe so. Explains how process would work under the amendments.

040 VICE CHAIR SOWA: By shifting a person of the opposite sex into that spot, it precludes people from getting elected who do not have the support of a position on the ballot.

047 REP. BELL: That is the area of compromise, the filing point. The original bill would have given advantage from the beginning to open it wide open.

052 VICE CHAIR SOWA: Wouldn't you consider it more fair to say if after the election the spot was not filled, the top runner-up could be placed in the position?

056 REP. FORD: I would feel better if we could say, after the election if there were any vacancies, the central committee which has the authority to appoint, could appoint anyone who is available regardless of sex.

062 REP. BELL: We thought this was the committee's agreement to move forward on the bill.

067 VICE CHAIR SOWA: I do not think we have changed our minds, I think we were not of one mind about the timing. The Central Committee can

appoint people now. However, those appointed people do not get the privileges that an elected precinct person gets.

074 REP. NOVICK: I still do not like the bill well enough to vote for it.

077 REP. BELL: We did have the amendment agreed to by all those who came and testified in opposition to the bill.

081 MOTION: VICE CHAIR SOWA moved to adopt the dash one LC amendments dated 5/14/91 to HB 2987 (EXHIBIT M).

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

086 MOTION: REP. BELL moved HB 2987 as amended to the floor with a "do pass" recommendation. 089 VOTE: In a roll call vote, the motion carried, with Rep. Bell, Rep. Ford, Rep. Oakley, Rep. Sowa, and Chair Markham voting AYE. Rep. Novick voting NAY. Rep. Roberts was excused.

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 - WORK SESSION

There rminutea contain teriab which paraphrase and/or summurtze sta ernents made during this session. Only text enclosed in quotation marks report a llpeaker'a exact worda. For complete contenta of die proceedings, please refer to the tapea. - House Committee on State and Feteral Affair~ May 17, 1991- P - e 9

104 JONES: Submits proposed dash four LC amendments dated 5/7/91 (EXHIBIT N).

112 REP. BELL: Reviews the provisions of the dash four amendments.

129 DANIELLE COWAN, PUBLIC AFFAIRS DIRECTOR, OREGON LIQUOR CONTROL COMMISSION: Explains changes to the OLCC licensing statute under the proposed dash three LC amendments dated 5/7/91 (EXHIBIT O). 160 CHAIR MARKHAM: Is the \$250 an annual fee? 161 COWAN: It would be if we were to extrapolate it out for five years.

165 REP. NOVICK: This is less than they would have paid for a five year period?

167 COWAN: Because we are doing it every five years and it saves some paperwork time for us. -The third part allows the wholesalers and manufactures, a special certificate for a period of thirty days for \$10. -On page 6, line 11, it should say "fifth" instead of "fourth".

184 MOTION: REP. NOVICK moved to amend the dash four LC amendments dated 5/16/91 to HB 3241 (EXHIBIT N), by on page 6, line 11, changing the word "fourth" to "fifth". 186 CHAIR MARKHAM: Hearing no objection, it is so ordered. 192MOTION: REP. NOVICK moved to adopt the dash four LC amendments dated 5/16/91 to HB 3241 (EXHIBIT N).

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

197 VICE CHAIR SOWA: I have been working with small private wine and malt liquor groups that wanted authority to be able to offer their beverages for sale and place private labels on those, so they can expand their market in Oregon. The language in SB 1111 is the language I would like to add to this bill. The only change I propose is to use the appropriate sections that would allow private labels. 221 PAUL

ROMAIN, OREGON BEER AND WINE DISTRIBUTORS ASSOCIATION: We adamantly oppose the private label concept. -Explains why private labels have been outl; wed in Oregon for fifty years. -Presently the Oregon Liquor Control Commission rules bar private labels except for some special events. -Private labels create some incredible financial assistance problems. -We oppose it and we ask it not be added to this bill. If you are going to consider private labels, we ask you set it over so we can come in with adequate testimony against it. 261 CHAIR MARKHAM: It seems to me Bill Nelson of the Wine Growers came in and spoke against this. . There minutes contain rnteridls which paraphrase and/or surrnnarize statements made during this eesaion. 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 Affain Ma, 17, 1991- Page 10

268 ROMAIN: The Oregon Wine Growers are deeply divided over this issue.

274 VICE CHAIR SOWA: Eola Hills Winery brought this to my attention.

281 REP. NOVICK: Would you be concerned that the Commission could not do an adequate job of monitoring the financial arrangements?

295 ROMAIN: The Oregon Liquor Control Commission has had rule making on private labels. They have gone back into rule making on private labels, so they already have the rule making authority and could allow it if they decide to do so. We are comfortable with it at the Oregon Liquor Control Commission, they have the expertise and they are looking at the issue. We do not feel any other legislation is necessary.

310 SANDRA BISHOP, WINE INSTITUTE: We would request you deal with this as a separate issue, not tacked on to another bill.

319 VICE CHAIR SOWA: Where are you located?

321 BISHOP: The Wine Institute represents wineries throughout the State of California from the largest producers to some very small wineries. I do not believe we would support this, but I am not ready to come forth with testimony today. 332 VICE CHAIR SOWA: This would allow small companies in Oregon to get into a market that California wineries already have the ability to get into? 337 BISHOP: I cannot respond to that at this time. We would like to have our experts come in and testify on this issue. 345 REP. NOVICK: I would hope if something comes over from the senate, we could have this discussion in the committee. 364 ROMAIN: Rep. Sowa's statement on giving Oregon an advantage over California would not be the case. The major producers of private labels are the California wineries and they would capture most of the private label business in Oregon if this passes. Most Oregon wineries do not want this. 388 REP. NOVICK: If that is the case, I cannot understand why the Wine Institute would be opposing this.

415 MOTION: REP. SOWA to amend HB 3241 by adding the language contained in SB 111 1 relating to private label wines.

420 VOTE: In a roll call vote, the motion to adopt Rep. Sowa's amendment failed, with Rep. Sowa, and Chair Markham voting AYE. Rep. Bell, Rep. Ford, Rep. Novick, and Rep. Oakley voting NAY. Rep. Roberts was excused. 423MOTION: REP. FORD moved HB 3241 as amended to the floor with a "do pass" recommendation.

These minute. contain rnteridls which paraphrase ant/or rurmnarize st~ ernents made during this session. Only text enclosed in quotation



rnarlcs report ~ spealcer's exact words. For con plete contents of the proceedingr, please refer to the tapes. House Committee on State and Federal Affairs May 17,1991- Page 11

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. TAPE 143, SIDE A

HB 2728 - PROHIBITS CANDIDATE OR POLITICAL COMMITTEE FROM MAKING PAYMENTS CONTINGENT ON RESULT OF ELECTION - WORK SESSION

034 JONES: The committee adopted the dash one amendments at the last meeting. Hand-engrossed HB 2728 bill dated 5/16/91 (EXHIBIT P) includes both the proposed dash one and stash three LC amendments.

040 VICE CHAIR SOWA: This says if you have a written agreement with a person to work as your campaign manager or campaign worker, and it is in writing that they are not covered under this bill, you just file a copy of the contract with your Contributions and Expenditures Report.

051 MOTION: REP. BELL moved to adopt the dash three LC amendments dated 5/16/91 to HB 2728 (EXHIBIT Q). 057 CHAIR MARKHAM: Hearing no objection, it is so ordered.

058 MOTION: REP. BELL moved HB 2728 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. Oakley, Rep. Sowa, and Chair Markham voting AYE. Rep. Roberts was excused.

HB 2778 - PROVIDES FOR CERTAIN PRIVATE CLUBS TO BE LICENSED TO CONDUCT CONTESTS OF CHANCE - WORK SESSION

086 JONES: Submits and reviews proposed dash one LC amendments dated 5/8/91 (EXHIBIT R). 103 BOB KEYSER, PRIVATE AND FRATERNAL ORGANIZATIONS, INC.: We have taken poker out of this bill because it's format would not fit into this program. 114 CHAIR MARKHAM: What does this bill allow in the way of gaming in a private club? 115 KEYSER: Blackjack or Twenty One. We have also added Section 16 which limits the amount of money that can be generated from the game in one year. 132 CHAIR MARKHAM: What is the state's take on private club gaming? 134 KEYSER: Twenty percent of the net profit. 141 CHAIR MARKHAM: What should that go to?

ese minutes contain materials which paraphrase area/or gumrnarize st~ ementg made during this session Only text enclosed in quotation marks report a speaker's exact words For complete contents of the proceed ~gs, please refer to the tapes House Committee on State and Federal Affairs May 17,1991- Page 12

143 REP. NOVICK: It should go to the General Fund.

147 CNAIR MARKHAM: The rest of the net proceeds goes to charity?

148 KEYSER: That is correct.

156 REP. NOVICK: I would recommend a \$500,000 annual maximum handle. -When we first looked at this and the money going to charity, we had some concerns about the allowed uses of the funds. Do these amendments do anything about that? 167 KEYSER: They do not, but currently the Internal Revenue Service has some guidelines as to what charitable

purposes are, which do not include building new country clubs or golf courses. 172 REP. NOVICK: I would hope we could narrow that on the senate side. 177 VICE CHAIR SOWA: Who would be able to conduct these games? 183 KEYSER: The organizations that could be licensed to conduct these games of chance are organizations that are defined as private clubs under ORS 472.010 and holds a Class B liquor license. 209 VICE CHAIR SOWA: Some of these restrict their membership, either in their by-laws or by action, to men only. Some exclude people of different races or color. 217 KEYSER: Fraternal organizations are chartered through some national or international group. The last two private clubs in the state that would not allow women members have recently changed their by-laws to allow women members. 227 VICE CHAIR SOWA: Did that change include people of color? 232 KEYSER: I cannot say. I know they do not exclude people based on their color or national origin. I can tell you that women are not members of fraternal organizations. 248 VICE CHAIR SOWA: What would they be allowed to gamble on in these establishments? 252 KEYSER: Blackjack. They can continue bingo and raffles and social gaming if it is allowed locally. 279 REP. NOVICK: Do we do anything to limit the amount of the bets other than the handle? 283 KEYSER: If this bill is successful in getting through the legislature, it gives the Attorney General authority to write the rules regarding the game, including the size of the bets. 298 MARLA RAYE, DEPARTMENT OF JUSTICE: We do not like this bill. 303 VICE CHAIR SOWA: Can you enforce this? 304 RAYE: To enforce this, the license fees would have to be somewhat higher than those presently - lilesc minutes contain rnatcriab which paraphrase and/or aurnmarizc statemer" made during this aeasion Only text enclosed in quotation rnerke report a speaker's exact words For cornpictc conterda of the procedinge, please refer to thc tape. House Commitbe on Stab and Fedenl Affairs May 17,1991- Page 13

in place for bingo and raffles. If we get only two positions in the budget, this is not what we would choose to do.

319 VICE CHAIR SOWA: Why would it be hard to enforce? Would this allow people to conduct other games than this?

321 RAYE: I have indicated the Attorney General long standing personal opposition to further gambling in the State of Oregon. This would be a bit more difficult to enforce because it occurs in private clubs. Now when gambling investigations are done with local law enforcement, those are undercover operations. That would be more difficult in a private club. 343 MOTION: REP. FORD moved to amend the dash one LC amendments dated 5/8/91 to HB 2778 (EXHIBIT R) by on line 19, changing "\$1 million" to "\$500,000" and on line 23, inserting the words "On page 4, line 24, after the words "credit of" insert "General Fund". 345 CHAIR MARKHAM: Hearing no objection, it is so ordered. 347 MOTION: REP. FORD moved to adopt the dash one LC amendments dated 5/8/91 to HB 2778 (EXHIBIT R). 349 CHAIR MARKHAM: Hearing no objection, it is so ordered.

352 MOTION: REP. OAKLEY moved HB 2778 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. Sowa, and Chair Markham voting AYE. Rep. Oakley voting NAY. Rep. Roberts was excused.

HB 3291 - INCREASES PENALTY TO MAXIMUM ONE YEAR IMPRISONMENT OR \$2,500 FINE, OR BOTH. FOR OBTAINING SIGNATURES BY PERSON NOT AN ELECTOR WORK SESSION

374 TODD JONES, SECRETARY OF STATE'S OFFICE: Submits and summarizes written testimony and proposed amendments (EXHIBIT S).

399 VICE CHAIR SOWA: If this passes, you cannot use paid petitioners?

401 TODD JONES: If you use paid signature gatherers, you cannot pay them per signature gathered. You can pay them by the hour or you can pay them salary. 408 VICE CHAIR SOWA: The provision requiring the buttons has been struck? 409 TODD JONES: That is correct. -The other thing dropped out of the bill is the increase in the penalty for using non-electors. The increase would make it a criminal penalty and we would like it to remain a civil penalty so it can

There 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 17, 1991- PaBe 14

be enforced by the Secretary of State's office.

428 REP. NOVICK: I do not think it really solves the issue of paid petitioners.

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

EXHIBIT LOG:

A - Hand-engrossed HJR 38 - Rep. Bill Markham - 2 pages B - Amendments to HB 2769 - Randall Jones - 1 page C - A-engrossed HB 2769 - Randall Jones - 2 pages D - Amendments to HJR 38 - Rep. Tom Novick - 1 page E - Testimony on HB 3513 - Michael Hutchens - 2 pages F - Testimony on HB 3513 - Roger Gillespie - 1 page G - Testimony on HB 3513 - Mari Anne Gest - 2 pages H - Testimony on HB 3513 - Jennifer Harding - 8 pages I - Testimony on HB 3513 - Craig Schmidt - 6 pages J - Testimony on HB 3513 - Keith Mobley - 1 page K - Testimony on HB 3513 - Keith Mobley - 7 pages L - Testimony on HB 3513 - John K. Miller - 1 page M - Amendments to HB 2987 - Randall Jones - 1 page N - Amendments to HB 3241 - Randall Jones - 6 pages O - Amendments to HB 3241 - Danielle Cowan - 6 pages P - Hand-engrossed HB 2728 - Randall Jones - 1 page Q - Amendments to HB 2728 - Rep. Marie Bell - 1 page R - Amendments to HB 2778 - Randall Jones - 1 page S - Testimony on HB 3291 - Todd Jones - 4 pages

These minutes contain material which paraphrases and/or summarizes statements made during this session. Only text enclosed in quotation marks report a speaker's exact words. For complete contents of the

proceeding., please refer to the tapea