

HOUSE LEGISLATIVE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

March 11, 1991Hearing Room 343 8:00 A.M.State Capitol Salem, OR

Tapes 87 - 88 Sports Lottery

MEMBERS PRESENT: REP. RAY BAUM REP. JERRY BARNES REP. MARGARET CARTER REP. CEDRIC HAYDEN REP. VERA KATZ REP. DAVE MC TEAGUE REP. BOB PICKARD

MEMBERS EXCUSED:

STAFF PRESENT: JOSEPH CORTRIGHT, EXECUTIVE OFFICER TAMIRA MILLER, POLICY ANALYST JERI CHASE, OFFICE MANAGER HOLLY BROWN, COMMITTEE ASSISTANT

WITNESSES:LARRY LARGE, VICE CHANCELLOR, PUBLIC AFFAIRS, OREGON STATE SYSTEM OF HIGHER EDUCATION LYNN SNYDER, CONSORTIUM FOR ATHLETICS REPRESENTATIVE JOHN SCHOON, DISTRICT 34 SPEAKER LARRY CAMPBELL, DISTRICT 43 LYNN YOUNGBAR, LEGISLATIVE LIAISON, ECONOMIC DEVELOPMENT DEPARTMENT JERRY WILLIAMS, CONTRACT OFFICER

NOTE: These minutes contain materials which paraphrases and/or summarizes statements made during this meeting. Only text enclosed in quotation marks reports a speaker's exact words. For complete contents of the proceedings, please refer to the tapes.

TAPE 87, SIDE A

000 CHAIR BAUM convenes the meeting at 8:14 a.m.

HB 2601 (Sports Lottery) - Work Session

007 TAMI MILLER: Presents "Survey of Sports Lottery Impact is Inconclusive" (EXHIBIT A).

027 REP. KATZ: This was asking questions of people who play and don't play?

030 MILLER: Yes, this was a completely random sample. Continues presentation of EXHIBIT A. The problem is that this survey finds out what people would have done not what they did and it doesn't ask how much money they would have spent.

084 REP. CARTER: I think this survey shows that the regular lottery doesn't go back up to as much money after the sports lottery.

113 MILLER: Presents -1 amendments to HB 2601 (EXHIBIT B).

122 REP. CARTER: So this is suggested to be a line item within itself in terms of fiscal arrangements?

126 CHAIR BAUM: Yes.

129 MILLER: Presents "Lottery Sales Revenue" (EXHIBIT C).

148 CHAIR BAUM: We are narrowing down what can be allocated to this fund.

154 MILLER: HB 2601 in its original form would repeal section 9 and require the Sports lottery funds used for economic development to be refilled.

167 MILLER: \$14 million, is a gross. 16% is taken out for administrative costs, 50% for prizes and the remainder is what is available for the intercollegiate athletic fund, 30%.

175 REP. BARNES: Does that say something about how the split between schools will be made?

179 MILLER: The allocation of funds is made by the State Board of Higher Education.

186 LARRY LARGE: The state Board of Higher Education approved an allocation formula which required that the board make the allocations in concert with the conference and level of competition in each institution. Presents letter from the State System of Higher Education (EXHIBIT D).

227 REP. BARNES: My concern was that students at all the colleges have the opportunity to play sports.

240 REP. KATZ: Who is using the money for scholarships?

245 LARGE: The statute requires that the first 12% of earnings be available to non athletic scholarships, it goes to general fund.

251 LYNN SNYDER: The funds are allocated in different ways. 70% goes to non revenue programs. 30% maximum goes to revenue and 50% of the total is to allocated in support of women's athletics. There is no requirement that it go to specific parts of that program. Submits information relative to HB 2601 (EXHIBIT E) and petition in support of HB 2601 (EXHIBIT F).

262 REP. KATZ: The testimony you gave us last time addressed the need for this program to help student scholarships. You are supplementing coaches salaries.

269 SNYDER: If you supplement coaches salaries then you have more money for scholarships in another part of the budget.

277 REP. KATZ: If this money was not available then priorities would have to be altered at the universities.

300 REP. JOHN SCHOON: I agree with the point that Representative Katz is making.

316 REP. CARTER: I don't have a problem with this bill but you need to be honest.

332 SNYDER: There has not been any intention of misleading you. In order to establish scholarship funds you must have the funds up front. The money was transferred at the end of the fiscal year. As the program

progresses and the universities are aware that the funds are coming in the majority of all of those funds will go into a scholarship portion. This past fiscal year the money had already been paid to the scholarships so the money couldn't be transferred.

363 REP. CARTER: The money went for coaches in the non revenue sports.

372 REP. KATZ: In general do coaches teach other students and subjects?

380 LARGE: At the colleges yes, but at the universities there are far fewer who are mixed in with the faculty.

396 REP. KATZ: I am concerned about how far we have taken the interpretation of economic development to pay coaches salaries.

413 REP. CARTER: The revenue sports are going to be supported no matter what but those areas that are covered in Title 9 are going to be the first on the line.

434 REP. KATZ: I will not change this program, we could change the statute to use these funds for women's sports. If we do make those changes then we should be allocating the money to non revenue sports.

TAPE 88, SIDE A

020 MILLER: The statute provides for the distribution of the funds. 80% of the funds should be dedicated to section 2 which requires that 70% of the money earned by the fund to go to non revenue producing sports. 30% to revenue producing sports and 50% should be made available for womens athletic. 12% has to be distributed for scholarships.

037 REP. KATZ: I don't see 12% used for scholarships.

040 LARGE: That is for general scholarships and it has already been taken off the top.

064 SPEAKER CAMPBELL: Some of us are concerned about putting all the money in the non revenue sports because many people who play the lottery want to support the more popular sports.

079 REP. SCHOON: I would suggest a clean cut at June 30, so that any funds after June 30 go to athletics.

MOTION: REP. PICKARD moves an effective date of July 1, 1991 be added to the -1 amendments, dated 3/8/91.

095 REP CARTER: What affect does that have?

099 LYNN YOUNGBAR: I think the amendment just submitted would make it not go into affect until the beginning of the next biennium and that doesn't affect the Economic Development Department. If it goes in the way it is now it would affect our final quarters allocation. We would have to take a cut back if it was implemented before the end of the biennium.

116 REP. CARTER: How is it going to affect the arrangement fiscally

that you have right now?

120 YOUNGBAR: We don't plan on having any back fill.

140 VOTE: By roll call vote (5-1) the above amendment is adopted to the -1 amendments on HB 2601, dated 3/8/91. Voting AYE: REPRESENTATIVES BARNES, CARTER, MCTEAGUE,

PICKARD and BAUM. Voting NAY: REPRESENTATIVE KATZ. EXCUSED: REPRESENTATIVE HAYDEN.

148 MOTION: REP. PICKARD moves the -1 amendments, dated 3/8/91, to HB 2601 be adopted.

VOTE: By roll call vote (5-1) the -1 amendments, dated 3/8/91, to HB 2601 are adopted. Voting AYE: REPRESENTATIVES BARNES, CARTER, MCTEAGUE, PICKARD and BAUM. Voting NAY: REPRESENTATIVE KATZ. EXCUSED: REPRESENTATIVE HAYDEN.

181 MILLER: The amendments to the bill as drafted would limit the money that goes to Sports Lottery from electronic games which are based on sporting events.

196 JERRY WILLIAMS: We don't have any intention of running any sports games besides Sports Action. We are agreed with the NBA not to run a game on basketball until 1996.

220 MILLER: We can amend the -1 amendments on line 8, where sporting events could be replaced with words National Football League or equivalent.

224 MOTION: REP. CARTER moves a friendly amendment to the -1 amendments, which would call for a specific reference to the NFL.

230 WILLIAMS: I would not use the NFL's name in the bill.

247 CHAIR BAUM: The intent is to continue running the NFL games. Do you see any problem limiting this to football?

250 REP. SCHOON: I think that would be just fine but it would be good to have the option open for the future. We should exclude basketball and any amateur sport.

266 REP. KATZ: There is a potential to make more money on adding more sports. You need to figure out how much of that money needs to go to this program to meet their budgetary needs. I recommend you put a cap on it.

305 MILLER: There is a cap on scholarships and anymore than that would go to self sufficiency financial aid.

319 REP. KATZ: You are going to make sure that they get all the resources under that cap off the top.

320 MILLER: It would be almost a \$10 million cap.

347 REP. KATZ: Lottery funds are used for capital construction. Why didn't you argue that we take those resources right off the top for capital construction for higher education and argue that that was just as critical as sports lottery?

356 LARGE: Our most critical need is for faculty salaries within the academic program. That is not an option available to us now.

366 REP. KATZ: I had recommended that we might allocate this money to higher educations most important issue which is faculty salaries.

383 REP. KATZ: I would want these funds to go to faculty salaries across the board and for programs to maintain the integrity of our system.

394 LARGE: We are in a situation in which athletics plays an important role. We are not in a situation where we are grossly out of balance with the amount of funds that are going to support intercollegiate athletics.

436 MILLER: Presents "Football Economic Impact Survey" (EXHIBIT G) and letter in support of HB 2601 (EXHIBIT H).

TAPE 87, SIDE B

MOTION: REP. PICKARD moves HB 2601 as amended by the -1 amendments, dated 3/8/91, to the floor with a Do Pass recommendation.

VOTE: By roll call vote (5-1) HB 2601 as amended by the -1 amendments, dated 3/8/91, is passed to the floor with a Do Pass recommendation.
Voting AYE: REPRESENTATIVES BARNES, CARTER, MCTEAGUE, PICKARD and BAUM.
Voting NAY: REPRESENTATIVE KATZ. EXCUSED: REPRESENTATIVE HAYDEN.

095 CHAIR BAUM adjourns the meeting at 9:20 am.

Submitted by,

Jeri Chase Office Manager

EXHIBIT SUMMARY

EXHIBIT A - "Survey of Sports Lottery Impact is Inconclusive," submitted by Tami Miller, pgs. 2.

EXHIBIT B - -1 amendments to HB 2601, submitted by Tami Miller, pgs. 1.

EXHIBIT C - "Lottery Sales Revenue," submitted by Tami Miller, pgs. 1.

EXHIBIT D - Letter from the State System of Higher Education, submitted by Larry Large, pgs. 7.

EXHIBIT E - Information relative to HB 2601, submitted by Lynn Snyder, pgs. 5.

EXHIBIT F - Petition in favor of HB 2601, submitted by Lynn Snyder, pgs. 15.

EXHIBIT G - "Football Economic Impact Survey," submitted by Tami Miller, pgs. 14.

EXHIBIT H - Letter in favor of HB 2601, submitted by Tami Miller, pgs. 4.

