

HOUSE LEGISLATIVE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

April 3, 1991Hearing Room 343 8:00 A.M.State Capitol Salem, OR

Tapes 110 - 112 Lottery Percentage Distribution Workforce Quality Act

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

MEMBERS EXCUSED:REP. DAVE MC TEAGUE

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

WITNESSES:JIM DAVEY, DIRECTOR, OREGON STATE LOTTERY DAVID GRIFFITHS,
SENIOR ECONOMIST, EXECUTIVE DEPARTMENT STEVE CAPUTO, DEPUTY DIRECTOR,
OREGON STATE LOTTERY STEVE BENDER, ECONOMIST, LEGISLATIVE REVENUE JOHN
POWELL, G-TECH CORPORATION ARMANDO QUIROZ, REGIONAL ADMINISTRATOR, U.S.
DEPARTMENT OF LABOR, EMPLOYMENT AND TRAINING ADMINISTRATION

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 110, SIDE A

000 CHAIR BAUM convenes the meeting at 8:10 a.m.

HB 2341 (Lottery Percentage Distribution) - PH & WKS

006 JOE CORTRIGHT: This bill changes the way that the lottery transfers
money to economic development. The committee wanted further information
on the lottery. Presents "HB 2341: Further Information on Lottery Net
Revenues and Elasticity of Sales" (EXHIBIT A).

101 REP. KATZ: Are administration costs basically equivalent?

104 CORTRIGHT: The accounting firm took the annual reports of each of
the lotteries and put them on a comparable basis. There are a couple of
cases where there is a difference of accounting of commissions. This is
reasonably comparable data. Continues presentation of EXHIBIT A.

140 REP. CARTER: It seems that our overhead expenses are out of sync
with other states. We should look at that.

149 CHAIR BAUM: When the revenues go up administration is allowed to
spend more whether they need it or not, they always take the same
percentage.

161 CORTRIGHT: The 16% cap on administration costs is a constitutional

provision. You can address the lottery budget through the percentage mechanism, make some statement about what percentage you expect to get or you can eliminate or modify the exemption and allow the legislature to go in and review the budget.

183 REP. KATZ: Has that information ever been questioned?

193 CORTRIGHT: The lottery has had this information available to the public. Submits "Oregon State Lottery Proposed Financial Plan" (EXHIBIT B) and "Oregon State Lottery Revenues and Expenses" (EXHIBIT C).

230 REP. PICKARD: In my experience when the government gets to close to enterprises they have a stifling effect. I don't want to go into the bowels of the lottery but we expect a certain kind of performance.

250 JIM DAVEY: The lottery commission has had trouble because of these comparisons with other states. Some of these states have been involved in the lottery for a long time and have an incredible number of people who play the lottery. We compare ourselves to Washington. They have a higher population so they have a higher sale volume. We pay a little over 4% to an on line game vendor they pay a little over 2% because they have more play. Connecticut has one of the best selling lotteries. They have a smaller area to cover so they save money on vendors. Percentages get a little misleading. In the first 2 years of the lottery we were over the 16% the next 3 years we were under the 16%. Presents EXHIBIT C and discusses the lottery budget.

TAPE 111, SIDE A

010 DAVEY: Continues presentation of EXHIBIT C.

043 CHAIR BAUM: We have not been very successful at projecting revenues. What is the projection for the '92-'93?

050 DAVEY: \$152 million in 1992 and \$163 million in 1993.

064 REP. KATZ: What lottery costs increase that amount depending on the game sales?

073 DAVEY: The operating expenses here are fixed except for supply.

091 REP. KATZ: Your personnel and supplies have increased, why?

096 DAVEY: Because we have added more games. Personnel services would increase because of more retailers and more games.

107 REP. KATZ: There does seem to be an increase in the operating expense but at 16% when you have higher revenue provides you have more money. You still aren't telling me what is happening with these funds.

128 REP. BARNES: Are all of your employees state employees?

145 DAVEY: Yes.

151 REP. BARNES: You have maintained the same work force even though your income has gone down.

155 DAVEY: We added more games and increased advertising. We have reached a point where we provide adequate services to the retailers and the public.

182 REP. BARNES: It looks like you were gearing up and something intervened.

185 DAVEY: What intervened was the drought in the lottery.

196 REP. HAYDEN: I had hoped that the drought was due to consumer awareness rather than greed and lust for the big prizes in the next state.

212 REP. CARTER: It is all perception. If this committee was to let you go through here and add full time employees that would give us trouble, whether you need the employees or not.

242 DAVEY: Those positions will be dropping.

263 REP. CARTER: I need to know what the difference is between TV media and TV production?

270 DAVEY: TV production in making the commercial. TV media is buying the time to air the commercial.

287 CHAIR BAUM: Have any of these full time employees been added to help deal with the possibility of video poker?

302 DAVEY: If we were given video poker we would have to insure the integrity of those games. We are not foreseeing any change in the staff for that.

321 CHAIR BAUM: Are you authorized now to legalize video poker machines?

336 DAVEY: Yes.

338 CHAIR BAUM: Is there anything to stop you from the doing video poker besides allocation?

352 DAVEY: The lottery commission hasn't really considered it because we would be competing with the illegal games. The commission could go ahead with this now. We think a ban makes a lot of sense. At this point counties don't have any choice in whether they have these machines or not.

387 REP. BARNES: Have you though about offering more frequent smaller prizes?

403 DAVEY: Yes, we are creating a game like that now.

416 REP. HAYDEN: I think one of the problems the state has with unauthorized machines is that they will pay better than the state machines. I think it is the height of hypocrisy to ban one machine because they are not authorized but say the state sponsored machines are ok.

449 REP. CARTER: The state is not going to impose itself like the mafia.

TAPE 110, SIDE B

035 CHAIR BAUM: There is a bill to ban the "gray" video games, did the

lottery have anything to do with that bill?

040 DAVEY: The lottery did not sponsor any of these bills on video poker.

049 REP. KATZ: If this issue gets through and you are permitted to run this program how do we divide the revenues? If we are concerned we might want to create an endowment fund and live off the interest.

070 CHAIR BAUM: They already have the authority to do this. The question is, do we want to control the allocation of those video poker dollars. The ban sets the stage for the operation of lottery run video poker.

099 REP. BARNES: There will be counties that go the video poker route because the commissioners will authorize it.

107 DAVEY: I don't know if that will work. They want to buy the counties off by giving them some of the take.

137 REP. PICKARD: What is your impression of HB 2341?

145 DAVEY: It is not a good bill. It would make it harder for people to win by giving more money to the state but people won't play if you do that. I think we have been responsible on the expense side. I think this would take away a lot of flexibility.

185 REP. PICKARD: In terms of numbers how would you critique Davey's view on this bill?

193 DAVID GRIFFITHS: We are trying to establish what some reasonable parameters are in terms of the perspective changes in the pay out rate and dispersions to EDD. We need to figure out how near or how far we are from that 1.6 figure that will make the lottery a wash.

232 CORTRIGHT: Presents EXHIBIT A Section II Revenue Impact. Going from 30% to 34% you get a net increase for economic development.

356 GRIFFITHS: There are limitations to the analysis that is being discussed. Focusing on the MegaBucks game our department found that the period over which you make the estimates is crucial in determining what the elasticity will be. None of these estimates look at long run elasticity. When you have a specification with a double log, that means that the elasticity estimate is constant, regardless of the level of jackpot.

TAPE 111, SIDE B

026 REP. KATZ: They are now returning roughly 32%, if they return 34% but we don't specify to them what they do internally, is there going to be a loss or is there going to be a gain?

027 GRIFFITHS: Over the long term my sense is that there is a reasonable range of estimates at the low end .5 and at the high end about 1.5 which is close to 1.6 which is revenue neutral.

039 REP. KATZ: At the low end there is .5 which is a gain in revenue and at the other end there is 1.5 which is approximately a wash. Are you are comfortable with a .5 to a 1.5 range?

055 GRIFFITHS: I think that is a reasonable range. It is very close to the 1.6 though.

059 CHAIR BAUM: Where would you put the figure at in your best estimate?

064 GRIFFITHS: 1.3 for short run elasticity.

076 DAVEY: I don't think the research takes trend into consideration. Presents "Comparison of Sales by Rollup" (EXHIBIT D). To guarantee 34% we would hold the money until the 10th draw.

139 REP. PICKARD: When was the last time you were audited?

143 DAVEY: We are audited annually and it is clean. We also have an independent auditor to look at security issues.

158 REP. PICKARD: The last audit took place under the new secretary of state. How long does it take?

167 STEVE CAPUTO: It takes about 6 months.

177 REP. PICKARD: The auditors are free to come and go?

179 DAVEY: Yes.

209 STEVEN BENDER: The problem is that the data that is available cannot be directly estimated with this process. This bill will affect the pay out rate but will not directly affect the jackpot. The lottery commission still has a great deal of options under this bill.

240 REP. KATZ: Let's say we give them the discretion as to whether to deal with administrative costs or payout prizes, so that we don't tie their hands, would you still say the same thing?

247 BENDER: The law would say the same thing. So that would still be the case. If this bill passes it will restrict the options of the lottery commission. These equations assume no change in the basic structure. But the odds may change and this will change the structure. The staff numbers are lower than they should be.

298 REP. CARTER: Can you get definitive data based on two years of activity?

300 BENDER: This bill allows for so many options.

310 REP. KATZ: If we moved from 32% to 34% and give them flexibility, and if a commission with those constraints tries to maximize the revenues, would this move be an increase for us as a state?

322 BENDER: My guess is that there would be an increase of \$3.5 million.

350 REP. CARTER: Do you think we can get definitive data on long term elasticity?

360 BENDER: Basically the estimate that I have done looks more at a short range process. We could look further back in the past and get an estimate of what would happen over a longer period of time.

370 REP. KATZ: Have you looked at Davey's analysis?

380 GRIFFITHS: We did look at an initial fiscal impact statement and the implied elasticity was in the high end of the range and we did suggested that it might be looked at in terms of the estimates that are available in the literature.

392 REP. BARNES: We haven't considered that this is an economic outlook with many variables in it. Could you give us some idea of what the economic outlook for the state of Oregon appears to be for the next 2 years?

412 GRIFFITHS: I can't really answer that right now. The lottery sales forecast is driven in part by the economic models of things such as, personal income in the state. That is a possibility you may want to consider.

440 REP. KATZ: I am willing to trust your statistics but I would feel more comfortable with the impact statement. I would like to place a floor so you don't drop our share any lower.

TAPE 112, SIDE A

043 DAVEY: I don't think this research considered where sales may have been trending, the reason we put more money into the games is because they were trending down. We think over the next 2 years these increased percentages will have a greater return than if we roll them back to where we were.

057 JOHN POWELL: It is our position that you not pass HB 2341. Scrutinize the lottery but resist locking these numbers into the law.

HB 3133 (Workforce Quality Act) - Public Hearing

130 ARMANDO QUIROZ: I feel your legislation does fit with the federal agenda. We will support tackling work force issues.

148 REP. CARTER: How is the department of labor responding to the Hudson report, in terms of the national outlook and the direction in which we are changing service industry, etc..

154 QUIROZ: Some of the original assumptions of that report we have found to be off target. I think the heavy emphasis on minorities and women and people who bring no work skills at all to the work force is something that has been modified over time. The initial shock that this was going to characterize our work force in the year 2000 has been put in perspective. The department has endorsed proposed solutions ranging from federal policy to state and local issues.

176 REP. CARTER: Do you think that agreement with what we are trying to do will be given in terms of the federal governments attitude toward JTPA?

187 QUIROZ: I think we will examine it very seriously and very thoughtfully. I think we have to compare it to the thrust of our policies and if there are any barriers to implementing those policies then those are things that we should address and examine and see if they can be modified.

193 REP. CARTER: We have money for training but we need partners and we

need to have some way to control what is done with the funds.

209 REP. KATZ: One of the recommendations is professional and technical certificates and recommends JTPA funds. We hopefully will be implementing America's Choice. We are fiscally tight right now. It is possible that if we are going to be training a labor force we should be able to use JTPA funds to do that?

241 QUIROZ: It deals with where we are right now with JTPA. Our public image has changed. We needed a reexamination of how the JTPA funds were spent. The assistant secretary has indicated that he is mostly interested in bringing together the departments of education. I am hopeful that we will be able to examine these relationships and use these dollars as we see fit.

286 REP. CARTER: Maybe we should send a letter to congress to the extent of our plans for the future asking them to ask congress to move rapidly on this issue.

295 REP. KATZ: We tried to identify what is doable and what isn't under the current JTPA regulations. We do control the allocation of those resources to the body.

315 QUIROZ: The only caveat I have to throw in is that they do have to be consistent with federal law and regulations. Given that limitation we would examine it with the sympathy and understanding that is required.

325 CHAIR BAUM adjourns the meeting at 10:28 a.m..

Submitted by,

Jeri Chase Office Manager

EXHIBIT SUMMARY

EXHIBIT A - "Further Information on Lottery Net Revenues and Elasticity of Sales," submitted by Joe Cortright, pgs. 12.

EXHIBIT B - "Oregon State Lottery Proposed Financial Plan," submitted by Joe Cortright, pgs. 4.

EXHIBIT C - "Oregon State Lottery Revenues and Expenses," submitted by Joe Cortright, pgs. 7.

EXHIBIT D - "Comparison of Sales by Rollup," submitted by Jim Davey, pgs. 1.

HOUSE LEGISLATIVE COMMITTEE ON TRADE AND ECONOMIC DEVELOPMENT

April 03, 1991Hearing Room 343 4:30 A.M.State Capitol Salem, OR

Tapes 113 - 114 Lottery Allocation

MEMBERS PRESENT: REP. RAY BAUM, CO-CHAIR REP. MARGARET CARTER,
VICE CHAIR REP. JERRY BARNES REP. VERA KATZ REP. DAVE MC TEAGUE REP. BOB
PICKARD

MEMBERS EXCUSED:REP. CEDRIC HAYDEN

SENATE MEMBERS PRESENT:SEN. WAYNE FAWBUSH, CO-CHAIR SEN. SCOTT DUFF SEN.
JEANNETTE HAMBY SEN. JIM HILL SEN. PEG JOLIN SEN. EUGENE TIMMS

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

WITNESSES:STEVE PETERSEN, DIRECTOR, ECONOMIC DEVELOPMENT DEPARTMENT

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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 113, SIDE A

000 CO-CHAIR BAUM reconvenes the meeting at 4:45 p.m.

012 CO-CHAIR BAUM: We are going to be considering allocating lottery
funds to various agencies. We have some procedural issues to deal with.
We have several bills that have been introduced in the Senate and
several that have been introduced in the House and because of the fact
that we do not meet jointly most of those bills that do have money have
referrals to Ways and Means. It has been proposed by the co-chairs that
we have an agreement between the 2 committees that out of all the
program bills, we go ahead and work those bill on the merit of the
program. We will strip out the lottery allocation and send the House
bills to the House floor to be referred to the Senate committee and the
Senate will send the bills to the Senate floor and then they will be
referred to the House committee. We will do this with the agreement
that none of those bill should be moved to Ways and Means until we
consider the full allocation bill.

045 CO-CHAIR FAWBUSH: The co-chairs met with leadership and there has
been agreement to remove the lottery funding and cross them over to the
other committee. We will have opportunities jointly to make
recommendations as to how the funding works in the lottery in relation
to what both committees have been working on independently. Submits
"1991-93 Lottery Allocation Worksheet" (EXHIBIT A).

078 CORTRIGHT: We have been trying to develop, with the Economic Development Department, a consistent framework for laying out and describing all of the state's activity with regard to economic development. We have laid out 4 major areas of economic activity. They are: 1) Regional and community development, 2) Workforce development, 3) Industry development, and 4) Business assistance. Presents EXHIBIT A.

141 STEVE PETERSEN: Presents EDD Proposed Lottery Allocations 1991-93 (EXHIBIT B).

TAPE 114, SIDE A

020 CO-CHAIR FAWBUSH: Recommendations to the Governor have indicated that they consider light rail in the lottery and the trade off would be to pull the \$10 million for Head Start out and find that in General Fund dollars.

033 SEN. J. HILL: We asked Legislative Counsel if Head Start was economic development. I am not sure that it qualifies under the definition of economic development.

036 CO-CHAIR BAUM: The Attorney General's opinion was yes it is economic development.

047 SEN. J. HILL: The Attorney General's opinion concerning prisons revolved around the issue of construction. If we're talking about constructing or building something we may as well forget about the definition for economic development because it is anything.

058 PETERSEN: Continues presentation of EXHIBITS A and B.

075 CO-CHAIR BAUM: We need to enter into a discussion as a matter of policy on what we want to spend lottery for on a broad basis. We would like to see the money spent on programs that need funding one time, that are capital intensive, project oriented and that finish up their purpose within the 2 year time period we have before we meet again. We want to generate programs that have a broad application that members of this body, on both sides, can apply to for needs in their communities and have the same chance as anybody else of qualifying for the dollars. We have a rough cut or starting point. We have a lot of things that we have funded in the past. The question is, what do we do from here as a joint committee? Do we focus back on capital projects and do general programs or do we go to the line item where individual projects by maybe more influential folks seem to find their way into the program. The purpose tonight is to lay out the whole gambit of programs and review. So how do you want to proceed from here? What should our general policy be?

117 CO-CHAIR FAWBUSH: As you look over the list and try to organize it into something that makes sense. This gives you the opportunity to make comparisons to establish priorities. We have discussed the importance of funding one-time efforts, but some of these are not one time efforts. We are seeing some trends develop in the programs that survive on lottery money that you could call ongoing efforts but within those they provide one-time shots at funds throughout the state (i.e., SPWF, PRLF, Capital Access Program, Regional Strategies, etc.). Another issue is how much administration you want to fund out of lottery? The Tourism Department is at \$6 million. Traditionally, administration for the Tourism Department has been out of General Fund and they have done

promotion with lottery money. The Governor recommended, this time, that all of TouriSMbe funded out of lottery, which is a major shift of administration onto lottery dollars. There is a lot of discussion to potentially use Video Poker to set up a "super capital construction fund" to deal with projects of statewide significance.

198 CO-CHAIR BAUM: We have a bottom line figure of \$95 million and we would like to target that as the limit to keep within. We also have back outs, which the Governor took from general fund and moved to the lottery.

208 REP. PICKARD: I think we should begin with Human Investment.

230 REP. KATZ: I am troubled, that we are beginning to make these decision, when we have no idea what the General Fund allocations are going to be on some programs that have a higher priority than everything on this list. I also have a problem with video poker. I understand that the bills on the House side are not in our committee. If Leadership wants to proceed with video poker allocation, that changes the whole complexion of this discussion.

273 CO-CHAIR FAWBUSH: Your problem with General Fund is a valid issue. Historically, the lottery funds have been kept separate in order for an opportunity for economic development. Should these revenues be put on the table to meet budget needs and set these programs aside? We may want to do that. Regarding video poker, there is an existing law allowing it to take place. There is a bill in House State and Federal Affairs to outlaw the grey games. Before we move the lottery allocation bill, adjustments would have to be made as to how those revenues would be dealt with. If that were to happen, what would be your priority in spending those funds and how do you back fill existing programs. Also we have no idea how much video poker would raise.

340 SEN. J. HILL: I think this is a good first cut. I agree with your formal policy motion. As a procedural note, I would like to have some ideal of how much was allocated last session for comparison. Regarding REP. KATZs concern about the General Fund, we are getting to the point that a lot of economic development doesn't seem to have much of a meaningful definition anymore. The idea was that we would always have some money dedicated to keeping our economy going. Economic development is what the funds have been dedicated to and I think we should keep that in mind and dedicate these funds to that. I think we could be moving toward using this money for any number of things that are not economic development and I would resist that.

396 SEN. TIMMS: I agree with SEN. HILL. I think one of the big policy problems we have is visibility. The more visibility we get, the better perception we will get from the citizens of this state. If we continue to be deficient in letting the public know where lottery dollars have gone, we will lose them. I think we have done some good things. We have provided some viable programs for local people.

427 REP. CARTER: Economic development was designed to keep economies strong and viable. If it is a one time kind of creative financing, if we want to encourage new programs for economic viability then if this committee can't support it, who can. We need to go back to the original philosophy, not to be expanding, not to be nervous about what the dollars are for, but get back to the philosophy ourselves so that we can keep these programs strong. This is the most important of times to keep businesses viable.

TAPE 113, SIDE B

037 SEN. JOLIN: I agree with REP. CARTER and I appreciate her comments. I would request that we have even more information regarding each of these programs. I want to know more about them than how much money is involved.

054 REP. BARNES: In my mind economic development means bettering the economic well being of our citizens. We are talking about job creation, job maintenance, and we are talking about one shot affairs. I don't care what the Attorney General said because he will probably sign anything you put in front of him.

075 SEN. DUFF: I agree that lottery funds should be used for economic development and we should resist those funds being used to back fill General Fund programs.

100 CO-CHAIR FAWBUSH: Some of us don't like the proposal of funding light rail with lottery funds. If we do act jointly, it is significant. If you feel strongly about some of the places we are going to put these dollars, you had better lock it up early. The later you go with this process, the greater the jeopardy everything on this list will be in. The competing demands toward the end of the session will be too much. Prior agreement is needed.

126 CO-CHAIR BAUM: My fear is that we will do something decent and it will go downstairs late and we will lose a lot of dollars for rural Oregon. If we languor until June 1, what we have done will be lost.

152 REP. MC TEAGUE: The number one problem the lottery process faces is that folks don't appreciate the investments that we have made. I think the lottery has been a way for the state to avoid having to set up other means of funding things like regional strategies and special works. I wonder how much the business or labor communities would be willing to contribute if there was no lottery. Constituency has not been vocal in support of these programs. If we are not going to fund light rail out of lottery we better decide where we are going to get the money. I have no problem with it, it is identifiable as a clear economic development project. We are skeptical that you could pass a 2 cent tax increase on the House side.

191 SEN. HAMBY: I would like to at least try to pass the 2 cent tax before it is rejected.

194 CO-CHAIR FAWBUSH: I agree.

199 REP. KATZ: I want to talk about the JTPA funds and to what extent we can direct those discretionary funds toward workforce and education issues. If that is viable, and it looks like it is, and we can get a commitment from the parties that will make that final decision, then we have a little bit more lee-way in terms of doing what we want to do now.

221 SEN. JOLIN: I agree with SEN. HAMBY. I do not have a problem with light rail. I can recall in the past that cigarette taxes have always passed in the House with both parties approval. It ought to be attempted.

240 SEN. HAMBY: I shared the idea of a cigarette tax because light rail is a 30 year commitment to the lottery.

248 MOTION: SEN. J. HILL moves to accept the general principles, to focus on programs that have general applicability, that fund projects that are completed within the 2 year cycle and are capital intensive.

258 CO-CHAIR BAUM: Any objection to these principals?

265 SEN. J. HILL: We have tried to live by this principle since we first had the lottery money to deal with. I think it is a good principle to guide ourselves on how to use the money.

287 VOTE: Being no objection the principles above are adopted.

298 SEN. J. HILL: How much was the decline of lottery funds that we have to work with?

310 CORTRIGHT: The best estimate of revenue that we will actually get this biennium is \$103 million.

319 CO-CHAIR FAWBUSH: There are a number of major issues that we are going to have to walk through. In addition to each of the line items, there are some major policy issues. They tend to be grouped within these 4 main areas. There are issue within Regional Strategies and Special Public Works as to how we want those to work, that seem to me to be best handled as a joint committee. I suggest that staff gives us a working list of the major issues, one being how you deal with the ending balance. We also need to decide how the committee wants to deal with other requests not on this sheet. Do you want to hold public hearings for input?

371 SEN. HAMBY: I would like some real critical critiques of the past expenditures.

382 REP. KATZ: I want to be sure we schedule the JTPA people and resolve the issue of our ability to direct funds.

392 REP. BARNES: I would like us not to drop the issue of a cigarette tax.

403 SEN. DUFF: I agree with REP. BARNES. I think we should send a strong message that we support light rail with a cigarette tax.

408 CO-CHAIR FAWBUSH: Let's find out how many people in the committee are interested in seriously considering the light rail for a cigarette tax and not the lottery. Then we could write a letter to the Leadership expressing the committees feelings on this. How many are interested?

425 Expressing interest: REPRESENTATIVES CARTER, BARNES and PICKARD, SENATORS FAWBUSH, JOLIN, HAMBY, HILL and DUFF.

430 Those opposed: REPRESENTATIVES BAUM and KATZ.

431 Those that are indifferent: REPRESENTATIVE MC TEAGUE.

432 Those excused: REPRESENTATIVE HAYDEN and SENATOR TIMMS.

471 CO-CHAIR FAWBUSH: Next meeting we will get some rules in front of you to decide how this committee should operate jointly. There are 2 options, the requirement of a double majority or a simple majority of the joint committee.

TAPE 114, SIDE B

027 CO-CHAIR BAUM: There is also the video poker option. I want to hold this process up until next week when we have the opportunity to talk about other options for funding light rail.

047 CO-CHAIR BAUM adjourns the meeting at 6:15 p.m.

Submitted by,

Jeri Chase Office Manager

EXHIBIT SUMMARY

EXHIBIT A - "1991-93 Lottery Fund Allocation Worksheet," submitted by Co-Chair Wayne Fawbush, pgs. 1.

EXHIBIT B - ODD Proposed lottery allocation 1991-93, submitted by Steve Petersen.