

Conference Committee on HB 3151 June 25, 1991 - Page

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.

CONFERENCE COMMITTEE ON HB 3151

June 25, 1991Hearing Room 343 1:30 p.m.Tapes 1 - 2

SENATE MEMBERS PRESENT: Sen. Cohen Sen. Brockman Sen. Cease Sen. Fawbush

HOUSE MEMBERS PRESENT: Rep. Markham, Chair Rep. Baum Rep. Shiprack

MEMBER EXCUSED: None

STAFF PRESENT: Randall Jones, Committee Administrator Carolyn Cobb, Committee Assistant

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TAPE 1, SIDE A

004 CHAIR MARKHAM: Calls the meeting to order at 1:37 p.m.

006 CHAIR MARKHAM: Explains the House version of the bill.

013 RANDALL JONES, COMMITTEE ADMINISTRATOR: Explains the differences between the House and Senate versions of the bill. -Submits proposed dash C25 LC amendments dated 6/25/91 (EXHIBIT A). -Calls the committee's attention to an error on page 1, line 6, the words "net proceeds" should be "net receipts".

051 SEN. FAWBUSH: Suggests dedicating 2.5% of the net receipts, an equivalent amount to what is already dedicated to the counties in the general lottery bill for economic development, giving the counties a total of 5%. This half would go to mental health services to treat addictive behavior. -Submits and reviews proposed amendments (EXHIBIT B). -Legislative Counsel says that the lottery dollars could probably be justified on the basis of improvement to the state which would help the economy. -Section 19 (a) of the proposed dash C25 LC amendments deals with a request from the governor's office that we direct the Lottery Commission to conduct an independent study that deals with any addictive behavior, that may or may not be created by the lottery games.

090 MOTION:SEN. FAWBUSH moves to adopt the C-engrossed bill as the working document, and to adopt the dash C25 LC amendments dated 6/25/91 to HB 3151 (EXHIBIT A).

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

097 MOTION:SEN. FAWBUSH moves to adopt the Further Proposed Amendments (EXHIBIT B) to HB 3151, subject to review by legislative counsel.

098 SEN. FAWBUSH: Discusses how the moneys would be allocated under the Further Proposed Amendments.

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

124 SEN. FAWBUSH: This will substantially help local governments in dealing with their mental health problems.

135 REP. SHIPRACK: We have deleted the 3% for gaming law enforcement?

136 REP. BAUM: Yes, we have fully funded this with the State Police budget.

141 REP. SHIPRACK: If someone should challenge the constitutionality of these expenditures, and a court should find that these dollars that are being expended for mental health are not economic development, the rest of the bill shall remain intact.

152 MOTION:SEN. FAWBUSH moves to amend HB 3151 by inserting the words "If any part of this bill is found to be unconstitutional, it will not negate the rest of the bill.", subject to review by Legislative Counsel.

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

160 SEN. CEASE: The Conference Committee on HB 2550 has asked this committee to look at the level of the privilege tax on video poker machines. -Explains the current level of tax is \$100. That will apply to amusement devices and video lottery games. They were considering lowering to \$75 the privilege tax on all other amusement devices, and wants a different level set by this committee on the video poker machines that are owned or leased by the state. -This also relates to a budget bill in the Ways and Means Committee?

184 SEN. FAWBUSH: If there were a change, you would simply have to have an Emergency Board change on the appropriations level.

186 REP. SHIPRACK: We can do it in the omnibus bill if this were to pass before the omnibus bill comes out of Ways and Means, or you could do it with an Emergency Board adjustment.

190 SEN. CEASE: If the other games are going to be reduced to \$75, would you be interested in continuing the video poker game at \$100 or higher? That would keep from reducing revenue to Oregon Youth Conservation Corps (OYCC) or to the counties' general funds.

199 SEN. FAWBUSH: How is the money split now?

203 STEVE BENDER, LEGISLATIVE REVENUE OFFICE: Explains how the privilege tax revenues are currently distributed. -Explains the changes

in allocation being considered by the Conference Committee on HB 2550.

219 SEN. FAWBUSH: I am not interested in giving more to the counties. -Suggests dedicating whatever the Revenue Committee sets for their fee, that \$75 of the privilege tax on video poker machines would go the same place that allocation goes. Any additional privilege tax would all go to the OYCC.

246 REP. SHIPRACK: I am wondering why we are dealing with this issue in this bill. You have the proper relating clauses and the proper issues in front of an existing conference committee on HB 2550, why doesn't that committee deal with this issue.

258 SEN. FAWBUSH: I agree this is probably not the most appropriate place, but we are not going to get it out of the Conference Committee on HB 2550.

266 SEN. CEASE: It has been a very positive and cooperative experience, we just have a disagreement on how the House and the Senate want to handle that side, so Rep. Delna Jones asked if I would bring it to this committee.

271 SEN. FAWBUSH: The other minor point is that this bill has a very uncertain future in the Senate, so we are looking for some ways to add some bells and whistles to encourage its passage.

281 SEN. CEASE: It seems to me it would not be unreasonable if you simply retained for the video poker machines the current \$100, and the other part can be taken care of in the other bill.

289 REP. BAUM: You are saying that we reduce the present \$100 fee for everything other than video poker to \$50?

290 SEN. CEASE: It is \$75.

296 REP. BAUM: Then to keep the video poker at \$100, and take the \$25 difference and have that dedicated strictly to OYCC?

297 SEN. CEASE: We did not go that far, we just did a concept that was \$75 on everything. She requested specifically if this committee could simply look only at the video poker part of that privilege tax. I am asking this committee only to maintain the \$100 on video poker.

317 SEN. FAWBUSH: I would make it \$150. If you are going to do it, make it worth while. -It is estimated that each machine on the average will net \$20,000 a year. Out of that the State will get maybe 25%, the lottery administration will take 4% or 5%, the counties get 5%, the vendors and the establishments get the rest. \$20,000 a year machine should be licensed for only \$75 or \$100?

334 CHAIR MARKHAM: If we have the golden goose out there, why add another tax on to it?

338 SEN. FAWBUSH: I do not think you have reached the threshold yet on marginal profitability for those machines. The Senate is not really excited about this bill.

346 CHAIR MARKHAM: We are adding some bells and whistles at your suggestion, now you are back for more.

354 SEN. FAWBUSH: This is the end of it. It is a drop in the bucket to the gross receipts of most of those machines.

358 CHAIR MARKHAM: South Dakota and Montana both give the owner-operators a bigger share than what we are willing to give them right now. But I do not know what the machine tax per year is.

368 SEN. FAWBUSH: That is an indeterminate number that the Lottery Commission will set.

370 CHAIR MARKHAM: No, I am talking about the Revenue Department tax of \$100 a machine. We are leaving private enterprise less money in the Oregon system than they do.

376 SEN. FAWBUSH: I am just suggesting this is a very positive gesture in order to secure another vote or two in the Senate.

380 REP. SHIPRACK: You said the chair of the House Revenue Committee is apparently in favor of the \$100?

386 SEN. CEASE: Her comment to me this morning was to request we talk about it in this committee. The proposal in the Senate on the machines was a \$500 tax for video lottery machines, so I think \$150 or \$125 or \$100 would be reasonable.

401 REP. SHIPRACK: When you ask this conference committee to start allocating dollars when we have not seen the big picture from the Revenue Committee's viewpoint, it makes me nervous as how these various people are going to be treated at the end of this. It is an issue that belongs in HB 2550 to make sure those issue are adequately dealt with.

416 REP. BAUM: If we set a fee for the video poker machines in this committee in this bill, where will the money go?

420 SEN. CEASE: How ever you want to do it.

421 REP. BAUM: Will we give it to OYCC directly?

422 SEN. CEASE: You could have it go according to the formula, you could have a portion go to the OYCC.

427 REP. BAUM: Mr. Bender, let us say we set a fee of \$100 for video poker and \$25 goes to OYCC. What does OYCC have and what does it need?

TAPE 2, SIDE A

008 BENDER: The expenditure limitation for this biennium for OYCC is a bit under \$1.6 million. If you increase the fee to \$100 for video lottery machines and dedicate all of that to OYCC, along with the amount dedicated to it by the Conference Committee on HB 2550, you would have about \$1.75 million going to them.

014 MOTION:REP. BAUM moves to adopt an amendment to HB 3151 to set the privilege fee on video poker machines at \$100 per machine and distribute the funds to the

Oregon Youth Conservation Corps.

017 MOTION:SEN. FAWBUSH moves to amend Rep. Baum's proposed amendment to \$150 per machine.

VOTE:In a roll call vote, Sen. Fawbush's motion failed, with Sen. Cease and Sen. Fawbush voting AYE. Sen. Brockman, Rep. Baum, Rep. Shiprack and Rep. Markham voting NAY. Sen. Cohen was excused.

034 VOTE:In a roll call vote, Rep. Baum's motion failed, with Sen. Brockman, Sen. Cease, Rep. Baum, Rep. Shiprack, and Rep. Markham voting AYE. Sen. Fawbush voting NAY. Sen. Cohen was excused.

050 MOTION:REP. SHIPRACK moves the HB 3151 as amended to the floor of the House with a "do pass" recommendation.

VOTE:In a roll call vote, the motion failed, with Sen. Brockman, Rep. Shiprack, and Rep. Markham voting AYE. Sen. Cease, Sen. Fawbush, and Rep. Baum voting NAY. Sen. Cohen was excused.

067 CHAIR MARKHAM: Recesses the meeting at 2:13 p.m.

-Resumes the meeting at 5:13 p.m.

073 JONES: Submits and reviews the dash C26 LC amendments dated 6/25/91 (EXHIBIT C), which are the conceptual amendments adopted earlier in the meeting along with the dash C25 LC amendments.

085 MOTION:REP. SHIPRACK moves to adopt the C26 LC amendments dated 6/25/91 to HB 3151 (EXHIBIT C).

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

093 MOTION:REP. SHIPRACK moves the Conference Committee Report on HB 3151 as amended to the respective chambers.

098 SEN. FAWBUSH: We really did not get to a resolution because there are a couple of different factors involved in the issue of the privilege tax. -Letting this bill go before we get some understanding of what is going to happen to the funding level makes me very nervous. -Wants assurance the OYCC program is going to receive some traditional level of funding, at least to keep it equal with where it was through Revenue Committee actions.

112 CHAIR MARKHAM: You cannot go beyond what the House or Senate Committees did.

118 JONES: In discussing this with the House Clerk our charter is simply to find agreement between the two versions of the bill, and we cannot go into a separate subject such as taxation.

121 SEN. CEASE: I will be happy to continue to work on the issue in HB 2550. We have not been able to get back into that conference committee and I do not know if we will do that today. Does the committee want to recess until tomorrow?

132 SEN. FAWBUSH: When do you think you may meet again on HB 2550?

133 SEN. CEASE: As soon as we can get schedules together to do it.

138 SEN. FAWBUSH: Requests that committee be given a day to look at it. -Wants to know if the Senate is bound by the same restrictions on

conference committees.

154 SEN. CEASE: I would ask for just a little time, considering we were working on other subject areas, which have kept us from trying to discuss this issue.

159 REP. SHIPRACK: The fact that some people want to put more money into a program at this time in this bill, in my opinion is inappropriate. If in fact this program needed more funding, it should have been dealt with. It is my understanding it did get a substantial increase already.

176 SEN. FAWBUSH: I would only request we have a day to look at what the House Revenue Committee is going to do.

190 VOTE: In a roll call vote, the motion failed, with Rep. Markham and Rep. Shiprack voting AYE. Sen. Brockman, Sen. Cease, Sen. Fawbush and Rep. Baum voting NAY. Sen. Cohen was excused.

222 CHAIR MARKHAM: Adjourns the meeting at 5:25 p.m.

Submitted by:      Reviewed by:

Carolyn Cobb      Randall Jones Assistant Administrator

EXHIBIT LOG:

A      -      Amendments to HB 3151 - Randall Jones - 2 pages  
B      -      Amendments to HB 3151 - Sen. Wayne Fawbush - 1 page  
C      -      Amendments to HB 3151 - Randall Jones - 2 pages