

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.

Measures Heard HB 2219, PH & WS HB 3151, WS

SENATE COMMITTEE ON JUDICIARY

June 18, 1991Hearing Room C 1:30 p.m.Tapes 237 - 238

MEMBERS PRESENT:Sen. Joyce Cohen, Chair Sen. Jim Hill, Vice-Chair
Sen. Peter Brockman Sen. Jim Bunn Sen. Jeannette Hamby Sen. Bob
Shoemaker Sen. Dick Springer

STAFF PRESENT: Ingrid Swenson, Committee Counsel Kate Wrightson,
Committee Assistant

WITNESSES: Rep. Judy Bauman Kate Brown, Women's
Rights Coalition Laurie Wimmer, Commission on Women Jim Davey, Oregon
Lottery Commission Major Dean Renfrow, Oregon State Police Stu
Rasmussen, Oregon All-Games Manufacturing Russ Spencer, Oregon State
Sheriffs Association Roger Martin, Oregon Amusement & Music Operators
Association

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TAPE 237, SIDE A

002 CHAIR COHEN: Calls hearing to order at 1:46 p.m.

HB 2219, RELATING TO CRIME, PUBLIC HEARING & WORK SESSION

012 REP. JUDY BAUMAN: Reviews history and intended purpose of bill.
Submits and reviews - 4 amendments (Exhibit A).

032 KATE BROWN, WOMEN'S RIGHTS COALITION: Testifies in support of bill.

041 LAURIE WIMMER, COMMISSION ON WOMEN: Submits and summarizes written
testimony in support of bill (Exhibit B).

051 SEN. HAMBY: Moves to adopt the -4 amendments to HB 2219.

052 SEN. BUNN: Would picketing other than that in a labor dispute be

legal under this bill?

056 REP. BAUMAN: First Amendments protections are in this bill; lawful and peaceful picketing is still lawful.

058 SEN. BUNN: Is there a reason to specify labor disputes?

061 REP. BAUMAN: We thought it was valuable to make it explicit.

078 MOTION CARRIES, WITH SENATORS HAMBY, SHOEMAKER, SPRINGER, HILL, AND COHEN VOTING AYE, SENATOR BUNN VOTING NAY, AND SENATOR BROCKMAN EXCUSED.

079 SEN. HAMBY: Moves HB 2219, as amended, to the floor with a "do pass" recommendation.

083 MOTION CARRIES, WITH SENATORS HAMBY, SHOEMAKER, SPRINGER, HILL, AND COHEN VOTING AYE, SENATOR BUNN VOTING NAY, AND SENATOR BROCKMAN EXCUSED.

HB 3151, RELATING TO THE LOTTERY, WORK SESSION

087 SWENSON: Submits and reviews summary of intended purpose of bill (Exhibit C). -Submits and reviews -19 amendments and summary of their purpose (Exhibits D & E).

125 JIM DAVEY, OREGON LOTTERY COMMISSION: The proposed amendments would clean up the bill.

127 SEN. HAMBY: Would the commission be willing to purchase and maintain all video poker machines in the state?

142 DAVEY: That is a possibility; we plan to run background checks on all operators and servicers of these machines.

148 SEN. HAMBY: What is the difference in revenue between the proposal before us, and state- owned and operated machines?

156 DAVEY: We are mandated to provide the greatest revenue possible to the state, and to conduct an audit of those revenues. -30% will be returned to the state. This is the highest percentage of any state with legal video gambling.

187 SEN. HILL: You propose to delete the provision which would allow Oregon manufacturers to make games and sell them to other states?

191 DAVEY: Yes. We deleted that at the request of the State Police.

198 SEN. HILL: How many manufacturers of these games are in Oregon?

202 DAVEY: No more than six.

204 SEN. HILL: This will result in Oregonians losing their jobs, won't it?

210 DAVEY: If they can make the kind of machines we will require, then they won't. If they can't adapt, then that is a conceivable result.

216 SEN. HILL: What is the law enforcement problem? It seems that something could be worked out.

229 MAJOR DEAN RENFROW, OREGON STATE POLICE: Our major concern with

this issue is a matter of perception: the production of illegal games in a state that regulates the use of these machines.

242 SEN. HILL: I don't see why we can't do something to accommodate these Oregonians who are already in business, instead of forcing them out of business.

261 RENFROW: We aren't opposed to free enterprise. We are opposed to illegal gambling.

276 SEN. HAMBY: What is the ease of enforcement in the proposal before us, which allows for private contracts, versus a proposal which would require the state to own and operate the games?

284 RENFROW: The latter proposal would simplify enforcement; the key concern is that there be as few entities between the commission and the retailer as possible.

296 SEN. HAMBY: It is possible for the commission to purchase machines, isn't it?

300 DAVEY: We would probably consider some type of lease arrangement.

305 SEN. HAMBY: I would like the committee to consider a system where the state owns and operates the machines.

315 SEN. BUNN: Would those amendments conflict with the -19 amendments?

318 SEN. HAMBY: No. -How many sites would be eligible for these machines?

329 DAVEY: Approximately 2600. Machines must be in an age-controlled area.

341 SEN. HAMBY: What about restaurants?

346 DAVEY: They must have an age-controlled area, in addition to a license, in order to operate a machine.

369 SEN. BUNN: Line 5 of the -19 amendment says that devices must be approved by the Director of the Lottery. Does this mean that you can block certain machines from being used?

376 DAVEY: If the commission is not willing to approve a game, then I cannot approve it as Director.

383 SEN. BUNN: If we deleted lines 10-12, then you would have that discretion.

384 DAVEY: Yes.

398 SEN. BUNN: I am concerned about amending the statute to prevent Oregonians from manufacturing an article meant for use in another state.

404 RENFROW: If we can track manufacturers so that illegal machines do not remain in Oregon, then we could agree to that amendment.

415 SEN. BUNN: What if an Oregon manufacturer had a contract with Montana to produce machines for their state? That would be illegal under the proposed amendments.

TAPE 238, SIDE A

012 SEN. SPRINGER: Are you suggesting that we allow the Director to criminalize possession of certain machines? I think that is beyond our authority to delegate.

021 CHAIR COHEN: Is manufacture of gray games made a crime in the bill?

024 SWENSON: The language being deleted by these amendments would have exempted machines made in Oregon, but not used in Oregon, from the definition of a gray game.

049 SEN. BUNN: This only clarifies the exemptions.

063 CHAIR COHEN: Clarifies proposed amendment.

097 SEN. BUNN: Moves to amend -19 amendments by deleting lines 4-6 and lines 9-12, and to adopt the resulting amendments.

124 HEARING NO OBJECTIONS, CHAIR COHEN SO ORDERS.

126 SEN. HAMBY: How will approved machines be recognized by security? Will there be a sticker or other marking?

132 DAVEY: We will make it readily apparent.

138 SWENSON: Submits and reviews -16 amendments and summary of their intended purpose (Exhibits F & G).

157 SEN. HAMBY: Moves to adopt -6 amendments to HB 3151.

171 HEARING NO OBJECTIONS, CHAIR COHEN SO ORDERS.

174 SEN. HAMBY: Submits and reviews -18 amendments (Exhibit H).

227 CHAIR COHEN: Moves to adopt Section 15 of the -18 amendments.

246 HEARING NO OBJECTIONS, CHAIR COHEN SO ORDERS.

247 SEN. HAMBY: Moves to adopt lines 3-7, page 1, of the -18 amendments. -This deals with the integrity of the games and the integrity of the system as a whole.

276 SEN. HILL: In the other states with these machines, is maintenance done by the state or by the contractors?

279 DAVEY: We would be the only state operating games in this manner.

290 SEN. HILL: Do you feel this is necessary for the integrity of the game?

292 DAVEY: I agree with the police; the less people involved, the better.

360 STU RASMUSSEN, OREGON ALL-GAMES MANUFACTURING: I am neutral on the issue of state ownership. If you appoint state workers to do maintenance on these machines, you will destroy the existing infrastructure which currently services the machines.

382 CHAIR COHEN: Calls the previous question.

393 MOTION CARRIES, WITH SENATORS BUNN, HAMBY, SHOEMAKER, SPRINGER, AND COHEN VOTING AYE, AND SENATORS BROCKMAN ANDHILL VOTING NAY.

396 SEN. HAMBY: Moves to adopt lines 21-24 on page 1 of the -18 amendments to HB 3151.

409 SEN. SHOEMAKER: I am wondering whether "proceeds" on line 21 is net or gross. Gross is easier to calculate.

420 DAVEY: We have always considered proceeds to be the gross amount left in the machines after prizes are paid: the net revenue.

TAPE 237, SIDE B

011 SEN. HAMBY: Moves to replace "proceeds" with "net revenue" in the -18 amendments.

033 SEN. SPRINGER: The bill says that the net revenue "shall be distributed to the county." Will that be per capita, or by the number of machines, or by another equation?

044 DAVEY: We will be able to track revenue by county, and I think that distribution will be based on that.

053 SEN. HAMBY: There will be a distribution formula.

057 SEN. BUNN: Do any county mental health programs currently have gambling addiction treatment programs?

058 SEN. HAMBY: I don't know.

067 SEN. SPRINGER: How will distribution be managed between county sheriffs, and city law enforcement?

076 DAVEY: I don't know what the distribution will be at the county level.

110 SEN. SPRINGER: We could provide a mechanism for local law enforcement to receive funds based on revenue collected from machines within their jurisdictions.

118 SEN. BUNN: I think we should have the counties distribute the funds.

124 SEN. SHOEMAKER: County sheriffs could purchase city police services with their funding. I agree with Sen. Bunn.

126 CHAIR COHEN: We can have something drafted which will direct a collaborative effort.

137 RENFROW: One solution would be to incorporate a system of interagency agreements similar to forfeiture. It would be easy to implement.

148 RUSS SPENCER, OREGON STATE SHERIFFS ASSOCIATION: Intergovernmental agreements are common. In this situation, a task force operation would probably be established. -These funds are stipulated for gaming law

enforcement.

164 SWENSON: Forfeiture law is a complex arrangement, set up according to a particular formula.

171 CHAIR COHEN: We need some language which will stipulate intergovernmental agreements for gaming law enforcement.

188 SEN. HILL: Moves to amend the -18 amendments by adding language stipulating intergovernmental agreements for gaming law enforcement on lines 22-23 of page 1.

225 CHAIR COHEN: Law enforcement should be considered as an administrative expense.

240 HEARING NO OBJECTIONS, CHAIR COHEN SO ORDERS.

246 SEN. HAMBY: Discusses funding for mental health programs.

260 SEN. HILL: The problem is whether mental health programs can be allocated as economic development; the rules for administrative expenses are very strict.

266 DAVEY: This area is susceptible to challenge.

289 CHAIR COHEN: We will need some additional language to justify our inclusion of mental health programs as administrative expense.

296 SEN. HAMBY: Moves to adopt lines 1-2, on page 2, of the -18 amendments.

300 HEARING NO OBJECTIONS, CHAIR COHEN SO ORDERS.

310 ROGER MARTIN, OREGON AMUSEMENT & MUSIC OPERATORS ASSOCIATION: Your amendments will cost Oregonians their jobs. Please reconsider your action to have the state own these machines.

341 CHAIR COHEN: Could the state contract to other operators, under the language we have adopted?

346 SEN. SHOEMAKER: I think that is implicit in the language which states that "the state shall maintain" the machines.

378 SEN. HILL: If there is not a real issue of system integrity, since the machines are controlled from a central computer, I don't see why people other than the state can't benefit.

418 MARTIN: The real problem in Oregon is that there aren't enough people doing lottery security.

TAPE 238, SIDE B

030 SEN. SPRINGER: Do the people whom you represent service and sell other kinds of machines besides video poker machines?

032 MARTIN: Yes. They service and maintain a variety of amusement machines, but poker machines are 25% of their business.

078 DAVEY: South Dakota has had no major problems, even though they contract their machines out.

114 CHAIR COHEN: Moves to reconsider vote by which the committee adopted lines 3-7 of the -18 amendments.

135 MOTION CARRIES, WITH SENATORS BROCKMAN, BUNN, HAMBY, HILL, AND COHEN VOTING AYE, AND SENATORS SHOEMAKER AND SPRINGER VOTING NAY.

138 SEN. HILL: Moves to delete lines 3-7 of the -18 amendments.

148 MOTION CARRIES, WITH SENATORS BROCKMAN, BUNN, HAMBY, SHOEMAKER, HILL, AND COHEN VOTING AYE, AND SENATOR SPRINGER VOTING NAY.

186 SEN. SHOEMAKER: Moves HB 3151, as amended, to the floor without recommendation.

194 MOTION CARRIES, WITH SENATORS BROCKMAN, HAMBY, SHOEMAKER, AND COHEN VOTING AYE, AND SENATORS BUNN, SPRINGER, AND HILL VOTING NAY.

195 SEN. HILL: [QUOTE] "I serve notice of a possible minority report on HB 315 1."

198 SEN. SPRINGER: [QUOTE] "I also serve notice of a possible minority report on HB 3151."

199 SEN. BUNN: [QUOTE] "I'll join one of those."

204 CHAIR COHEN: Adjourns hearing at 3:25 p.m.

Submitted by: Reviewed by:

Kate Wrightson Ingrid Swenson AssistantCounsel

EXHIBIT LOG:

A	-	Amendments to HB 2219 - Rep. Judy Bauman - 2 pages
B	-	Testimony on HB 2219 - Laurie Wimmer - 1 page
C	-	Testimony on HB 3151 - Staff - 1 page D - Amendments to
HB 3151 - Staff	- 1 page E	- Testimony on HB 3151 - Staff - 1 page
F	-	Amendments to HB 3151 - Staff - 4 page G- Testimony on
HB 3151 - Staff	- 1 page H	- Amendments to HB 3151 - Sen.
Jeannette Hamby	- 5 pages	