

State Lottery may cut commissions for bars, taverns

BY CHARLES E. BEGGS
THE ASSOCIATED PRESS

SALEM — State Lottery Director Dale Penn on Tuesday recommended that bar and tavern commissions on new slot-machine-style video games be about one-half the average rate now paid on video poker.

Lottery retailers get an average of 28.8 percent of net revenue from video poker machines. Penn proposed that retailers get 15 percent from the slot-type games that will be added to the machines in a few months.

The restaurant industry immediately denounced the proposal.

"We're very disappointed," said Mike McCallum, president of the Oregon Restaurant Association.

McCallum said the sharply reduced rate wouldn't be an incentive for bar and tavern operators to welcome the slot games.

"If they have a choice and don't take them, there's no way the state's revenue projection can be met," he said.

Gov. Ted Kulongoski has directed the commission to add the so-called line games to video machines to raise an additional \$60 million a year to finance the state police.

Net revenue is money played on the video terminals minus prizes paid out.

A final rate decision is up to the state Lottery Commission. Penn said he expects the panel may take that action in April, following a hearing on his recommendation set for March 25 in Salem.

Penn said the lower commission for the slot-style games is justified because adding the games "will not significantly increase costs to retailers" and will boost sales from increased play.

"Our goal ultimately is to increase sales, and when we look at what has occurred in other markets and what games are most popular, line games are that popular choice," he said.

Plans are to have new games operating by July.

Lottery retailers for years have asked the state to add the line

games to the poker machines on grounds that they face competition from Indian casinos in which the vast majority of machines offer slot games.

But McCallum said if most players eventually prefer the lottery's slot games, as some analysts project, Penn's plan would cut retailers' overall commissions nearly in half.

There are 10,300 of the lottery's video poker machines in 2,000 establishments around the state.

Video poker produces more than 80 percent of the almost \$400 million a year in lottery profits that the state uses for education, economic development and other programs.

Penn said installing line games is mostly a matter of putting new software and computer chips into the poker machines.

Penn had earlier proposed shaving commissions for all video games to an average of 25.6 percent — which retailers also opposed — because the lottery's existing electronic systems can't separate commission rates by games.

Penn said Tuesday that by shifting money in the budget, changes can be expedited so the system can calculate separate commissions for each game.

Penn said his proposal was influenced by studies showing that establishments would still profit if commissions on all games were cut to 15 percent.

But he said paring all commissions to 15 percent "would not be viable" because he believes a significant number of bars and taverns would drop the games.

"This looks like a very thoughtful and reasonable proposal that brings the lottery more in line with its legal mandate to maximize revenue for public benefits," said Jonah Edelman of Portland, executive director of Stand for Children, which wants retailer commissions cut so more money would be available for schools.

New board will check on risks of medications on the market

BY RANDOLPH E. SCHMID
THE ASSOCIATED PRESS

WASHINGTON, D.C. — The government is setting up a special monitoring board to keep checking on medicines once they're on the market, responding to complaints that officials reacted too slowly to reports linking prescription painkillers to heart attack and stroke.

Plans for the board were announced Tuesday on the eve of a three-day scientific meeting on the safety of painkillers such as Vioxx and Celebrex, drugs that blossomed into a \$5 billion-a-year business before risks from potential side effects came to light.

Meanwhile, a medical journal questioned whether continued use of such products was justified.

Vioxx was pulled from the

market in September after a study showed an increase in heart attacks and strokes among people using it. Other studies have also raised questions of heart problems with similar drugs Celebrex and Bextra.

"Because there are well-established options for treatment of all the approved indications for these drugs, it is reasonable to ask whether the use of the drugs can now be justified," Dr. Jeffrey M. Drazen, editor of the New England Journal of Medicine, wrote in an editorial published online.

That is the question facing the Food and Drug Administration's arthritis and drug safety and risk management advisory committees at their meeting beginning Wednesday.

The new drug safety board was

announced by Health and Human Services Secretary Mike Leavitt, who said it has become clear that people want more oversight and openness from the FDA.

"They want to know what we know, what we do with information and why we do it," Leavitt said, promising to create "a new culture of openness and enhanced independence."

The board will recommend which information and updates to put on the government's Drug Watch, resolve disputes over drug safety issues and oversee the development of a drug safety policy. It will include FDA employees and medical experts from other government agencies and will consult with outside medical experts as well as consumer and patient groups.

Washington among 35 states vying for possible Airbus plant

BY MATTHEW DALY
THE ASSOCIATED PRESS

WASHINGTON — Representatives from Washington state were among officials from 35 states in attendance Tuesday as the parent company of Boeing rival Airbus made a pitch for a \$600 million aircraft assembly plant to be built in the United States.

Representatives from Grant County, Wash., the city of Spokane and the state Department of Community, Trade and Economic Development attended the informational session hosted by the European Aeronautic Defence and Space Co.

France-based EADS, the majority owner of Airbus, has said it plans to open a U.S. manufacturing site within a year with hopes of building a refueling tanker to compete with the Boeing 767.

About 135 people attended the session at a Capitol Hill hotel, EADS officials said.

"We felt we got a very, very positive response," said Ralph Crosby, head of EADS North America, who

led the presentation.

Crosby called the meeting the first step in a process that should result in selection of a U.S. site within a year. States interested in bidding on the Airbus plant were given a March 31 deadline to submit a general plan for where the plant would be located and what advantages the site would offer, Crosby said.

"We wanted to give everybody an opportunity to participate, and we got a lot of participants," he said.

In addition to Washington state, other states represented at Tuesday's meeting included Arizona, California, Florida, Kansas, Illinois, Missouri, Pennsylvania and Texas, EADS officials said. All nine states have Boeing operations.

Other states interested in the Airbus plant include North Carolina, Mississippi, Oklahoma and New Mexico.

EADS has asked states to select no more than three sites that would be capable of providing the work force, transportation options and resources needed for a site to assemble the

tanker, which would be based on the Airbus A330 passenger jet. Washington is offering Grant County and Spokane. The city of Everett, home to a massive Boeing plant, said last week it wasn't interested.

The plant, if built, could employ up to 1,100 people to manufacture billions of dollars worth of midair refueling tankers for the Air Force. Chicago-based Boeing is also interested in building the tankers, and the competition between the companies is expected to be fierce.

Under Boeing's plan, the planes would be built in Everett and modified for military use in Wichita, Kan.

Sen. Patty Murray, D-Wash., and other Washington lawmakers have denounced the EADS plan as a "slick campaign" to drum up political support for its effort to land the tanker contract.

"It's a ploy to capture American tax dollars for a French company and French jobs," said Alex Glass, a spokeswoman for Murray. "We think the tankers are going to be built in the United States and be built by Boeing."

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