2007 Regular Legislative Session FISCAL ANALYSIS OF PROPOSED LEGISLATION Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER:SB 69STATUS: OriginalSUBJECT:Emergency Lottery Computer Database Center in Burns, OregonGOVERNMENT UNIT AFFECTED:Lottery Commission, Department of Administrative Services,and Secretary of StatePREPARED BY:John F. BordenREVIEWED BY:Robin LaMonte, Dallas Weyand, and Daron HillDATE:April 9, 2007

EXPENDITURES: See Comments

<u>2007-2009</u>

2009-2011

EFFECTIVE DATE: January 1, 2008

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: This measure repeals Oregon Revised Statute 461.055. This statute "...establishes an emergency lottery computer database center at a location that is within 10 miles of the City of Burns."

The direct fiscal impact of this measure is to remove from the Lottery Commission a statutory mandate to maintain an emergency lottery computer database center around Burns, Oregon.

Currently, the emergency lottery computer database center, which was constructed by the Department of Administrative Services (DAS) using certificate of participation financing for its portion (approximately 50%) of the building costs and Lottery Commission Lottery Funds for the remaining cost. The Center is jointly operated and maintained by DAS and the Lottery Commission with the Secretary of State (SOS) renting approximately five percent of the facility. Operation and maintenance costs are financed by DAS/Lottery Commission on a 50%/50% pro-rate. The property that the Burns facility is located upon is owned by the Oregon Youth Authority.

DAS is planning to transfer the majority of its Burns Center operations to the Salem Data Center in Salem, Oregon. DAS would continue to use approximately five percent of the Burns Center. The Lottery Commission would continue to utilize the Burns Center until July 1, 2008. After that point, the Commission plans to vacate the Center and begin using a private vendor for its storage needs.

The Legislative Fiscal Office notes that passage of this measure would likely have a fiscal impact to the Lottery Commission, DAS, and SOS. The Lottery Commission reports that passage of this measure would allow it to pursue less costly emergency database backup options than the Burns Center. In addition, the Commission (and DAS) could lease the current facility or, given the authority, sell the facility (also see HB 3456).

Given DAS plans to vacate the Burns Center, the Department has stated it would not have a fiscal impact associated with this measure. DAS would continue to pay Debt Service costs for the facility, but presumably have less facility operation and maintenance costs.

While the Secretary of State has stated it would not have a fiscal impact associated with this measure, an impact would arise if it is required to pay market facility rental and maintenance rates for the space it currently rents at DAS facility rates.