

HB 2320 A STAFF MEASURE SUMMARY
House Committee On Economic Development

Action Date: 04/03/19

Action: Do pass with amendments
and be referred to Ways and Means by prior reference. (Printed A-Eng.)

Vote: 11-0-0-0

Yeas: 11 - Barreto, Bonham, Drazan, Fahey, Helm, Lively, Marsh, McKeown, McLain, Wallan, Witt

Fiscal: Fiscal impact issued

Revenue: Revenue impact issued

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Meeting Dates: 3/18, 4/3

WHAT THE MEASURE DOES:

Requires Department of Administrative Services to transfer a fixed percentage of forecasted lottery revenues to counties for economic development. Provides adjustment of disbursements to counties from video lottery revenues to compensate for differences between actual and forecasted revenues. Defines net actual and net forecasted receipts. Takes effect 91st day following adjournment sine die.

ISSUES DISCUSSED:

- Allocation to Regional Solutions continuing by agreement
- Truing up fixed amount allocated to counties

EFFECT OF AMENDMENT:

Deletes adjustment to allocation for the Regional Solutions Program. Changes disbursement adjustment to first fiscal quarter of a subsequent biennium to compensate for differences between actual and forecasted revenues in the biennium.

BACKGROUND:

The Oregon Lottery collects revenues from traditional and video lottery gaming, pays player prizes and its operating expenses out of these revenues, and then transfers the balance (net profits) to the Administrative Services Economic Development Fund (EDF). The Department of Administrative Services (DAS) then distributes funds from the EDF in adherence with constitutional and statutory funding priorities, including specific legislative allocations.

ORS 461.547 requires that 2.5 percent of net proceeds of video lottery gaming be distributed to the counties for economic development projects. Beginning with the 2005-07 biennium, 50 percent of the operating costs for the Economic Revitalization Team (ERT) established under ORS 284.555 have also been funded from this source. Beginning with the 2013-15 biennium, 50 percent of the new funding for Regional Solutions Program positions located in the Governor's Office have also been funded from this source.

The Legislative Assembly approved a fixed dollar amount for county economic development during the 2017-19 biennium, rather than the percentage allocation described in statute. The fixed dollar amount is \$41,285,992, which is equal to 2.5 percent of the amount of video lottery proceeds forecasted in the May 2017 revenue forecast, minus one-half of the allocation to the Regional Solutions Program.

House Bill 2320-A requires DAS to transfer a fixed percentage of forecasted lottery revenues to counties for economic development, and adjusts disbursements to counties from video lottery revenues to compensate for differences between actual and forecasted revenues.

