

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2665

81st Oregon Legislative Assembly – 2021 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Kim To
Reviewed by: Matt Stayner, Amanda Beitel
Date: March 15, 2021

Measure Description:

Allocates \$1,600,000 of lottery revenue to Oregon Business Development Department to be used to issue grants or loans in support of redevelopment of Port of Port Orford Cannery.

Government Unit(s) Affected:

Oregon Business Development Department (OBDD)

Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

Summary of Expenditure Impact:

	2021-23 Biennium	2023-25 Biennium
Lottery Funds	1,600,000	
Total Lottery Funds	\$1,600,000	\$0

Analysis:

HB 2665 provides a one-time allocation of \$1.6 million Lottery Funds to the Oregon Business Development Department (OBDD) to be used to issue grants or loans to the Port of Port Orford in support of redevelopment of the Port of Port Orford Cannery.

If this measure becomes law, OBDD will use existing staff and resources to issue grants and loans to the Port of Port Orford. Although the administrative costs of this measure to OBDD is anticipated to be minimal, the measure could have an impact on the state’s funding priorities, as well as specific legislative allocations.

Under current practice, the Oregon State Lottery collects revenues from traditional, sports betting, and video lottery gaming. It pays player prizes and its operating expenses out of these revenues and then transfers the balance (net revenues or proceeds) to the Administrative Services Economic Development Fund (EDF). The Department of Administrative Services (DAS) distributes funds from the EDF in adherence with constitutional and statutory funding priorities, including specific legislative allocations. The Oregon Constitution includes dedicated transfers to the Education Stability Fund (18%), Parks and Natural Resources Fund (15%), and Veterans’ Services Fund (1.5%). Statutory dedications include outdoor school education programs (4%, up to a maximum of \$5.5 million per quarter adjusted for inflation), county economic development programs (2.5% of net video lottery receipts), gambling addiction treatment programs (1%), public university sports programs and academic scholarships (1%), county fair programs (1%, up to a maximum of \$1.53 million annually adjusted for inflation), and the Public Employees Retirement System Employer Incentive Fund (net proceeds of sports betting games).

Allocations of net lottery revenues for statutory percentage transfers and legislative dedications from the EDF are approved as fixed amounts each session in a lottery allocation bill. DAS may only distribute amounts from the EDF that are approved by the Legislature. Any allocation to be distributed to OBDD under the provisions of this measure would need to be included in the legislatively approved lottery allocation from the EDF for distribution to OBDD. This distribution to OBDD reduces the amount of net lottery revenues available in the biennium for other purposes.

The measure warrants a subsequent referral to the Joint Committee on Ways and Means.