HB 2261 STAFF MEASURE SUMMARY

House Committee On Gambling Regulation

Prepared By: Leslie Porter, LPRO Analyst
Meeting Dates: 3/7, 3/14

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 disbursals to counties from video lottery revenues to compensate for differences between actual and forecasted revenues. Defines net actual and net forecasted receipts. Takes effect on 91st day following adjournment sine die.

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:
No amendment.

BACKGROUND:
The Oregon State 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 Oregon's 36 counties for economic development projects. Beginning with the 2005-2007 biennium, 50 percent of the operating costs for the Economic Revitalization Team (ERT), established under ORS 284.555, have been funded from this source. Beginning with the 2013-2015 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 2017-2019 biennium, rather than the percentage allocation described in statute. The fixed dollar amount was $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 2261 requires DAS to transfer a fixed percentage of forecasted lottery revenues to counties for economic development and adjusts disbursals to counties from video lottery revenues to compensate for differences between actual and forecasted revenues.