

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2510 - 3

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

Only Impacts on Original or Engrossed Versions are Considered Official

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Measure Description:

Removes requirement that amount of net proceeds from Oregon State Lottery allocated to County Fair Account not exceed \$1.53 million annually.

Government Unit(s) Affected:

Oregon Racing Commission, Counties, Oregon Business Development Department, Department of Administrative Services

Summary of Fiscal Impact:

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

Summary of Expenditure Impact:

	2023-25 Biennium	2025-27 Biennium
Oregon Business Development Department		
General Fund		
Personal Services	\$64,456	
Services and Supplies	\$268,150	
Total General Fund	\$332,606	\$0
Total Fiscal Impact	\$332,606	\$0
<i>Total Positions</i>	1	0
<i>Total FTE</i>	0.29	0.00

Analysis: The measure allocates eight-tenths of one percent of net Lottery revenues to the County Fair Account and two-tenths of one percent to the Oregon Racing Commission’s (ORC) Horse Racing Account established by the measure. Oregon Business Development Department (OBDD) is directed to develop a master plan for county fairground capital construction that will consist of a 5-year and a 10-year capital construction plans for each county fairground in the state, as well as findings or recommendations regarding county fairground capital construction. The measure also appropriates \$250,000 General Fund to OBDD to engage a consultant to develop the master plans. OBDD is directed to provide the Legislature the master plans along with providing copies to each county fair board, fair association board, and fair district.

OBDD anticipates hiring a consultant to develop the master plans for the county fair facilities and will need additional resources for the implementation of the measure. OBDD states that the General Fund appropriation may cover the cost of a consultant but would not be sufficient to cover internal costs for resources to conduct the Request for Proposals process, administer the resulting contract, coordinate with stakeholders, and draft the required reporting.

The Department of Administrative Services (DAS) distributes the Economic Development Fund (EDF) in adherence with constitutional and statutory funding priorities, as well as 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%), and county fair programs (1%, up to a maximum of \$1.53 million annually adjusted for inflation). ORS 461.547 requires that 2.5% of net proceeds of video lottery gaming be distributed to the counties for economic development. Net proceeds from sports betting games are dedicated to match qualifying employer payments to the Public Employees Retirement System Employer Incentive Fund.

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. Increasing the distribution to the Oregon Racing Commission and county fair programs reduces the amount of net lottery revenues available in the subsequent biennium for other purposes.

The ORC does not anticipate a fiscal impact due to this measure. The measure will provide additional resources for horse racing events in Crook, Josephine, Tillamook, and Union Counties.

The Department of Administrative Services and Counties anticipates a minimal fiscal impact.

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