

**HB 5049 BUDGET REPORT and MEASURE SUMMARY**

**Joint Committee On Ways and Means**

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**Oregon Business Development Department – Lottery Allocations  
2023-25**

**Department of Corrections, Oregon Judicial Department – Criminal Fine Account Allocations  
2023-25**

**Oregon Health Authority – Oregon Marijuana Account Allocation  
2023-25**

PRELIMINARY

## **Summary of Revenue Changes**

HB 5049 modifies the 2023-25 revenue allocations from the Administrative Services Economic Development Fund, Oregon Marijuana Account, and Criminal Fine Account. The measure decreases the amount of marijuana tax revenue transferred from the Oregon Marijuana Account to the Drug Treatment and Recovery Services Fund in the Oregon Health Authority. The measure also decreases the allocations from the Criminal Fine Account based on a projected revenue shortfall of \$6.2 million in the 2023-25 biennium. These allocations are based on the resources forecasted in the March 2025 state revenue forecast produced by the Department of Administrative Services (DAS) Office of Economic Analysis (OEA). The authorization to spend these revenues is provided in expenditure limitations established in separate measures for state agency budgets, as adjusted in the omnibus 2023-25 budget rebalance bill for the 2025 session (SB 5550).

## **Summary of Capital Construction Subcommittee Action**

### **LOTTERY REVENUE**

The Oregon State Lottery collects revenue 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) on a quarterly basis to the Administrative Services Economic Development Fund (EDF). All lottery funds are expended for public purposes defined in the Oregon Constitution, which include job creation, economic development, and public education. From each quarterly transfer, the Department of Administrative Services distributes net lottery proceeds in accordance with specific dedications required under Oregon's Constitution and statute, and for debt service payments on bonds secured by net lottery revenues and other allowable priorities determined by the Legislature.

The allocation to the Oregon Business Development Department for Operations is increased by \$120,282 to support positions related to the Department's Economic Development Management System modernization project. Additionally, the March 2025 revenue forecast reflects an increase in lottery resources available for the constitutionally dedicated distributions to the Education Stability Fund, Parks and Natural Resources Fund, and Veterans' Services Fund. HB 5049 does not include corresponding adjustments because lottery revenue transfers established by the Oregon Constitution do not require an allocation by the Legislature. The lottery cash flow table below summarizes the changes in forecasted lottery revenues dedicated for each constitutional distribution.

### **CRIMINAL FINE ACCOUNT**

ORS 137.300 establishes the Criminal Fine Account (CFA) for the deposit of a portion of the crime and violation fine payments collected by state and local courts. The statute identifies program priorities for revenue deposited into the account but does not specify funding levels for the programs. The expenditure limitations for programs receiving CFA allocations are established in the separate agency appropriation bills. CFA revenues remaining after the specific program allocations are deposited into the General Fund. Based on the March 2025 revenue forecast, CFA revenue is forecasted to have a shortfall of \$6.2 million after on approved allocations for the 2023-25 biennium.

HB 5049 decreases the allocations to the Department of Corrections, for Community Corrections, by \$5.2 million, and to the Oregon Judicial Department, for the State Court Technology Fund, by \$960,000 to reflect the decline in revenue. General Fund has been appropriated for both programs within SB 5550 to backfill the reduced CFA revenue. Additional clarifying language is also included in HB 5049 directing the Department of Revenue to reduce monthly distributions of CFA revenues proportionately if necessary due to further revenue declines.

## **OREGON MARIJUANA ACCOUNT**

Net revenue from state marijuana taxes, after payment of administrative and enforcement expenses, is deposited into the Oregon Marijuana Account (OMA), which was established pursuant to the legalization of retail marijuana sales in Oregon through Ballot Measure 91 (2014). Based on the original framework of the tax, 20% of revenue transferred to the OMA was distributed to cities and counties, with the remaining 80% distributed to the State School Fund (40%), Mental Health Alcoholism and Drug Services Account (20%), State Police Account (15%), and alcohol and drug abuse prevention, early intervention and treatment services (5%). The passage of Ballot Measure 110 (2020) changed the statutory distributions by distributing the first \$11.25 million of quarterly OMA revenue according to the original formula distributions, with OMA revenue above \$11.25 million per quarter transferred to the newly established Drug Treatment and Recovery Services Fund. HB 4056 (2022) further amended the distributions by requiring the \$11.25 million quarterly transfers for the original formula distributions to be adjusted for inflation based on the U.S. City Average Consumer Price Index.

Based on the March 2025 revenue forecast, marijuana tax revenue available for the OMA totals \$291.8 million in 2023-25. This represents a decline of \$904,817 from the March 2024 forecast. This decline in forecasted revenue is attributed to the Drug Treatment and Recovery Services Fund, and the corresponding allocation adjustment is included in HB 5049.

## **SUMMARY TABLES**

The tables below summarize Lottery Funds cash flows and allocations in the 2023-25 legislatively approved budget. The figures in these tables are not restricted solely to the impacts of HB 5049, but also include the impacts of changes in the lottery revenue forecast since the 2024 session. The subsequent tables summarize Oregon Marijuana Account and Criminal Fines Account allocations in the 2023-25 legislatively approved budget.

## LOTTERY FUNDS CASH FLOW SUMMARY

|  | 2023-25<br>Legislatively<br>Adopted Budget | 2023-25<br>Legislatively<br>Approved Budget<br>March 2024 | 2023-25<br>Legislatively<br>Approved Budget<br>March 2025 | HB 5049<br>Allocations and<br>Revenue Updates |
|--|--|---|---|---|
| <b>ECONOMIC DEVELOPMENT FUND</b>                 |  |   |   |   |
| <b>RESOURCES</b>                                 |  |   |   |   |
| Beginning Balance                                | \$ 84,396,435                              | \$ 84,396,435   | \$ 84,396,435   | \$ -  |
| Lottery Funds Reversions under ORS 461.559       | -  | 5,685,238   | 5,685,238   | -   |
| <b>REVENUES</b>                                  |  |   |   |   |
| Transfers from Lottery                           |  |   |   |   |
| Net Proceeds                                     | 1,832,994,344                              | 1,834,371,777   | 1,816,883,665   | (17,488,113)                                  |
| Administrative Actions                           | -  | 9,151,897   | 42,882,044  | 33,730,147                                    |
| Other Revenues                                   |  |   |   |   |
| Interest Earnings                                | 2,000,000                                  | 2,000,000   | 2,000,000   | -   |
| Other  | -  | -   | -   | -   |
| Total Revenue                                    | 1,834,994,344                              | 1,845,523,674   | 1,861,765,709   | 16,242,034                                    |
| <b>TOTAL RESOURCES</b>                           | <b>\$ 1,919,390,779</b>                    | <b>\$ 1,935,605,347</b>                                   | <b>\$ 1,951,847,382</b>                                   | <b>16,242,034</b>                             |
| <b>DISTRIBUTIONS / ALLOCATIONS</b>               |  |   |   |   |
| Distribution to Education Stability Fund         | (329,938,982)                              | (331,834,261)   | (334,757,828)   | (2,923,566)                                   |
| Distribution to Parks and Natural Resources Fund | (274,949,152)                              | (276,528,551)   | (278,964,856)   | (2,436,305)                                   |
| Distribution for Veterans' Services Fund         | (27,494,915)                               | (27,652,855)  | (27,896,486)  | (243,631)                                     |
| Distribution for Outdoor School Fund             | (56,406,064)                               | (36,406,064)  | (36,406,064)  | -   |
| Distribution of Video Revenues to Counties       | (59,982,296)                               | (59,982,296)  | (59,982,296)  | -   |
| Distribution for Sports Programs                 | (18,329,943)                               | (18,329,943)  | (18,329,943)  | -   |
| Distribution for Gambling Addiction              | (18,329,825)                               | (18,472,837)  | (18,472,837)  | -   |
| Distribution for County Fairs                    | (3,828,000)                                | (3,828,000)   | (3,828,000)   | -   |
| Distribution to PERS Employer Incentive Fund     | (28,186,388)                               | (28,186,388)  | (28,186,388)  | -   |
| Allocation to State School Fund                  | (604,125,973)                              | (638,737,863)   | (638,737,863)   | -   |
| Debt Service Allocations                         | (342,481,317)                              | (336,702,668)   | (336,702,668)   | -   |
| Other Agency Allocations                         | (115,337,924)                              | (118,943,621)   | (119,063,903)   | (120,282)                                     |
| <b>TOTAL DISTRIBUTIONS / ALLOCATIONS</b>         | <b>\$ (1,879,390,779)</b>                  | <b>\$ (1,895,605,348)</b>                                 | <b>\$ (1,901,329,132)</b>                                 | <b>\$ (5,723,784)</b>                         |
| <b>ENDING BALANCE</b>                            | <b>\$ 40,000,000</b>                       | <b>\$ 40,000,000</b>                                      | <b>\$ 50,518,250</b>                                      | <b>\$ 10,518,250</b>                          |

## LOTTERY FUNDS CASH FLOW SUMMARY (continued)

|   | 2023-25<br>Legislatively<br>Adopted Budget | 2023-25<br>Legislatively<br>Approved Budget<br>March 2024 | 2023-25<br>Legislatively<br>Approved Budget<br>March 2025 | HB 5049<br>Allocations and<br>Revenue Updates |
|---|--|---|---|---|
| <b>EDUCATION STABILITY FUND</b>                     |  |   |   |   |
| (not including the Oregon Growth Account balances)  |  |   |   |   |
| <b>RESOURCES</b>                                    |  |   |   |   |
| Beginning Balance                                   | \$ 708,394,230                             | \$ 708,394,230  | \$ 708,394,230  | \$ -  |
| Revenues  |  |   |   |   |
| Transfer from the Economic Development Fund         | 296,945,084                                | \$ 298,650,835  | \$ 301,282,045  | 2,631,210                                     |
| Interest Earnings                                   | 73,732,015                                 | \$ 81,015,049   | \$ 84,172,642   | 3,157,593                                     |
| Oregon Growth Account Earnings Distributions        | -  | \$ 12,054,200   | \$ 12,054,200   | -   |
| Total Revenue                                       | \$ 370,677,099                             | \$ 391,720,084  | \$ 397,508,887  | \$ 5,788,803                                  |
| <b>TOTAL RESOURCES</b>                              | <b>\$ 1,079,071,329</b>                    | <b>\$ 1,100,114,314</b>                                   | <b>\$ 1,105,903,117</b>                                   | <b>\$ 5,788,803</b>                           |
| <b>DISTRIBUTIONS</b>                                |  |   |   |   |
| Oregon Opportunity Grant Program                    | (73,732,015)                               | \$ (93,069,249)   | \$ (96,226,842)   | (3,157,593)                                   |
| Debt Service Allocations to Department of Education | -  | \$ -  | \$ -  | -   |
| Education Stability Fund Withdrawal                 | -  | \$ -  | \$ -  | -   |
| Treasury Account Fees                               | -  | \$ (98)   | \$ (286)  | -   |
| <b>TOTAL DISTRIBUTIONS</b>                          | <b>\$ (73,732,015)</b>                     | <b>\$ (93,069,347)</b>                                    | <b>\$ (96,227,128)</b>                                    | <b>\$ (3,157,593)</b>                         |
| <b>ENDING BALANCE</b>                               | <b>\$ 1,005,339,314</b>                    | <b>\$ 1,007,044,967</b>                                   | <b>\$ 1,009,675,989</b>                                   | <b>\$ 2,631,210</b>                           |

Notes:

1. 2023-25 legislatively adopted amounts are based on the May 2023 state revenue forecast and 2023-25 legislatively approved amounts are based on the March 2024 and March 2025 forecasts.
2. Oregon Growth Account distributions and transfers to the Oregon Education Fund and Oregon Opportunity Grant Program are included in the Education Stability Fund.

**2023-25 LOTTERY FUNDS ALLOCATIONS AND EXPENDITURES**

| <b>ECONOMIC DEVELOPMENT FUND</b>  | <b>Lottery Funds Allocation</b> | <b>Beginning Lottery Balance</b> | <b>Interest and Other Earnings</b> | <b>2023-25 LAB Expenditure Limitation</b> | <b>Ending Lottery Balance</b> |
|---|---------------------------------|----------------------------------|------------------------------------|---|-------------------------------|
| <b>DEBT SERVICE COMMITMENTS</b>   |                                 |                                  |                                    |   |                               |
| Higher Education Coordinating Commission<br>Outstanding bonds               | 44,554,121                      | 227,765                          | -                                  | 44,781,886                                | -                             |
| Business Development Department<br>Outstanding and Proposed bonds           | 49,512,454                      | 339,155                          | -                                  | 49,851,609                                | -                             |
| Housing and Community Services Department<br>Outstanding and Proposed bonds | 29,544,065                      | 162,965                          | -                                  | 29,707,030                                | -                             |
| Department of Transportation<br>Outstanding bonds                           | 133,743,875                     | 810,875                          | -                                  | 134,554,750                               | -                             |
| Department of Administrative Services<br>Outstanding and Proposed bonds     | 47,562,112                      | 164,860                          | -                                  | 47,726,972                                | -                             |
| State Forestry Department<br>Outstanding Bonds                              | 2,540,230                       | 16,850                           | -                                  | 2,557,080                                 | -                             |
| Department of Energy<br>Outstanding Bonds                                   | 1,416,320                       | 22,840                           | -                                  | 1,439,160                                 | -                             |
| State Parks and Recreation Department<br>Outstanding bonds                  | 3,805,835                       | 19,910                           | -                                  | 3,825,745                                 | -                             |
| Water Resources Department<br>Outstanding and Proposed bonds                | 14,060,623                      | 42,215                           | -                                  | 14,102,838                                | -                             |
| Department of Veterans' Affairs<br>Outstanding Bonds                        | 548,870                         | 2,130                            | -                                  | 551,000                                   | -                             |
| Oregon Health Authority<br>Outstanding Bonds and Proposed bonds             | 6,186,773                       | -                                | -                                  | 6,186,773                                 | -                             |
| Department of Education<br>Outstanding Bonds                                | 3,227,390                       | -                                | -                                  | 3,227,390                                 | -                             |
| <b>OTHER ALLOCATIONS</b>  |                                 |                                  |                                    |   |                               |
| Higher Education Coordinating Commission<br>Collegiate Athletics            | 18,329,943                      | -                                | -                                  | 18,329,943                                | -                             |
| Outdoor Schools   | 36,406,064                      | -                                | -                                  | 36,406,064                                | -                             |
| Oregon Health Authority<br>Gambling Addiction Treatment                     | 18,472,837                      | -                                | -                                  | 18,472,837                                | -                             |
| Department of Administrative Services<br>Distribution to County Fairs       | 3,828,000                       | -                                | -                                  | 3,828,000                                 | -                             |
| Public Employees Retirement System<br>Employer Incentive Fund               | 28,186,388                      | 341,000                          | -                                  | 28,527,388                                | -                             |
| Department of Education<br>State School Fund                                | 638,737,863                     | -                                | -                                  | 638,737,863                               | -                             |
| Office of the Governor<br>Regional Solutions                                | 4,923,010                       | -                                | -                                  | 4,923,010                                 | -                             |
| Business Development Department<br>Operations                               | 17,091,190                      | -                                | -                                  | 17,091,190                                | -                             |
| Business, Innovation, and Trade   | 76,741,709                      | 12,379,401                       | -                                  | 89,121,110                                | -                             |
| Infrastructure  | 18,828,531                      | 1,528,380                        | -                                  | 20,356,911                                | -                             |
| Film and Video  | 1,479,463                       | -                                | -                                  | 1,479,463                                 | -                             |
| <b>TOTAL ECONOMIC DEVELOPMENT FUND</b>                                      | <b>1,199,727,666</b>            | <b>16,058,346</b>                | <b>-</b>                           | <b>1,215,786,012</b>                      | <b>-</b>                      |
| <b>EDUCATION STABILITY FUND / OREGON EDUCATION FUND</b>                     |                                 |                                  |                                    |   |                               |
| Higher Education Coordinating Commission<br>Opportunity Grants              | 96,226,842                      | 18,001,069                       | -                                  | 101,500,000                               | 12,727,911                    |
| <b>TOTAL EDUCATION STABILITY/OREGON EDUCATION FUND</b>                      | <b>96,226,842</b>               | <b>18,001,069</b>                | <b>-</b>                           | <b>101,500,000</b>                        | <b>12,727,911</b>             |

## CRIMINAL FINE ACCOUNT ALLOCATIONS

|   | 2023-25 Legislatively<br>Adopted Budget | 2023-25<br>Legislatively<br>Approved Budget<br>March 2024 | 2023-25<br>Legislatively<br>Approved Budget<br>March 2025 | HB 5049<br>Adjustments |
|---|---|---|---|------------------------|
| Revenue Forecast  | \$ 113,105,114                          | \$ 101,781,362  | \$ 96,291,107   | \$ (5,490,255)         |
| Chapter 33, Oregon Laws 2023 (HB 2095)                    | 5,200,000                               | 5,200,000   | 3,813,333   | (1,386,667)            |
| <b>Criminal Fine Account Revenues</b>                     | <b>\$ 118,305,114</b>                   | <b>\$ 106,981,362</b>                                     | <b>\$ 100,104,440</b>                                     | <b>\$ (6,876,922)</b>  |
| <b>Criminal Fine Account Allocations:</b>                 |   |   |   |                        |
| <b>Department of Public Safety Standards and Training</b> |   |   |   |                        |
| Operations  | \$ 51,667,438                           | \$ 55,016,548   | \$ 55,016,548   | \$ -                   |
| Public Safety Memorial Fund                               | 279,677                                 | 279,677   | 279,677   | -                      |
| Subtotal:   | \$ 51,947,115                           | \$ 55,296,225   | \$ 55,296,225   | \$ -                   |
| <b>Department of Justice</b>                              |   |   |   |                        |
| Child Abuse Multidisciplinary Intervention Account        | \$ 12,210,883                           | \$ 12,210,883   | \$ 12,210,883   | \$ -                   |
| Regional Assessment Centers                               | 920,490                                 | 920,490   | 920,490   | -                      |
| Criminal Injuries Compensation Account                    | 10,272,994                              | 10,272,994  | 10,272,994  | -                      |
| Child Abuse Medical Assessments                           | 779,144                                 | 779,144   | 779,144   | -                      |
| Subtotal:   | \$ 24,183,511                           | \$ 24,183,511   | \$ 24,183,511   | \$ -                   |
| <b>Department of Human Services</b>                       |   |   |   |                        |
| Domestic Violence Fund                                    | \$ 2,668,697                            | \$ 2,668,697  | \$ 2,668,697  | \$ -                   |
| Sexual Assault Victims Fund                               | 605,216                                 | 605,216   | 605,216   | -                      |
| Subtotal:   | \$ 3,273,913                            | \$ 3,273,913  | \$ 3,273,913  | \$ -                   |
| <b>Oregon Health Authority</b>                            |   |   |   |                        |
| Emergency Medical Services & Trauma Services              | \$ 331,824                              | \$ 331,824  | \$ 331,824  | \$ -                   |
| Alcohol & Drug Abuse Prevention                           | 42,884                                  | 42,884  | 42,884  | -                      |
| Law Enforcement Medical Liability Account                 | 1,300,000                               | 1,300,000   | 1,300,000   | -                      |
| Intoxicated Driver Program                                | 4,323,000                               | 4,323,000   | 4,323,000   | -                      |
| Drug Treatment and Recovery Services Fund                 | 31,200                                  | 31,200  | 31,200  | -                      |
| Subtotal:   | \$ 6,028,908                            | \$ 6,028,908  | \$ 6,028,908  | \$ <del>HB 5049</del>  |

## CRIMINAL FINE ACCOUNT ALLOCATIONS (continued)

|  |                       | 2023-25<br>Legislatively<br>Approved Budget<br>March 2024 | 2023-25<br>Legislatively<br>Approved Budget<br>March 2025 | HB 5049<br>Adjustments |
|--|-----------------------|---|---|------------------------|
|  |                       | 2023-25 Legislatively<br>Adopted Budget                   |   |                        |
| <b><i>Oregon Judicial Department</i></b>                                 |                       |   |   |                        |
| State court security and emergency preparedness                          | \$ 4,493,981          | \$ 4,614,833  | \$ 4,614,833  | \$ -                   |
| County court facilities security   | 3,326,651             | 3,326,651   | 3,326,651   | -                      |
| State Court Technology Fund  | 3,887,500             | 3,887,500   | 2,927,500   | (960,000)              |
| Subtotal:  | \$ 11,708,132         | \$ 11,828,984   | \$ 10,868,984   | \$ (960,000)           |
| <b><i>Oregon State Police</i></b>  |                       |   |   |                        |
| Driving Under the Influence Enforcement                                  | \$ 351,572            | \$ 351,572  | \$ 351,572  | \$ -                   |
| Subtotal:  |                       |   |   |                        |
| <b><i>Department of Corrections</i></b>                                  |                       |   |   |                        |
| County correction programs and facilities, and alcohol and drug programs | \$ 5,197,236          | \$ 5,197,236  | \$ -  | \$ (5,197,236)         |
| Subtotal:  |                       |   |   |                        |
| <b><i>Department of Revenue</i></b>                                      |                       |   |   |                        |
| Administrative Expenses  | \$ 100,000            | \$ 100,000  | \$ 100,000  | \$ -                   |
| Subtotal:  |                       |   |   |                        |
| <b>Total Allocations:</b>  | <b>\$ 102,790,387</b> | <b>\$ 106,260,349</b>                                     | <b>\$ 100,103,113</b>                                     | <b>\$ (6,157,236)</b>  |
| <b>Transfer to the General Fund:</b>                                     | <b>\$ 15,514,727</b>  | <b>\$ 721,013</b>   | <b>\$ 1,327</b>   | <b>\$ (719,686)</b>    |

PRELIMINARY



**2023-25 Oregon Marijuana Account**

|  | <b>2023-25<br/>Legislatively Adopted<br/>Budget</b> | <b>2023-25<br/>Legislatively<br/>Approved Budget<br/>March 2024</b> | <b>2023-25<br/>Legislatively Approved<br/>Budget<br/>March 2025</b> | <b>HB 5049<br/>Adjustments</b> |
|--|---|---|---|--------------------------------|
| Cities   | 10,187,665  | 10,187,665  | 10,187,665  | -                              |
| Counties   | 10,187,665  | 10,187,665  | 10,187,665  | -                              |
| <b>Subtotal Local</b>                            | <b>20,375,330</b>                                   | <b>20,375,330</b>   | <b>20,375,330</b>   | -                              |
| <br>   |   |   |   |                                |
| Drug Treatment and Recovery Services Fund        | 196,609,572   | 190,824,043   | 189,919,226   | (904,817)                      |
| State School Fund                                | 40,750,659  | 40,750,659  | 40,750,659  | -                              |
| Mental Health Alcoholism & Drug Services Account | 20,375,329  | 20,375,329  | 20,375,329  | -                              |
| State Police Account                             | 15,281,497  | 15,281,497  | 15,281,497  | -                              |
| Drug and alcohol abuse prevention and treatment  | 5,093,832   | 5,093,832   | 5,093,832   | -                              |
| <b>Subtotal State</b>                            | <b>278,110,889</b>                                  | <b>272,325,360</b>  | <b>271,420,543</b>  | <b>(904,817)</b>               |
| <b>Total</b>                                     | <b>298,486,219</b>                                  | <b>292,700,690</b>  | <b>291,795,873</b>  | <b>(904,817)</b>               |

Note: 2023-25 legislatively adopted amounts are based on the May 2023 state revenue forecast and 2023-25 legislatively approved amounts are based on the March 2024 and March 2025 revenue forecasts.