

HB 5049 A BUDGET REPORT and MEASURE SUMMARY

Carrier: Rep. Sanchez

Joint Committee On Ways and Means

Action Date: 03/14/25

Action: Do pass with amendments. (Printed A-Eng.)

House Vote

Yeas: 8 - Bowman, Breese-Iverson, Evans, Gomberg, Levy E, Ruiz, Sanchez, Smith G

Nays: 2 - Cate, Drazan

Exc: 2 - Owens, Valderrama

Senate Vote

Yeas: 8 - Anderson, Broadman, Campos, Frederick, McLane, President Wagner, Smith DB, Sollman

Nays: 1 - Bonham

Exc: 3 - Girod, Lieber, Woods

Prepared By: John Terpening, Legislative Fiscal Office

Reviewed By: Amanda Beitel, Legislative Fiscal Office

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

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 Legislatively Adopted Budget	2023-25 Legislatively Approved Budget March 2024	2023-25 Legislatively Approved Budget March 2025	HB 5049 Allocations and Revenue Updates
ECONOMIC DEVELOPMENT FUND				
RESOURCES				
Beginning Balance	\$ 84,396,435	\$ 84,396,435	\$ 84,396,435	\$ -
Lottery Funds Reversions under ORS 461.559	-	5,685,238	5,685,238	-
REVENUES				
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
TOTAL RESOURCES	\$ 1,919,390,779	\$ 1,935,605,347	\$ 1,951,847,382	16,242,034
DISTRIBUTIONS / ALLOCATIONS				
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)
TOTAL DISTRIBUTIONS / ALLOCATIONS	\$ (1,879,390,779)	\$ (1,895,605,348)	\$ (1,901,329,132)	\$ (5,723,784)
ENDING BALANCE	\$ 40,000,000	\$ 40,000,000	\$ 50,518,250	\$ 10,518,250

LOTTERY FUNDS CASH FLOW SUMMARY (continued)

	2023-25 Legislatively Adopted Budget	2023-25 Legislatively Approved Budget March 2024	2023-25 Legislatively Approved Budget March 2025	HB 5049 Allocations and Revenue Updates
EDUCATION STABILITY FUND				
(not including the Oregon Growth Account balances)				
RESOURCES				
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
TOTAL RESOURCES	\$ 1,079,071,329	\$ 1,100,114,314	\$ 1,105,903,117	\$ 5,788,803
DISTRIBUTIONS				
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)	-
TOTAL DISTRIBUTIONS	\$ (73,732,015)	\$ (93,069,347)	\$ (96,227,128)	\$ (3,157,593)
ENDING BALANCE	\$ 1,005,339,314	\$ 1,007,044,967	\$ 1,009,675,989	\$ 2,631,210

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

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

CRIMINAL FINE ACCOUNT ALLOCATIONS

	2023-25 Legislatively Adopted Budget	2023-25 Legislatively Approved Budget March 2024	2023-25 Legislatively Approved Budget March 2025	HB 5049 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)
Criminal Fine Account Revenues	\$ 118,305,114	\$ 106,981,362	\$ 100,104,440	\$ (6,876,922)
Criminal Fine Account Allocations:				
<i>Department of Public Safety Standards and Training</i>				
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	\$ -
<i>Department of Justice</i>				
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	\$ -
<i>Department of Human Services</i>				
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	\$ -
<i>Oregon Health Authority</i>				
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	\$ HB 5049 A

CRIMINAL FINE ACCOUNT ALLOCATIONS (continued)

		2023-25 Legislatively Approved Budget March 2024	2023-25 Legislatively Approved Budget March 2025	HB 5049 Adjustments
		2023-25 Legislatively Adopted Budget		
<i>Oregon Judicial Department</i>				
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)
<i>Oregon State Police</i>				
Driving Under the Influence Enforcement	\$ 351,572	\$ 351,572	\$ 351,572	\$ -
Subtotal:				
<i>Department of Corrections</i>				
County correction programs and facilities, and alcohol and drug programs	\$ 5,197,236	\$ 5,197,236	\$ -	\$ (5,197,236)
Subtotal:				
<i>Department of Revenue</i>				
Administrative Expenses	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Subtotal:				
Total Allocations:	\$ 102,790,387	\$ 106,260,349	\$ 100,103,113	\$ (6,157,236)
Transfer to the General Fund:	\$ 15,514,727	\$ 721,013	\$ 1,327	\$ (719,686)

2023-25 Oregon Marijuana Account

	2023-25 Legislatively Adopted Budget	2023-25 Legislatively Approved Budget March 2024	2023-25 Legislatively Approved Budget March 2025	HB 5049 Adjustments
Cities	10,187,665	10,187,665	10,187,665	-
Counties	10,187,665	10,187,665	10,187,665	-
Subtotal Local	20,375,330	20,375,330	20,375,330	-
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	-
Subtotal State	278,110,889	272,325,360	271,420,543	(904,817)
Total	298,486,219	292,700,690	291,795,873	(904,817)

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.