

**REVENUE:** Revenue statement issued

**FISCAL:** May have fiscal impact; statement not yet issued

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**Action:** Do pass and be referred to Ways and Means Committee by prior reference

**Vote:** 8-0-1

**Yeas:** Berger, Bruun, Gelser, Olson, Read, Rosenbaum, Witt, Barnhart

**Nays:**

**Exc.:** Butler

**Prepared By:** Mazen Malik, Economist

**Meeting Dates:** 3/20, 4/13

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**WHAT THE BILL DOES:** Increases amusement device tax to fund Oregon Youth Conservation Corps. Applies in the tax year and to the devices in operation after January 1, 2008.

**ISSUES DISCUSSED:**

- Youth employment. Reach youth, Responsibility, discipline, reasonable. Team work and achievements.
- Summer programs, Community projects, clearing of river banks, involvement.
- Scholarships for youth to go to college. Statistics on student achievements after program.
- Funds reduced by inflation, lost buying power.
- 710 students Summer programs are the expense.
- National Guard "Military" run high school. 150 enroll 120 graduates.
- Change of High rate of drop out in students.
- Not a good idea to split revenue stream with others.

**EFFECT OF COMMITTEE AMENDMENTS:** None

**BACKGROUND:** There are three sections in the law that deal with amusement device taxes. ORS 320.011 is a \$125 per device; ORS 320.012 (1) adds \$50 to each device when any one device in the establishment exceeds \$104,000 in net receipts. ORS 320.012 (2) adds \$75 to each device when any one device in the establishment exceeds \$260,000 in net receipts. Tax revenue collected from this sources are distributed as 75% in a formula that include the General Fund (43.2%), Counties (47.1%), and (9.7%) to youth programs. The remaining 25% go to the youth Oregon Youth Conversation corps.

Finally, the subject of this bill ORS 320.013 imposes a \$10 additional tax on each device to directly benefit the Oregon Youth Conversation corps. At end of the 2006 fiscal year, there were 2,122 retailers, who operate currently 11,487 devices, which would be affected. A \$10.00 increase per machine would net an increase of \$114,870 for that year or \$230,000 for a biennium. The average Lottery retailer commission was \$85,000 in 2006. Of the current retailers, 1,757 exceeded the \$105,000 sales threshold during the year, and 1,081 of them exceeded the \$260,000 sales threshold (some could have appeared twice on this list - under the new owner and the old owner).

Previous biennium total revenue to OYCC from Department of Revenue was about \$1.6 million. The current biennium revenue might reach \$1.86 million.