

2007 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2481 **STATUS:** Original
SUBJECT: Modification of basis for Lottery Commission schedule of payments to contractors and feasibility study on implementing a competitive bidding process for awarding video lottery retailer contracts
GOVERNMENT UNIT AFFECTED: Oregon Lottery Commission
PREPARED BY: John F. Borden
REVIEWED BY: Robin LaMonte
DATE: March 5, 2007

	<u>2007-2009</u>	<u>2009-2011</u>
EXPENDITURES: See Comments		

EFFECTIVE DATE: January 1, 2008

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: This measure modifies the statutory basis for the Lottery Commission to establishing a schedule of payments to its contractors. This modification of existing statutory language moves the emphasis from contractors to the public purpose. The scope of the Commission's administrative rule(s) associated with this section of current law is the subject of a pending Oregon Supreme Court case. Therefore, the fiscal impact of this change is indeterminate at this time. Of note, however, is that current retailer contracts are set through the year 2010 (June) and will likely be unaffected by this measure until such time as contracts are re-negotiated.

The measure also requires the Commission to conduct a study on the feasibility of implementing a competitive bid process for awarding contracts to video game retailers. The Lottery Commission reports that it would hire an outside firm, through the competitive bid process, to conduct the study. The Commission estimates that the cost of this contract would be at least \$40,000. The contract would be paid for out of lottery proceeds retained by the Commission for its administrative and operational expenses.

The Lottery Commission does not fall under the budgetary control of the Legislature therefore a subsequent referral to the Joint Committee on Ways and Means is not necessary for this measure.