

# Senate Joint Resolution 5

Sponsored by Senator SCHRADER (Presession filed.)

## SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Proposes amendment to Oregon Constitution to increase maximum amount allowable in education stability fund.

Refers proposed amendment to people for their approval or rejection at next regular general election.

## JOINT RESOLUTION

**Be It Resolved by the Legislative Assembly of the State of Oregon:**

**PARAGRAPH 1.** Section 4, Article XV of the Constitution of the State of Oregon, is amended to read:

**Sec. 4.** (1) Except as provided in subsections (2), (3), (4), (10) and (11) of this section, lotteries and the sale of lottery tickets, for any purpose whatever, are prohibited, and the Legislative Assembly shall prevent the same by penal laws.

(2) The Legislative Assembly may provide for the establishment, operation, and regulation of raffles and the lottery commonly known as bingo or lotto by charitable, fraternal, or religious organizations. As used in this section, charitable, fraternal or religious organization means such organizations or foundations as defined by law because of their charitable, fraternal, or religious purposes. The regulations shall define eligible organizations or foundations, and may prescribe the frequency of raffles, bingo or lotto, set a maximum monetary limit for prizes and require a statement of the odds on winning a prize. The Legislative Assembly shall vest the regulatory authority in any appropriate state agency.

(3) There is hereby created the State Lottery Commission which shall establish and operate a State Lottery. All proceeds from the State Lottery, including interest, but excluding costs of administration and payment of prizes, shall be used for any of the following purposes: creating jobs, furthering economic development, financing public education in Oregon or restoring and protecting Oregon's parks, beaches, watersheds and critical fish and wildlife habitats.

(4)(a) The State Lottery Commission shall be comprised of five members appointed by the Governor and confirmed by the Senate who shall serve at the pleasure of the Governor. At least one of the Commissioners shall have a minimum of five years experience in law enforcement and at least one of the Commissioners shall be a certified public accountant. The Commission is empowered to promulgate rules related to the procedures of the Commission and the operation of the State Lottery. Such rules and any statutes enacted to further implement this article shall insure the integrity, security, honesty, and fairness of the Lottery. The Commission shall have such additional powers and duties as may be provided by law.

(b) The Governor shall appoint a Director subject to confirmation by the Senate who shall serve at the pleasure of the Governor. The Director shall be qualified by training and experience to direct

**NOTE:** Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 the operations of a state-operated lottery. The Director shall be responsible for managing the affairs  
 2 of the Commission. The Director may appoint and prescribe the duties of no more than four Assist-  
 3 ant Directors as the Director deems necessary. One of the Assistant Directors shall be responsible  
 4 for a security division to assure security, integrity, honesty, and fairness in the operations and ad-  
 5 ministration of the State Lottery. To fulfill these responsibilities, the Assistant Director for security  
 6 shall be qualified by training and experience, including at least five years of law enforcement ex-  
 7 perience, and knowledge and experience in computer security.

8 (c) The Director shall implement and operate a State Lottery pursuant to the rules, and under  
 9 the guidance, of the Commission. The State Lottery may operate any game procedure authorized  
 10 by the commission, except parimutuel racing, social games, and the games commonly known in  
 11 Oregon as bingo or lotto, whereby prizes are distributed using any existing or future methods among  
 12 adult persons who have paid for tickets or shares in that game; provided that, in lottery games  
 13 utilizing computer terminals or other devices, no coins or currency shall ever be dispensed directly  
 14 to players from such computer terminals or devices.

15 (d) There is hereby created within the General Fund the Oregon State Lottery Fund which is  
 16 continuously appropriated for the purpose of administering and operating the Commission and the  
 17 State Lottery. The State Lottery shall operate as a self-supporting revenue-raising agency of state  
 18 government and no appropriations, loans, or other transfers of state funds shall be made to it. The  
 19 State Lottery shall pay all prizes and all of its expenses out of the revenues it receives from the sale  
 20 of tickets or shares to the public and turnover the net proceeds therefrom to a fund to be estab-  
 21 lished by the Legislative Assembly from which the Legislative Assembly shall make appropriations  
 22 for the benefit of any of the following public purposes: creating jobs, furthering economic develop-  
 23 ment, financing public education in Oregon or restoring and protecting Oregon's parks, beaches,  
 24 watersheds and critical fish and wildlife habitats. Effective July 1, 1997, 15% of the net proceeds  
 25 from the State Lottery shall be deposited, from the fund created by the Legislative Assembly under  
 26 this paragraph, in an education stability fund. Effective July 1, 2003, 18% of the net proceeds from  
 27 the State Lottery shall be deposited, from the fund created by the Legislative Assembly under this  
 28 paragraph, in an education stability fund. Earnings on moneys in the education stability fund shall  
 29 be retained in the fund or expended for the public purpose of financing public education in Oregon  
 30 as provided by law. Except as provided in subsections (6) and (8) of this section, moneys in the ed-  
 31 ucation stability fund shall be invested as provided by law and shall not be subject to the limitations  
 32 of section 6, Article XI of this Constitution. The Legislative Assembly may appropriate other moneys  
 33 or revenue to the education stability fund. The Legislative Assembly shall appropriate amounts  
 34 sufficient to pay lottery bonds before appropriating the net proceeds from the State Lottery for any  
 35 other purpose. At least 84% of the total annual revenues from the sale of all lottery tickets or  
 36 shares shall be returned to the public in the form of prizes and net revenues benefiting the public  
 37 purpose.

38 (5) Notwithstanding paragraph (d) of subsection (4) of this section, the amount in the education  
 39 stability fund created under paragraph (d) of subsection (4) of this section may not exceed an amount  
 40 that is equal to *[five]* 10 percent of the amount that was accrued as revenues in the state's General  
 41 Fund during the prior biennium. If the amount in the education stability fund exceeds *[five]* 10 per-  
 42 cent of the amount that was accrued as revenues in the state's General Fund during the prior  
 43 biennium:

44 (a) Additional net proceeds from the State Lottery may not be deposited in the education sta-  
 45 bility fund until the amount in the education stability fund is reduced to less than *[five]* 10 percent

1 of the amount that was accrued as revenues in the state's General Fund during the prior biennium;  
2 and

3 (b) Fifteen percent of the net proceeds from the State Lottery shall be deposited into the school  
4 capital matching subaccount created under subsection (8) of this section.

5 (6) The Legislative Assembly may by law appropriate, allocate or transfer any portion of the  
6 principal of the education stability fund created under paragraph (d) of subsection (4) of this section  
7 for expenditure on public education if:

8 (a) The proposed appropriation, allocation or transfer is approved by three-fifths of the members  
9 serving in each house of the Legislative Assembly and the Legislative Assembly finds one of the  
10 following:

11 (A) That the last quarterly economic and revenue forecast for a biennium indicates that moneys  
12 available to the state's General Fund for the next biennium will be at least three percent less than  
13 appropriations from the state's General Fund for the current biennium;

14 (B) That there has been a decline for two or more consecutive quarters in the last 12 months  
15 in seasonally adjusted nonfarm payroll employment; or

16 (C) That a quarterly economic and revenue forecast projects that revenues in the state's General  
17 Fund in the current biennium will be at least two percent below what the revenues were projected  
18 to be in the revenue forecast on which the legislatively adopted budget for the current biennium  
19 was based; or

20 (b) *[If the]* **The** proposed appropriation, allocation or transfer is approved by three-fifths of the  
21 members serving in each house of the Legislative Assembly and the Governor declares an emer-  
22 gency.

23 (7) The Legislative Assembly may by law prescribe the procedures to be used and identify the  
24 persons required to make the forecasts described in subsection (6) of this section.

25 (8)(a) There is created a school capital matching subaccount within the education stability fund  
26 created under paragraph (d) of subsection (4) of this section.

27 (b) The Legislative Assembly may by law appropriate, allocate or transfer moneys or revenue  
28 to the school capital matching subaccount.

29 (c) To the extent funds are available, the Legislative Assembly may appropriate, allocate or  
30 transfer moneys in the school capital matching subaccount and earnings on moneys in the subac-  
31 count for the purpose of providing state matching funds to school districts for capital costs incurred  
32 by the school districts.

33 (9) Notwithstanding paragraph (d) of subsection (4) of this section, on May 1, 2003, the State  
34 Treasurer shall transfer \$150 million from the education stability fund created under paragraph (d)  
35 of subsection (4) of this section to a fund created by law and known as the State School Fund.  
36 Moneys transferred under this subsection may be used in the manner provided by law for moneys  
37 in the State School Fund.

38 (10) Effective July 1, 1999, 15% of the net proceeds from the State Lottery shall be deposited in  
39 a parks and natural resources fund created by the Legislative Assembly. Of the moneys in the parks  
40 and natural resources fund, 50% shall be distributed for the public purpose of financing the pro-  
41 tection, repair, operation, and creation of state parks, ocean shore and public beach access areas,  
42 historic sites and recreation areas, and 50% shall be distributed for the public purpose of financing  
43 the restoration and protection of native salmonid populations, watersheds, fish and wildlife habitats  
44 and water quality in Oregon. The Legislative Assembly shall not limit expenditures from the parks  
45 and natural resources fund. The Legislative Assembly may appropriate other moneys or revenue to

1 the parks and natural resources fund.

2 (11) Only one State Lottery operation shall be permitted in the State.

3 (12) The Legislative Assembly has no power to authorize, and shall prohibit, casinos from oper-  
4 ation in the State of Oregon.

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6 **PARAGRAPH 2. The amendment proposed by this resolution shall be submitted to the**  
7 **people for their approval or rejection at the next regular general election held throughout**  
8 **this state.**

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