

**REVENUE IMPACT OF
PROPOSED LEGISLATION
75th Oregon Legislative Assembly
2009 Regular Session
Legislative Revenue Office**

Bill Number: SB779-A
Area: Lottery
Economist: Mazen Malik
Date: 4/16/2009

Measure Description:

Increases the number of video lottery game terminals that may be placed on premises of a race meet to 20.

REVENUE IMPACT: \$600,000 lottery revenue increase in 09-11 and \$655,000 in 2011-13.

The current gaming market in Oregon is dynamic and in a constant state of change in competition for the consumer's entertainment dollar, however, this bill will introduce a new market niche competitor. This would undoubtedly result in increased revenues to the Oregon State Lottery. Using a \$200,000 a year retailer as a comparable example, the revenue generated is about \$30,000 for each new terminal annually. Considering that 10 terminals already exist at the race meet, an additional 10 terminal will generate \$600,000 in new revenue transfers. The amount for the 11-13 biennium will be \$655,000. These amounts will be divided among the dedicated uses of lottery fund proportionate to their percentages. Discretionary lottery funds available for appropriation will receive about 46% of the increase.

Such a concentration of terminals in one location would represent a change in the Lottery growth potential and the dynamics of competition for surrounding lottery retailers. Players are likely to make the trip to such concentrated locations to play the games, which might cannibalize activities from other locations. Considering the clustered nature the new location, aside from Indian casinos, the potential for activity growth is significant. Thus, depending on how this concept is rolled out, managed and the availability when the race facility is not in season, the structure of the activities, and amounts of revenue might be higher than anticipated.

Creates, Extends, or Expands Tax Expenditure: Yes No

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