

House Joint Resolution 29

Sponsored by Representatives BAILEY, CANNON, HUNT

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 modifying amount of lottery income dedicated to funding parks and natural resources and authorized uses of lottery income dedicated to funding parks and natural resources.

Directs Legislative Assembly to submit to vote of people question of continuation of dedication of lottery income to parks and natural resources at regular general election on November 4, 2034. Sunsets or continues provisions dedicating lottery income to parks and natural resources on effective date of measure approved by people.

Refers proposed amendment to people for their approval or rejection at special election held throughout this state May _____, 2011.

JOINT RESOLUTION

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

PARAGRAPH 1. The Constitution of the State of Oregon is amended by creating new sections 4f, 4g and 4h to be added to and made a part of Article XV, and by amending sections 4, 4a, 4b and 4c, Article XV, such sections to read:

SECTION 4f. (1) Eighteen percent of the net proceeds from the State Lottery shall be deposited, from the Oregon State Lottery Fund established by section 4 of this Article, in an education stability fund created by the Legislative Assembly. Earnings on moneys in the education stability fund shall be retained in the fund or expended for the public purpose of financing public education in Oregon as provided by law. Moneys in the education stability fund must be invested as provided by law and are not subject to the limitations of section 6, Article XI of this Constitution.

(2) The Legislative Assembly may appropriate other moneys or revenue to the education stability fund.

(3) Notwithstanding the dedication of 18 percent of the net proceeds of the State Lottery by subsection (1) of this section and the authority granted the Legislative Assembly to appropriate other moneys or revenue under subsection (2) of this section, the amount in the education stability fund created pursuant to this section may not exceed an amount that is equal to five percent of the amount that was accrued as revenue in the state's General Fund during the prior biennium. If the amount in the education stability fund exceeds five percent of the amount that was accrued as revenue in the state's General Fund during the prior biennium:

(a) Additional net proceeds from the State Lottery may not be deposited in the education stability fund until the amount in the education stability fund is reduced to less than five percent of the amount that was accrued as revenue in the state's General Fund during the prior biennium; and

(b) Fifteen percent of the net proceeds from the State Lottery must be deposited into the

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 school capital matching fund created under section 4, Article XI-P of this Constitution.

2 (4) The Legislative Assembly may by law appropriate, allocate or transfer any portion of
3 the principal of the education stability fund created pursuant to this section for expenditure
4 on public education if:

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

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

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

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

17 (b) The proposed appropriation, allocation or transfer is approved by three-fifths of the
18 members serving in each house of the Legislative Assembly and the Governor declares an
19 emergency.

20 (5) The Legislative Assembly may by law prescribe the procedures to be used and identify
21 the persons required to make the forecasts described in subsection (4) of this section.

22 SECTION 4g. (1) An amount described in subsection (2) of this section must be deposited
23 in a parks and natural resources fund created by the Legislative Assembly. Of the moneys
24 in the parks and natural resources fund:

25 (a) 50 percent must be deposited in a parks subaccount and distributed for the public
26 purposes described in section 4a of this Article; and

27 (b) 50 percent must be deposited in a natural resources subaccount and distributed for
28 the public purposes described in section 4b of this Article.

29 (2) For the biennium beginning July 1, 2013, 15 percent of the net proceeds from the State
30 Lottery must be deposited in the parks and natural resources fund created pursuant to this
31 section. In each subsequent biennium:

32 (a) The amount of the net proceeds from the State Lottery to be deposited in the parks
33 and natural resources fund is the lesser of:

34 (A) Fifteen percent of the net proceeds from the State Lottery; or

35 (B) The amount deposited in the prior biennium multiplied by the ratio of General Fund
36 revenues for the biennium plus net proceeds from the State Lottery for the biennium to
37 General Fund revenues for the prior biennium plus net proceeds from the State Lottery for
38 the prior biennium.

39 (b) If the amount described in paragraph (a) of this subsection is less than 15 percent of
40 the net proceeds from the State Lottery, an amount equal to 15 percent of the net proceeds
41 from the State Lottery minus the amount described in paragraph (a) of this subsection shall
42 be transferred from the Oregon State Lottery Fund to the parks and natural resources fund
43 for appropriation by the Legislative Assembly to the purposes described in section 4 (3) of
44 this Article.

45 (3) The Legislative Assembly may appropriate other moneys or revenue to the parks and

1 **natural resources fund.**

2 (4) **The Legislative Assembly may not limit expenditures from the parks and natural re-**
3 **sources fund, or from the parks or natural resources subaccount.**

4 (5) **The Legislative Assembly may by law appropriate, allocate or transfer any portion of**
5 **the principal of the parks and natural resources fund created pursuant to this section for**
6 **expenditure on parks or natural resources if:**

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

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

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

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

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

22 (6) **The Legislative Assembly may by law prescribe the procedures to be used and identify**
23 **the persons required to make the quarterly economic and revenue forecasts described in**
24 **subsection (5) of this section.**

25 **SECTION 4h. (1) The Legislative Assembly shall submit to a vote of the people at the**
26 **general election to be held on November 4, 2034, the question of the continuation of the**
27 **constitutional amendment proposed by House Joint Resolution 29 (2011) and adopted by the**
28 **people on May _____, 2011.**

29 (2) **If, at the election described in subsection (1) of this section, the people approve the**
30 **continuation of the constitutional amendment proposed by House Joint Resolution 29 (2011)**
31 **and adopted by the people on May _____, 2011, the amendment shall continue as in effect**
32 **on the effective date of the measure approving the continuation.**

33 (3) **If, at the election described in subsection (1) of this section, the people reject the**
34 **continuation of the constitutional amendment proposed by House Joint Resolution 29 (2011)**
35 **and adopted by the people on May _____, 2011, sections 4a, 4b, 4c, 4f and 4g of this Article**
36 **are repealed on the effective date of the measure rejecting the continuation.**

37 (4) **This section is repealed January 1, 2035.**

38 **Sec. 4. (1) Except as provided in subsections (2), (3), (4)[, (8) and (9)] and (5) of this section,**
39 **lotteries and the sale of lottery tickets, for any purpose whatever, are prohibited, and the Legisla-**
40 **tive Assembly shall prevent the same by penal laws.**

41 (2) **The Legislative Assembly may provide for the establishment, operation, and regulation of**
42 **raffles and the lottery commonly known as bingo or lotto by charitable, fraternal, or religious or-**
43 **ganizations. As used in this section, charitable, fraternal or religious organization means such or-**
44 **ganizations or foundations as defined by law because of their charitable, fraternal, or religious**
45 **purposes. The regulations shall define eligible organizations or foundations, and may prescribe the**

1 frequency of raffles, bingo or lotto, set a maximum monetary limit for prizes and require a statement
2 of the odds on winning a prize. The Legislative Assembly shall vest the regulatory authority in any
3 appropriate state agency.

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

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

17 (b) The Governor shall appoint a Director subject to confirmation by the Senate who shall serve
18 at the pleasure of the Governor. The Director shall be qualified by training and experience to direct
19 the operations of a state-operated lottery. The Director shall be responsible for managing the affairs
20 of the Commission. The Director may appoint and prescribe the duties of no more than four Assist-
21 ant Directors as the Director deems necessary. One of the Assistant Directors shall be responsible
22 for a security division to assure security, integrity, honesty, and fairness in the operations and ad-
23 ministration of the State Lottery. To fulfill these responsibilities, the Assistant Director for security
24 shall be qualified by training and experience, including at least five years of law enforcement ex-
25 perience, and knowledge and experience in computer security.

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

33 (d) There is hereby created within the General Fund the Oregon State Lottery Fund which is
34 continuously appropriated for the purpose of administering and operating the Commission and the
35 State Lottery. The State Lottery shall operate as a self-supporting revenue-raising agency of state
36 government and no appropriations, loans, or other transfers of state funds shall be made to it. The
37 State Lottery shall pay all prizes and all of its expenses out of the revenues it receives from the sale
38 of tickets or shares to the public and turnover the net proceeds therefrom to a fund to be estab-
39 lished by the Legislative Assembly from which the Legislative Assembly shall make appropriations
40 for the benefit of any of the *[following public purposes: creating jobs, furthering economic develop-*
41 *ment, financing public education in Oregon or restoring and protecting Oregon's parks, beaches,*
42 *watersheds and native fish and wildlife. Effective July 1, 1997, 15% of the net proceeds from the State*
43 *Lottery shall be deposited, from the fund created by the Legislative Assembly under this paragraph, in*
44 *an education stability fund. Effective July 1, 2003, 18% of the net proceeds from the State Lottery shall*
45 *be deposited, from the fund created by the Legislative Assembly under this paragraph, in an education*

1 *stability fund. Earnings on moneys in the education stability fund shall be retained in the fund or ex-*
 2 *pended for the public purpose of financing public education in Oregon as provided by law. Except as*
 3 *provided in subsection (6) of this section, moneys in the education stability fund shall be invested as*
 4 *provided by law and shall not be subject to the limitations of section 6, Article XI of this Constitution.*
 5 *The Legislative Assembly may appropriate other moneys or revenue to the education stability fund.]*
 6 **purposes described in subsection (3) of this section.** The Legislative Assembly shall appropriate
 7 amounts sufficient to pay lottery bonds before appropriating the net proceeds from the State Lottery
 8 for any other purpose. At least [84%] **84 percent** of the total annual revenues from the sale of all
 9 lottery tickets or shares shall be returned to the public in the form of prizes and net revenues
 10 benefiting the public purpose.

11 *[(5) Notwithstanding paragraph (d) of subsection (4) of this section, the amount in the education*
 12 *stability fund created under paragraph (d) of subsection (4) of this section may not exceed an amount*
 13 *that is equal to five percent of the amount that was accrued as revenues in the state's General Fund*
 14 *during the prior biennium. If the amount in the education stability fund exceeds five percent of the*
 15 *amount that was accrued as revenues in the state's General Fund during the prior biennium:]*

16 *[(a) Additional net proceeds from the State Lottery may not be deposited in the education stability*
 17 *fund until the amount in the education stability fund is reduced to less than five percent of the amount*
 18 *that was accrued as revenues in the state's General Fund during the prior biennium; and]*

19 *[(b) Fifteen percent of the net proceeds from the State Lottery shall be deposited into the school*
 20 *capital matching fund created under section 4, Article XI-P of this Constitution.]*

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

24 *[(a) The proposed appropriation, allocation or transfer is approved by three-fifths of the members*
 25 *servicing in each house of the Legislative Assembly and the Legislative Assembly finds one of the fol-*
 26 *lowing:]*

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

30 *[(B) That there has been a decline for two or more consecutive quarters in the last 12 months in*
 31 *seasonally adjusted nonfarm payroll employment; or]*

32 *[(C) That a quarterly economic and revenue forecast projects that revenues in the state's General*
 33 *Fund in the current biennium will be at least two percent below what the revenues were projected to*
 34 *be in the revenue forecast on which the legislatively adopted budget for the current biennium was*
 35 *based; or]*

36 *[(b) The proposed appropriation, allocation or transfer is approved by three-fifths of the members*
 37 *servicing in each house of the Legislative Assembly and the Governor declares an emergency.]*

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

40 *[(8) Effective July 1, 1999, 15% of the net proceeds from the State Lottery shall be deposited in a*
 41 *parks and natural resources fund created by the Legislative Assembly. Of the moneys in the parks and*
 42 *natural resources fund, 50% shall be deposited in a parks subaccount and distributed for the public*
 43 *purposes of financing the protection, repair, operation, and creation of state, regional and local public*
 44 *parks, ocean shore and public beach access areas, historic sites and recreation areas, and 50% shall*
 45 *be deposited in a natural resources subaccount and distributed for the public purposes of financing the*

1 *restoration and protection of native fish and wildlife, watersheds and water quality in Oregon. The*
 2 *Legislative Assembly shall not limit expenditures from the parks and natural resources fund, or from*
 3 *the parks or natural resources subaccounts. The Legislative Assembly may appropriate other moneys*
 4 *or revenue to the parks and natural resources fund.]*

5 [(9)] (5) Only one State Lottery operation shall be permitted in the State.

6 [(10)] (6) The Legislative Assembly has no power to authorize, and shall prohibit, casinos from
 7 operation in the State of Oregon.

8 **Sec. 4a.** (1) In each biennium the Legislative Assembly shall appropriate all of the moneys in
 9 the parks subaccount of the parks and natural resources fund established [*under section 4*] **pursuant**
 10 **to section 4g** of this Article for the uses allowed in subsection (2) of this section, and to achieve
 11 all of the following:

12 (a) Provide additional public parks, natural areas or outdoor recreational areas to meet the
 13 needs of current and future residents of the State of Oregon;

14 (b) Protect natural, cultural, historic and outdoor recreational resources of state or regional
 15 significance;

16 (c) Manage public parks, natural areas and outdoor recreation areas to ensure their long-term
 17 ecological health and provide for the enjoyment of current and future residents of the State of
 18 Oregon; and

19 (d) Provide diverse and equitable opportunities for residents of the State of Oregon to experi-
 20 ence nature and participate in outdoor recreational activities in state, regional, local or neighbor-
 21 hood public parks and recreation areas.

22 (2) The moneys in the parks subaccount shall be used only to:

23 (a) Maintain, construct, improve, develop, manage and operate state parks, ocean shores, public
 24 beach access areas, historic sites, natural areas and outdoor and recreation areas;

25 (b) Acquire real property, or interests therein, that has significant natural, scenic, cultural,
 26 historic or recreational values, for the creation or operation of state parks, ocean shores, public
 27 beach access areas, outdoor recreation areas and historic sites; and

28 (c) Provide grants to regional or local government entities to acquire property for public parks,
 29 natural areas or outdoor recreation areas, or to develop or improve public parks, natural areas or
 30 outdoor recreation areas.

31 (3) In each biennium the Legislative Assembly shall appropriate no less than twelve percent of
 32 the moneys in the parks subaccount for local and regional grants as authorized under paragraph (c)
 33 of subsection (2) of this section. However, if in any biennium the amount of net proceeds deposited
 34 in the parks and natural resources fund created [*under section 4*] **pursuant to section 4g** of this
 35 Article increases by more than fifty percent above the amount deposited in the 2009-2011 biennium,
 36 the Legislative Assembly shall appropriate no less than twenty-five percent of the moneys in the
 37 parks subaccount for local and regional grants as authorized under paragraph (c) of subsection (2)
 38 of this section.

39 (4) The grants [*shall*] **must** be administered by a single state agency. The costs of the state
 40 agency in administering the grants [*shall not*] **may** be paid out of the portion of the moneys in the
 41 parks subaccount appropriated for local and regional grants.

42 **Sec. 4b.** (1) In each biennium the Legislative Assembly shall appropriate all of the moneys in
 43 the natural resources subaccount of the parks and natural resources fund established [*under section*
 44 *4*] **pursuant to section 4g** of this Article for the uses allowed in subsections (2) and (3) of this
 45 section, and to accomplish all of the following:

1 (a) Protect and improve water quality in Oregon's rivers, lakes, and streams by restoring natural
2 watershed functions or stream flows;

3 (b) Secure long-term protection for lands and waters that provide significant habitats for native
4 fish and wildlife;

5 (c) Restore and maintain habitats needed to sustain healthy and resilient populations of native
6 fish and wildlife;

7 (d) Maintain the diversity of Oregon's plants, animals and ecosystems;

8 (e) Involve people in voluntary actions to protect, restore and maintain the ecological health
9 of Oregon's lands and waters; and

10 (f) Remedy the conditions that limit the health of fish and wildlife, habitats and watershed
11 functions in greatest need of conservation.

12 (2) In each biennium the Legislative Assembly shall appropriate no less than *[sixty-five]* **fifty-**
13 **eight** percent of the moneys in the natural resources subaccount to one state agency, and that
14 agency shall distribute those moneys as grants to entities other than state or federal agencies for
15 projects that achieve the outcomes specified in subsection (1) of this section. However, if in any
16 biennium the amount of net proceeds deposited in the parks and natural resources fund created
17 *[under section 4]* **pursuant to section 4g** of this Article increases by more than fifty percent above
18 the amount deposited in the 2009-2011 biennium, the Legislative Assembly shall appropriate no less
19 than seventy percent of the moneys in the natural resources subaccount to one state agency, and
20 that agency shall distribute those moneys as grants to entities other than state or federal agencies
21 for projects that achieve the outcomes specified in subsection (1) of this section. In addition, these
22 moneys shall be used only to:

23 (a) Acquire from willing owners interests in land or water that will protect or restore native fish
24 or wildlife habitats, which interests may include but are not limited to fee interests, conservation
25 easements or leases;

26 (b) Carry out projects to protect or restore native fish or wildlife habitats;

27 (c) Carry out projects to protect or restore natural watershed functions to improve water quality
28 or stream flows; and

29 (d) Carry out resource assessment, planning, design and engineering, technical assistance, mon-
30 itoring and outreach activities necessary for projects funded under paragraphs (a) through (c) of this
31 subsection.

32 (3) In each biennium the Legislative Assembly shall appropriate that portion of the natural re-
33 sources subaccount not appropriated under subsection (2) of this section to support all of the fol-
34 lowing activities:

35 (a) Develop, implement or update state conservation strategies or plans to protect or restore
36 native fish or wildlife habitats or to protect or restore natural watershed functions to improve water
37 quality or stream flows;

38 (b) Develop, implement or update regional or local strategies or plans that are consistent with
39 the state strategies or plans described in paragraph (a) of this subsection;

40 (c) Develop, implement or update state strategies or plans to prevent, detect, control or
41 eradicate invasive species that threaten native fish or wildlife habitats or that impair water quality;

42 (d) Support local delivery of programs or projects, including watershed education activities, that
43 protect or restore native fish or wildlife habitats or watersheds;

44 (e) Pay the state agency costs of administering subsection (2) of this section, which costs *[shall*
45 *not]* **may** be paid out of the moneys available for grants under subsection (2) of this section; and

1 (f) Enforce fish and wildlife and habitat protection laws and regulations.

2 **Sec. 4c.** The Secretary of State shall regularly audit any state agency that receives moneys from
3 the parks and natural resources fund established [*under section 4*] **pursuant to section 4g** of this
4 Article to address the financial integrity, compliance with applicable laws, efficiency and effective-
5 ness of the use of the moneys. The costs of the audit [*shall*] **must** be paid from the parks and natural
6 resources fund. However, [*such*] **the** costs may not be paid from the portions of [*such*] **the** fund, or
7 the subaccounts of the fund, that are dedicated to grants. The audit [*shall*] **must** be submitted to
8 the Legislative Assembly as part of a biennial report to the Legislative Assembly. In addition, each
9 agency that receives moneys from the parks and natural resources fund shall submit a biennial
10 performance report [*the Legislature*] **to the Legislative** Assembly that describes the measurable
11 biennial and cumulative results of activities and programs financed by the fund.

12
13 **PARAGRAPH 2.** The amendment proposed by this resolution shall be submitted to the
14 people for their approval or rejection at a special election held throughout this state as
15 provided in chapter _____, Oregon Laws 2011 (Enrolled _____ Bill _____)
16 (LC _____).

17 _____