

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2086 - A

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

***Only Impacts on Original or Engrossed
Versions are Considered Official***

Prepared by: Krista McDowell
Reviewed by: Steve Bender, Michelle Deister
Date: 4/24/2013

Measure Description:

Directs Oregon State Lottery Commission to establish lottery games to benefit veterans' education and economic development.

Government Unit(s) Affected:

Department of Veterans' Affairs, Oregon State Lottery

Summary of Expenditure Impact:

See analysis

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.

Analysis:

The bill directs the Oregon State Lottery Commission (Lottery) to establish a raffle game that directs proceeds to benefit veterans' education and economic development related to veterans. The fiscal impact of the bill is indeterminate. Lottery currently produces two annual raffle drawings and indicates that average net proceeds from a single drawing yield \$1.2 million. Net proceeds from the existing raffle drawings are not dedicated to specific programs. The proceeds, along with other Lottery net revenues, are allocated to various programs as determined by the Legislature.

Under provisions of the bill, net proceeds from the raffle would be deposited in the Administrative Services Economic Development Fund. The Legislative Assembly is directed to allocate an amount equal to the net proceeds of the veterans' lottery raffle from the Administrative Services Economic Development Fund to the Veterans' Lottery Fund. This, however, will require the Legislature to pass an additional bill, after the net proceeds of the veterans' raffle game are determined, to comply.

Legislative Fiscal Office (LFO) anticipates the fiscal impact to the Department of Veterans' Affairs to be minimal. The Oregon State Lottery had lately implemented a similar game with dedicated revenues (the game is currently suspended); therefore, the fiscal impact to the Oregon State Lottery is anticipated to be minimal.

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
Seventy-Seventh Oregon Legislative Assembly
2013 Regular Session
Legislative Revenue Office

Bill Number: HB 2086-A
Revenue Area: Lottery Revenue
Economist: Mazen Malik
Date: 04/12/2013

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Measure Description:

Directs Oregon State Lottery Commission to establish lottery games to benefit veterans' education and economic development.

Revenue Impact (in \$Millions):

The measure impacts revenue by adding a raffle event to lottery games. This statement is issued to facilitate movement to ways and Means where the measure will be further developed.

Impact Explanation:

The amended measure establishes lottery raffle game for the benefit of veterans. Instructs lottery to have veteran-oriented raffle theme or indicate proceeds of raffle benefit veterans' education and economic development. Provides that sales period for raffle tickets may include Veterans Day. The revenue of the raffle is transferred to Veterans' Lottery Fund, separate and distinct from General Fund. The Oregon State Lottery is to record and account for costs and net proceeds of raffle separately. The Commission is to certify net proceeds of raffle to Joint Committee on Ways and Means.

The measure directs the Legislative Assembly to allocate amount equal to net proceeds from raffle to Veterans' Lottery Fund. Finally the measure appropriates moneys from Veterans' Lottery Fund to Department of Veterans' Affairs continuously. The measure is referred to the joint committee on ways and means for further work on all the funding and appropriations.

Creates, Extends, or Expands Tax Expenditure: Yes No

Further Analysis Required

REVENUE: Revenue statement issued

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed and Be Referred to the Committee on Ways and Means by Prior Reference
Vote:	7 - 0 - 0
Yeas:	Boone, Esquivel, Fagan, Huffman, Parrish, Witt, Matthews
Nays:	0
Exc.:	0
Prepared By:	Elizabeth Edwards, Administrator
Meeting Dates:	2/21, 4/4, 4/11

WHAT THE MEASURE DOES: Establishes lottery raffle game. Instructs lottery raffle to have veteran-oriented theme or indicate proceeds of raffle benefit veterans' education and economic development. Provides that sales period for raffle tickets may include Veterans Day. Creates Veterans' Lottery Fund, separate and distinct from General Fund. Instructs Oregon State Lottery Commission (Commission) to record and account for costs and net proceeds of raffle. Requires Commission to certify net proceeds of raffle to Joint Committee on Ways and Means. Directs Legislative Assembly to allocate amount equal to net proceeds from raffle to Administrative Services Economic Development Fund to Veterans' Lottery Fund. Appropriates moneys from Veterans' Lottery Fund to Oregon Department of Veterans' Affairs continuously. Begins veteran-themed lottery game(s) by January 2, 2015.

ISSUES DISCUSSED:

- Concern with using lottery dollars to fund veterans' issues
- Average lottery player and problems with addiction
- Capturing non-traditional lottery players who support veterans
- Expanding lottery versus dedicating portion of existing lottery dollars
- Form of veteran-themed lottery game
- Possibility of dedicating percentage of lottery proceeds for greater stability
- Potential amendment to sunset bill at time dedicated percent of lottery allocated to veterans
- Slippery slope of carving up lottery funds for particular causes
- Flexible approach to ensure raffle sells out
- Bills passing out of committee that die for lack of funding
- Money to back up policies
- Potential eligibility for federal dollars with dedicated state funding
- Wasteful spending in military and instability in federal funding
- Reintegration difficulties, especially for members of Oregon National Guard
- Roles of state and federal Veterans' Affairs offices
- Veterans' distrust of government and opportunity to rebuild trust
- Intent to move bill that will become law
- Different population plays raffle games than lottery as a whole
- Intent that money from raffle be kept separate from any funds allocated as result of HJR 29

EFFECT OF COMMITTEE AMENDMENT: Replaces measure. Establishes lottery raffle game. Instructs lottery raffle to have veteran-oriented theme or indicate proceeds of raffle benefit veterans' education and economic development. Provides that sales period for raffle tickets may include Veterans Day. Creates Veterans' Lottery Fund, separate and distinct from General Fund. Instructs Oregon State Lottery Commission (Commission) to record and account for costs and net proceeds of raffle. Requires Commission to certify net proceeds of raffle to Joint Committee on Ways and Means. Directs Legislative Assembly to allocate amount equal to net proceeds from raffle to Administrative

4/15/2013 11:20:00 AM

This summary has not been adopted or officially endorsed by action of the committee.

Services Economic Development Fund to Veterans' Lottery Fund. Appropriates moneys from Veterans' Lottery Fund to Oregon Department of Veterans' Affairs continuously.

BACKGROUND: Tens of thousands of Oregonians served in Iraq and Afghanistan. As a result of their service, many of these veterans and their families sacrificed financial, economic, emotional and/or physical health and well-being. Transitioning back into civilian life can be difficult and funding for veterans' programs in Oregon has decreased. The Oregon Lottery has had ten different raffles, two per year, and all have sold out. No lottery games to date have gone to a specific dedicated funding source. House Bill 2086A creates a dedicated funding source for veterans' education, training and job creation via a raffle game.