

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

Bill Number: HB 2007
Revenue Area: Lottery Revenue
Economist: Mazen Malik
Date: 04/16/2013

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

Measure Description:

Deems establishment of lottery game retailer or applicant to be casino when 50 percent or more of net income of establishment is, or is projected to be, derived from sale of tickets or shares in lottery games.

Revenue Impact (in \$Millions): Indeterminate

The impact on the lottery revenue can be significant under this measure. However, more clarification is needed to develop a precise impact estimate.

Impact Explanation:

Lottery would need more authority to get “net income” information from retailers. Data on Video retailers’ gross non-Lottery sales are the metric used today, which is a lower threshold than “net income”. However, using the higher threshold and based on the 1,959 audits of Video Lottery retailers, there have been 122 distinct Video retailers report Lottery compensation above the 50%. Extrapolation to the entire population of Video retailers in FY 2012 would result in 181 Video retailers terminated (based on the less stringent criteria). The result would be an estimated sales reduction of \$230.3 million for a biennium and reduction in Lottery revenues transferred to the state of \$139.4 million for the biennium.

It is reasonable however, to assume that many of the customers that used to frequent the places that get terminated, will find other venues and to play video lottery. If the impacts on some will be to push them above the threshold, then more retailers will be terminated.

As a result of all of those dynamics, it is not possible to define an impact amount on revenue without further definition of the criteria and authority of enforcement.

Creates, Extends, or Expands Tax Expenditure: Yes No

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