

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2007

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

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

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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.

Government Unit(s) Affected:

Oregon State Lottery

Summary of Expenditure Impact:

Please 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 measure would require the Oregon State Lottery (OSL) to monitor the net income of lottery game retailers and terminate retailer agreements with those retailers which have net income derived from the sale of lottery ticket or shares in lottery games equal to or greater than 50% of the retailer's total net revenue, deeming such a retailer a casino.

The fiscal impact of the measure is indeterminate. The precise volume of data and the time and resources required to analyze the data and make determinations based on the data is unknown. The number of contested cases due to negative determinations and the potential cost of defending determinations resulting in termination of retailer agreements is unknown. The potential decrease in lottery revenue is unknown.

There are about 3,700 lottery retailers in Oregon. The measure would require OSL to implement new financial reporting requirements for all of these retailers and create mechanisms for receiving, recording and analyzing the information. OSL estimates that it would require at least 3.0 FTE Research Analyst 2 positions at a cost of approximately \$378,000 Lottery Funds in the 2013-15 biennium and \$605,000 Lottery Funds in the 2015-17 biennium to compile and analyze the information collected. No estimate of legal or administrative costs due to contested cases was provided by the agency. OSL currently has the authority to pay any additional expenditure related to the bill, but any such payments will reduce the amount available for transfer to the state by the same amount. A reduction in the number of lottery retailers may have an impact on lottery revenues, please refer to the Legislative Revenue Office's impact statement for information related to possible revenue effects.