

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 4040

Seventy-Seventh Oregon Legislative Assembly – 2014 Regular Session
Legislative Fiscal Office

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

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Measure Description:

Requires Oregon State Lottery Commission to balance its obligation to maximize net revenues with its obligation to serve public good.

Government Unit(s) Affected:

Oregon State Lottery, Oregon Health Authority (OHA)

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:

House Bill 4040 requires the Oregon State Lottery to balance its obligation to maximize net revenues with its obligation to serve the public good. The bill directs the Oregon State Lottery to engage a diverse group of stakeholders to develop and adopt a comprehensive responsible gaming policy. The bill instructs the Oregon State Lottery Commission, in cooperation with the Oregon Health Authority (OHA), to collect data and to report annually to the Legislative Assembly regarding this comprehensive policy. The bill takes effect on January 1, 2015.

Oregon State Lottery

The fiscal impact of this bill is indeterminate. The State Lottery is already in the process of developing a comprehensive gaming policy. In addition, under current law, the Oregon State Lottery is required by statute to maximize the generation of revenues while protecting the public good. However, the Lottery's current gaming system does not have the capacity to collect the data regarding play pattern required by this bill. The agency anticipates completing the Video Lottery Technology Modernization Program (VLTMP) sometime during 2017. Because this project has not been contracted, the extent of the data that can be captured by the new system, and the cost of collecting this data are not known at this time. Any additional expense from meeting the data collection provisions of this bill has the potential of reducing the amount of Lottery revenue transferred to state programs.

The impact of the bill on Lottery revenues is addressed in the revenue impact statement prepared by the Legislative Revenue Office. Lottery revenues support a number of programs. These include the State School Fund (\$327 million), Education Stability Fund (\$190 million), parks and natural resources (\$158 million), economic development programs (\$97 million), and debt service on Lottery-backed bonds (\$242 million). A change in lottery revenues would also affect the State of Oregon bonding capacity. In order to maintain favorable bond ratings and lower interest rates, bonding authorities require that the revenue generated by the Oregon State Lottery must remain at least four times the total debt service for all of the outstanding Oregon lottery revenue bonds.

Oregon Health Authority (OHA)

Passage of this bill is anticipated to have minimal impact on the Oregon Health Authority. OHA assumes that any resulting work in cooperation with the Oregon State Lottery can be absorbed with existing resources.