

March 3, 2015

**AOC OPPOSES
ATTEMPTS TO TAKE COUNTIES' VIDEO LOTTERY DOLLARS
HB 2672**

In 1985, Oregonians established a lottery constitutionally dedicating the earnings to economic development. Since then, Oregonians also have dedicated lottery revenues for education, parks and wildlife funding.

In 1991, an agreement was reached whereby the Legislature approved state-controlled video lottery, which forfeited a county's right to authorize and regulate gaming in exchange for counties receiving 2.5% of the receipts from all video lottery games for economic development activities. Prior to that date, counties had the right to authorize and regulate gaming, including the authority to establish video lottery on a county basis.

In the 2011-13 biennium, counties received approximately \$37 million of video lottery receipts for economic development related activities. (This was the 2.5% share for counties.) By law, these funds were distributed with 10 percent divided equally among the 36 counties and the remaining 90 percent divided by the amount of video lottery played in each county. These receipts are an important revenue source for counties' strategic economic development activities such as infrastructure, revolving loan programs, and other related economic development programs. For example, Washington County received just over \$4 million during the 11-13 biennium; Multnomah County received \$10 million; and Morrow County received \$136,000. (It should be noted that during the same period, Washington County school districts received over \$50 million in lottery dollars; Multnomah County schools received over \$53 million; and Morrow County schools received \$1.3 million.)

In addition to video lottery funds, counties have a few other tools to assist with economic development. The Strategic Investment Program (SIP), Enterprise Zones, and Urban Renewal Districts are the only major, locally funded economic tools available in Oregon to create game-changing economic development for the State and local communities. These tools are, for the most part, funded by property tax abatements. **A county that avails itself of one these tools, specifically the SIP, should not be penalized by having its video lottery dollars taken, particularly when these dollars are part of a long-standing agreement with the State.**

Under HB 2672, Washington and Morrow Counties would lose virtually all of their video lottery dollars. In Multnomah County, where there is one SIP exemption, the loss would be \$300,000-\$500,000 per year until the SIP expires in 2018.

Oregon must have options for business incentives: different kinds of incentives are necessary for different types of businesses. Counties also must maintain the ability to attract investment through a variety of incentive programs. Passage of HB 2762 would basically eliminate options such as SIP because counties would be reluctant to give up property tax revenues and video lottery funds.

AOC's members ask that you not violate the 1991 agreement in which the counties gave up a revenue-raising right in exchange for a meager 2.5% of video lottery revenues. We strongly encourage your opposition of SB HB2672.

Please contact Mary Stern at mstern@ocweb.org for more information about AOC or this issue.