

**REVENUE IMPACT OF
PROPOSED LEGISLATION**
78th Oregon Legislative Assembly
2016 Regular Session
Legislative Revenue Office

Bill Number: HJR 202 - A8
Revenue Area: Lottery revenue
Economist: Mazen Malik
Date: 02-26-2016

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

Measure Description:

Proposes amendment to Oregon Constitution to require 1.5 percent of lottery revenues to be expended for benefit of veterans.

Revenue Impact (in \$Millions):

The HJR doesn't cause an impact on its own. The resolution calls for referring the issue to the voters, which will cause the financial estimate committee to quantify the impact and include it in the voter pamphlet. That 1.5% dedication is \$9.4 million during the average year for that forecast period. The lottery revenue dedicated to veterans is likely to be around \$18.8 million in each of the two biennia following its passage.

Impact Explanation:

The Constitution, originally, dedicated the net lottery proceeds to the purpose of creating jobs and furthering economic development. This was expanded by Measure 21 (May 1995) to include financing public education, and by Measure 66 (Nov 1998) to include restoring and protecting Oregon's parks, beaches, watersheds, and critical fish and wildlife habitats. Measure 21 also gave lottery bonds first claim on lottery proceeds and dedicated 15% of net proceeds to the Education Endowment Fund. Measure 66 dedicated 15% of net proceeds to the Parks and Natural Resources Fund with 50% dedicated to parks and recreational areas and 50% dedicated to fish and wildlife habitats. Measure 19 (Sept. 2002) converted the Education Endowment Fund to an Education Stability Fund, transferred \$150 million of the principal to the State School Fund, and increased the lottery dedication to **18%**. If the balance in the Stability Fund reaches 5% of General Fund revenue, the lottery dedication is reduced to 15% and deposited in a new school capital matching Subaccount. The 2005 legislature (HB 3466) repealed lottery games on sporting events starting in July 2007. The same bill also dedicated 1.0% of lottery proceeds to fund sports programs at Oregon universities. Measure 76 (Nov. 2010) made the **15%** dedication to parks and natural resources permanent and allocated 12% to regional parks and grants. If this resolution is adopted by the voters the lottery will have an additional 1.5% dedicated to veterans, which will bring the total constitutionally dedicated revenues to 34.5%.

Creates, Extends, or Expands Tax Expenditure: Yes No