

SB 616 STAFF MEASURE SUMMARY

Senate Committee On Business and General Government

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Sub-Referral To: Joint Committee On Ways and Means

Meeting Dates: 3/5, 3/12

WHAT THE MEASURE DOES:

Provides that State Treasurer may not recommend prudent maximum amount of lottery bonds that would cause combined existing and proposed lottery bond debt service to exceed 25 percent of unobligated net lottery proceeds.

ISSUES DISCUSSED:

- Efforts to maintain fiscally responsible debt levels
- Current capital finance practices and the role of the State Debt Policy Advisory Commission
- Current credit rating and recent bond sales

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

The Lottery Fund is funded by the net revenue from the sale of lottery games after prizes and expenses. A portion of the Lottery Fund is constitutionally dedicated to specific programs; the remainder is distributed at the discretion of the Legislative Assembly and the Governor in the biennial budget. Current statute requires the State Debt Policy Advisory Commission, composed of the State Treasurer, a Representative and a Senator from the Oregon Legislature, the Director of the Department of Administrative Services, and a public member, to advise the Governor and Legislative Assembly regarding policies that enhance and preserve the state's credit rating and maintain the future availability of low-cost capital financing. The Commission reports its recommendation related to Lottery Fund debt capacity annually; that recommendation is based on the Commission's lottery revenue bond capacity policy that lottery debt service should not exceed 25 percent of net unobligated lottery revenues. Could benefit from sentence explaining lottery-backed bonds.

Senate Bill 616 prohibits the Treasurer from recommending a prudent maximum amount of lottery bonds that causes total lottery debt service to exceed 25 percent of net unobligated lottery revenues.