

State-County Shared Lottery Revenue: A Brief History

1991 Agreement

Oregonians established a lottery in 1985 constitutionally dedicating the earnings to economic development. State controlled video lottery was authorized by the Legislature in 1989, but the Governor suspended implementation until 1991 when the Legislature reauthorized State controlled video lottery (effective in 1992). With this change, counties agreed to forfeit the right to authorize and regulate gaming in exchange for 2.5 percent of the net receipts from all video lottery games for economic development activities. Prior to that date, counties had the right to authorize and regulate gaming, including authority to establish video lottery on a county basis.

2003 Cap and Governor's Economic Revitalization Teams

The Legislature capped the revenue to counties for the 2003-05 biennium at an amount equal to the prior biennium. This cap violated the intent of the 1991 agreement. In 2005 and 2007 the Legislature removed the overall cap but funded half of the Governor's Economic Revitalization Team out of the first year of the counties' biennium video lottery receipts. These funds would otherwise have been distributed to counties for economic development activities. Counties now receive 2.5 percent of video lottery receipts (minus the funding for the Governor's Economic Revitalization Team, Regional Solutions starting in 2014).

2011 Reporting Requirement

[HB 3188 \(2011\)](#) required that each of the 36 Oregon Counties report expenditure information on lottery funds for economic development, as referenced in [ORS 461.512](#). Reports on county expenditures of state lottery funds can be found on the Oregon Transparency website [here](#).

Distribution of Video Lottery Receipts

According to [ORS 461.547](#), counties should receive an amount equal to 2.5 percent of the net receipts from video lottery games (the amount of money is from the operation of video lottery games after the payment of prizes, but prior to any other payment) from the State Lottery Fund. In practice, counties have sometimes been overpaid and sometimes been underpaid, resulting in a net loss to counties of roughly \$5 million. County video lottery receipts are distributed: 10 percent divided equally among the 36 counties; 90 percent divided by the amount of video lottery play in each county.

Questions?

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