

**FISCAL IMPACT OF PROPOSED LEGISLATION**

81st Oregon Legislative Assembly – 2021 Regular Session  
Legislative Fiscal Office

**Measure: HB 3394 - 3**

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

---

Prepared by: Kim To  
Reviewed by: Amanda Beitel, Julie Neburka, Ben Ruef, Laurie Byerly  
Date: June 16, 2021

---

**Measure Description:**

Establishes State Gambling Task Force.

**Government Unit(s) Affected:**

Oregon State Lottery, Legislative Fiscal Office (LFO), Legislative Assembly, Oregon Racing Commission (ORC), Oregon State Police (OSP), County Sheriffs, Local Government, Tribal Government

**Summary of Fiscal Impact:**

Costs related to the measure are anticipated to be minimal - See explanatory analysis.

**Analysis:**

HB 3394 prohibits the Oregon State Lottery, during the time period beginning January 1, 2022 and ending January 2, 2023, from implementing any lottery games or game procedures that were not authorized or implemented before January 1, 2022, the effective date of this measure.

In addition, the measure establishes the 10-member State Gambling Task Force charged with studying and making recommendations regarding Oregon’s gambling policy and regulations. The Task Force is required to deliver a report to a Legislative committee on its findings and recommendations at least once every three months, with the final report to be submitted by December 1, 2022. Members of the Task Force are not entitled to compensation or reimbursement. The Task Force sunsets on January 2, 2023.

The -3 amendment defines “historical animal racing” as animal races that were previously held and places restrictions on mutuel wagers on historical wagers.

**Oregon State Lottery (Lottery)**

Lottery anticipates reprioritizing duties and responsibilities of existing staff to support the work of the Task Force. However, note that the moratorium prohibiting Lottery from implementing any new lottery games or game procedures could have a revenue impact. The moratorium could prevent Lottery from complying with the Multi-State Lottery Association (MUSL) changes. If MUSL requires changes during the moratorium and Lottery is unable to comply, Oregon may lose the ability to sell Powerball and MegaMillions tickets for MUSL draw games. The most recent revenue forecast estimates about \$22 million a year from MUSL ticket sales in FY 2022 to be distributed to Lottery beneficiaries including education, economic development, state parks, veterans' services, and debt service on Lottery bonds, as well about \$5 million in sales commissions to Lottery retailers. Additionally, the moratorium would prohibit Lottery from rolling out progressive jackpots on current Video Lottery terminals which Lottery estimates to generate between \$8.0 and \$22.6 million in net sales. Net proceeds would go to the Economic Development Fund for Lottery beneficiaries, as well as to Lottery retailers in the form of commissions (roughly estimated between \$1.7 and \$5.4 million in the first year). The Oregon State Lottery also notes that new vaccine incentive lotteries would be prohibited during the moratorium. Please see the revenue impact statement for more details.

### Oregon Racing Commission (ORC)

Passage of this measure will result in a loss of licensing and fee revenues for ORC. The Commission estimates this loss to be \$362,218 for the 2021-23 biennium. Currently, two advance deposit wagering (ADW) licensees offer the wagering product restricted by this measure. With passage of this measure, these licensees would likely leave the state. While revenues would decrease, the agency's expenditures would not change because regulating the remaining eight ADW licensees would be the same cost as regulating the 10 currently licensed. Loss of revenue will mean less moneys distribute to groups like the Oregon Horsemen's Benevolent and Protective Association (OHBPA), Oregon Thoroughbred Owners and Breeders Association (OTOBA), and fair meet in support the industry.

### Legislative Assembly

Passage of this measure is anticipated to have minimal fiscal impact on the Legislative Assembly. Per diem costs are expected to be \$4,100 for two members, nine meetings, operative date of January 1, 2022 and sunset of January 2, 2023. The 2021-23 Legislative Assembly budget contains funds allocated for members of the Legislative Assembly to participate in committees, boards, and task forces. However, if the work required by this task force, or if the cumulative enactment of other legislation with interim committees and task forces exceeds expenditure levels beyond those assumed in the 2021-23 budget, additional General Fund resources may be required.

### Legislative Fiscal Office (LFO)

The Legislative Fiscal Office is directed to provide staff support to the Task Force. LFO anticipates reprioritizing existing staff and resources to provide the Task Force with administrative support. However, note that the measure requires the Task Force to solicit and accept input from relevant subject matter experts and from members of the public. If the Task Force determines that it would need to contract these activities to a consultant with specialized expertise, it is assumed that LFO would be required to fund these activities. These costs cannot be quantified until the Task Force convenes and defines the scope of these activities.

### Oregon State Police (OSP), Local Government, Tribal Government

OSP, county sheriffs, local government, tribal government are identified as participants of the task force. This fiscal assumes that membership on the Task Force will have minimal impact on these entities, and that any Task Force work can be absorbed with existing resources.

Because the measure establishes a task force, it warrants a subsequent referral to the Joint Committee on Ways and Means.