

## FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: SB 451

82nd Oregon Legislative Assembly – 2023 Regular Session

Legislative Fiscal Office

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

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### Measure Description:

Removes annual limit of \$1.53 million, adjusted for inflation, on allocations from Administrative Services Economic Development Fund to County Fair Account.

### Government Unit(s) Affected:

Department of Administrative Services, Oregon Lottery Commission, Counties

### Summary of Fiscal Impact:

Costs related to the measure may require budgetary action - See analysis.

### Analysis:

SB 451 removes the cap for the total amount that may be allocated from the Administrative Services Economic Development Fund (EDF) to the County Fair Account; and states that an amount equal to one percent of the net proceeds from the Oregon State Lottery must be allocated in each fiscal year, subject only to the availability of unobligated net lottery proceeds. Currently, the cap on EDF allocations to the County Fair Account is \$1.53 million annually, adjusted for inflation. The measure takes effect on the 91st day after adjournment sine die of the 2023 regular session.

The Department of Administrative Services (DAS) distributes the EDF in adherence with constitutional and statutory funding priorities, as well as specific legislative allocations. The Oregon Constitution includes dedicated transfers to the Education Stability Fund (18%), Parks and Natural Resources Fund (15%), and Veterans' Services Fund (1.5%). Statutory dedications include outdoor school education programs (4%, up to a maximum of \$5.5 million per quarter adjusted for inflation), county economic development programs (2.5% of net video lottery receipts), gambling addiction treatment programs (1%), public university sports programs and academic scholarships (1%), and the county fair programs (1%, up to a maximum of \$1.53 million annually adjusted for inflation). Net proceeds from sports betting games are dedicated to match qualifying employer payments to the Public Employees Retirement System Employer Incentive Fund.

There is no fiscal impact for DAS, Oregon Lottery Commission, or counties regarding the implementation of this measure. However, the measure changes the state's current lottery revenue allocation and budgeting process. Allocations of net lottery revenues for statutory percentage transfers and legislative dedications from the EDF are approved as fixed amounts each session in a lottery allocation bill. DAS may only distribute amounts from the EDF that are approved by the Legislature. The Legislative Assembly approved a fixed dollar amount of \$3,828,000 for county fair programs during the 2021-23 biennium.

Increasing the distribution to county fair programs reduces the amount of net lottery revenues available in the subsequent biennium for other purposes. This measure warrants a subsequent referral to the Joint Committee on Ways and Means for consideration of its impact on lottery allocations.