

A-Engrossed
House Joint Resolution 34

Ordered by the House April 26
Including House Amendments dated April 26

Sponsored by Representative BOQUIST (at the request of John Lindsey, Commissioner)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Proposes amendment to Oregon Constitution dedicating portion of net proceeds of State Lottery for services for Oregon veterans.

Refers proposed amendment to people for their approval or rejection at [*next regular general election*] **special election held on same date as next primary election.**

JOINT RESOLUTION

Be It Resolved by the Legislative Assembly of the State of Oregon:

PARAGRAPH 1. Section 4, Article XV of the Constitution of the State of Oregon, is amended to read:

Sec. 4. (1) Except as provided in subsections (2), (3), (4), [*(10) and (11)*] **(5), (10), (11) and (12)** of this section, lotteries and the sale of lottery tickets, for any purpose whatever, are prohibited, and the Legislative Assembly shall prevent the same by penal laws.

(2) The Legislative Assembly may provide for the establishment, operation, and regulation of raffles and the lottery commonly known as bingo or lotto by charitable, fraternal, or religious organizations. As used in this section, charitable, fraternal or religious organization means such organizations or foundations as defined by law because of their charitable, fraternal, or religious purposes. The regulations shall define eligible organizations or foundations, and may prescribe the frequency of raffles, bingo or lotto, set a maximum monetary limit for prizes and require a statement of the odds on winning a prize. The Legislative Assembly shall vest the regulatory authority in any appropriate state agency.

(3) There is hereby created the State Lottery Commission which shall establish and operate a State Lottery. All proceeds from the State Lottery, including interest, but excluding costs of administration and payment of prizes, shall be used for any of the following purposes: creating jobs, furthering economic development, financing public education in Oregon, **providing services to Oregon veterans** or restoring and protecting Oregon's parks, beaches, watersheds and critical fish and wildlife habitats.

(4)(a) The State Lottery Commission shall be comprised of five members appointed by the Governor and confirmed by the Senate who shall serve at the pleasure of the Governor. At least one of the Commissioners shall have a minimum of five years experience in law enforcement and at least one of the Commissioners shall be a certified public accountant. The Commission is empowered to promulgate rules related to the procedures of the Commission and the operation of the State Lottery. Such rules and any statutes enacted to further implement this article shall insure the integrity,

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 security, honesty, and fairness of the Lottery. The Commission shall have such additional powers
2 and duties as may be provided by law.

3 (b) The Governor shall appoint a Director subject to confirmation by the Senate who shall serve
4 at the pleasure of the Governor. The Director shall be qualified by training and experience to direct
5 the operations of a state-operated lottery. The Director shall be responsible for managing the affairs
6 of the Commission. The Director may appoint and prescribe the duties of no more than four Assist-
7 ant Directors as the Director deems necessary. One of the Assistant Directors shall be responsible
8 for a security division to assure security, integrity, honesty, and fairness in the operations and ad-
9 ministration of the State Lottery. To fulfill these responsibilities, the Assistant Director for security
10 shall be qualified by training and experience, including at least five years of law enforcement ex-
11 perience, and knowledge and experience in computer security.

12 (c) The Director shall implement and operate a State Lottery pursuant to the rules, and under
13 the guidance, of the Commission. The State Lottery may operate any game procedure authorized
14 by the commission, except parimutuel racing, social games, and the games commonly known in
15 Oregon as bingo or lotto, whereby prizes are distributed using any existing or future methods among
16 adult persons who have paid for tickets or shares in that game; provided that, in lottery games
17 utilizing computer terminals or other devices, no coins or currency shall ever be dispensed directly
18 to players from such computer terminals or devices.

19 (d) There is hereby created within the General Fund the Oregon State Lottery Fund which is
20 continuously appropriated for the purpose of administering and operating the Commission and the
21 State Lottery. The State Lottery shall operate as a self-supporting revenue-raising agency of state
22 government and no appropriations, loans, or other transfers of state funds shall be made to it. The
23 State Lottery shall pay all prizes and all of its expenses out of the revenues it receives from the sale
24 of tickets or shares to the public and turnover the net proceeds therefrom to a fund to be estab-
25 lished by the Legislative Assembly from which the Legislative Assembly shall make appropriations
26 for the benefit of any of the following public purposes: creating jobs, furthering economic develop-
27 ment, financing public education in Oregon, **providing services to Oregon veterans** or restoring
28 and protecting Oregon's parks, beaches, watersheds and critical fish and wildlife habitats. Effective
29 July 1, 1997, 15% of the net proceeds from the State Lottery shall be deposited, from the fund cre-
30 ated by the Legislative Assembly under this paragraph, in an education stability fund. Effective July
31 1, 2003, 18% of the net proceeds from the State Lottery shall be deposited, from the fund created
32 by the Legislative Assembly under this paragraph, in an education stability fund. Earnings on mon-
33 eys in the education stability fund shall be retained in the fund or expended for the public purpose
34 of financing public education in Oregon as provided by law. Except as provided in subsections (6)
35 and (8) of this section, moneys in the education stability fund shall be invested as provided by law
36 and shall not be subject to the limitations of section 6, Article XI of this Constitution. The Legis-
37 lative Assembly may appropriate other moneys or revenue to the education stability fund. The
38 Legislative Assembly shall appropriate amounts sufficient to pay lottery bonds before appropriating
39 the net proceeds from the State Lottery for any other purpose. At least 84% of the total annual
40 revenues from the sale of all lottery tickets or shares shall be returned to the public in the form
41 of prizes and net revenues benefiting the public purpose.

42 (5) Notwithstanding paragraph (d) of subsection (4) of this section, the amount in the education
43 stability fund created under paragraph (d) of subsection (4) of this section may not exceed an amount
44 that is equal to five percent of the amount that was accrued as revenues in the state's General Fund
45 during the prior biennium. If the amount in the education stability fund exceeds five percent of the

1 amount that was accrued as revenues in the state's General Fund during the prior biennium:

2 (a) Additional net proceeds from the State Lottery may not be deposited in the education sta-
3 bility fund until the amount in the education stability fund is reduced to less than five percent of
4 the amount that was accrued as revenues in the state's General Fund during the prior biennium;
5 and

6 (b) Fifteen percent of the net proceeds from the State Lottery shall be deposited into the school
7 capital matching subaccount created under subsection (8) of this section.

8 (6) The Legislative Assembly may by law appropriate, allocate or transfer any portion of the
9 principal of the education stability fund created under paragraph (d) of subsection (4) of this section
10 for expenditure on public education if:

11 (a) The proposed appropriation, allocation or transfer is approved by three-fifths of the members
12 serving in each house of the Legislative Assembly and the Legislative Assembly finds one of the
13 following:

14 (A) That the last quarterly economic and revenue forecast for a biennium indicates that moneys
15 available to the state's General Fund for the next biennium will be at least three percent less than
16 appropriations from the state's General Fund for the current biennium;

17 (B) That there has been a decline for two or more consecutive quarters in the last 12 months
18 in seasonally adjusted nonfarm payroll employment; or

19 (C) That a quarterly economic and revenue forecast projects that revenues in the state's General
20 Fund in the current biennium will be at least two percent below what the revenues were projected
21 to be in the revenue forecast on which the legislatively adopted budget for the current biennium
22 was based; or

23 (b) *[If]* The proposed appropriation, allocation or transfer is approved by three-fifths of the
24 members serving in each house of the Legislative Assembly and the Governor declares an emer-
25 gency.

26 (7) The Legislative Assembly may by law prescribe the procedures to be used and identify the
27 persons required to make the forecasts described in subsection (6) of this section.

28 (8)(a) There is created a school capital matching subaccount within the education stability fund
29 created under paragraph (d) of subsection (4) of this section.

30 (b) The Legislative Assembly may by law appropriate, allocate or transfer moneys or revenue
31 to the school capital matching subaccount.

32 (c) To the extent funds are available, the Legislative Assembly may appropriate, allocate or
33 transfer moneys in the school capital matching subaccount and earnings on moneys in the subac-
34 count for the purpose of providing state matching funds to school districts for capital costs incurred
35 by the school districts.

36 (9) Notwithstanding paragraph (d) of subsection (4) of this section, on May 1, 2003, the State
37 Treasurer shall transfer \$150 million from the education stability fund created under paragraph (d)
38 of subsection (4) of this section to a fund created by law and known as the State School Fund.
39 Moneys transferred under this subsection may be used in the manner provided by law for moneys
40 in the State School Fund.

41 (10) Effective July 1, 1999, *[15%]* **13.5%** of the net proceeds from the State Lottery shall be de-
42 posited in a parks and natural resources fund created by the Legislative Assembly. Of the moneys
43 in the parks and natural resources fund, *[50%]* **44%** shall be distributed for the public purpose of
44 financing the protection, repair, operation, and creation of state parks, ocean shore and public beach
45 access areas, historic sites and recreation areas, and *[50%]* **56%** shall be distributed for the public

1 purpose of financing the restoration and protection of native salmonid populations, watersheds, fish
2 and wildlife habitats and water quality in Oregon. The Legislative Assembly shall not limit expen-
3 ditures from the parks and natural resources fund. The Legislative Assembly may appropriate other
4 moneys or revenue to the parks and natural resources fund.

5 **(11)(a) Effective July 1, 2007, 1.5% of the net proceeds from the State Lottery shall be**
6 **deposited in a veterans benefit fund created by the Legislative Assembly. Moneys in the**
7 **veterans benefit fund shall be allocated to the office of the Director of Veterans' Affairs for**
8 **the public purpose of providing services to Oregon veterans by funding:**

9 **(A) Services provided by veterans' service officers in Oregon;**

10 **(B) Rehabilitation services and other services provided by the Oregon Military Depart-**
11 **ment to Oregon National Guard and Active Reserve personnel injured in a wartime theater**
12 **of operations;**

13 **(C) Educational assistance for Oregon veterans; and**

14 **(D) Assistance and services for the spouses, children and dependents of Oregon veterans.**

15 **(b) The office of the Director of Veterans' Affairs may not expend more than 3% of the**
16 **moneys allocated to the office each biennium for the administrative expenses of providing**
17 **the services authorized by paragraph (a) this subsection.**

18 *[(11)]* **(12)** Only one State Lottery operation shall be permitted in the State.

19 *[(12)]* **(13)** The Legislative Assembly has no power to authorize, and shall prohibit, casinos from
20 operation in the State of Oregon.

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22 **PARAGRAPH 2. The amendment proposed by this resolution shall be submitted to the**
23 **people for their approval or rejection at a special election held throughout this state on the**
24 **same date as the next primary election.**