

Revenue Section

LOTTERY FUNDS

Oregon 's Lottery proceeds are used in the education, economic development, and natural resources program areas. Lottery Funds make up approximately five percent of the state's General Fund and Lottery Funds budget.

The Oregon Lottery collects all game revenues. It pays player prizes and its operating expenses out of these revenues. It then transfers the balance to the state. The state will receive \$655.4 million in transfers from the Lottery in 2003-05. The state will also have available an additional \$15.6 million due to the Lottery Funds beginning balance, reversions, and interest earnings. Total available revenue will be \$671.1 million in 2003-05, not including interest earnings on the Education Endowment Fund. The Lottery Funds go to the Administrative Services Economic Development Fund where it is distributed based on current law and legislative direction:

- Counties receive 2.5 percent of video poker proceeds. This is \$24.7 million for 2003-05.
- Sports Action revenues go to the Department of Higher Education. It uses the money for intercollegiate athletics and for non-athletic scholarships. The budget includes \$4.7 million for Sports Action.
- The Education Stability Fund receives 18 percent of total transfers. This amounts to \$118.0 million in 2003-05. The Fund balance will be \$254.2 million by June 30, 2005.

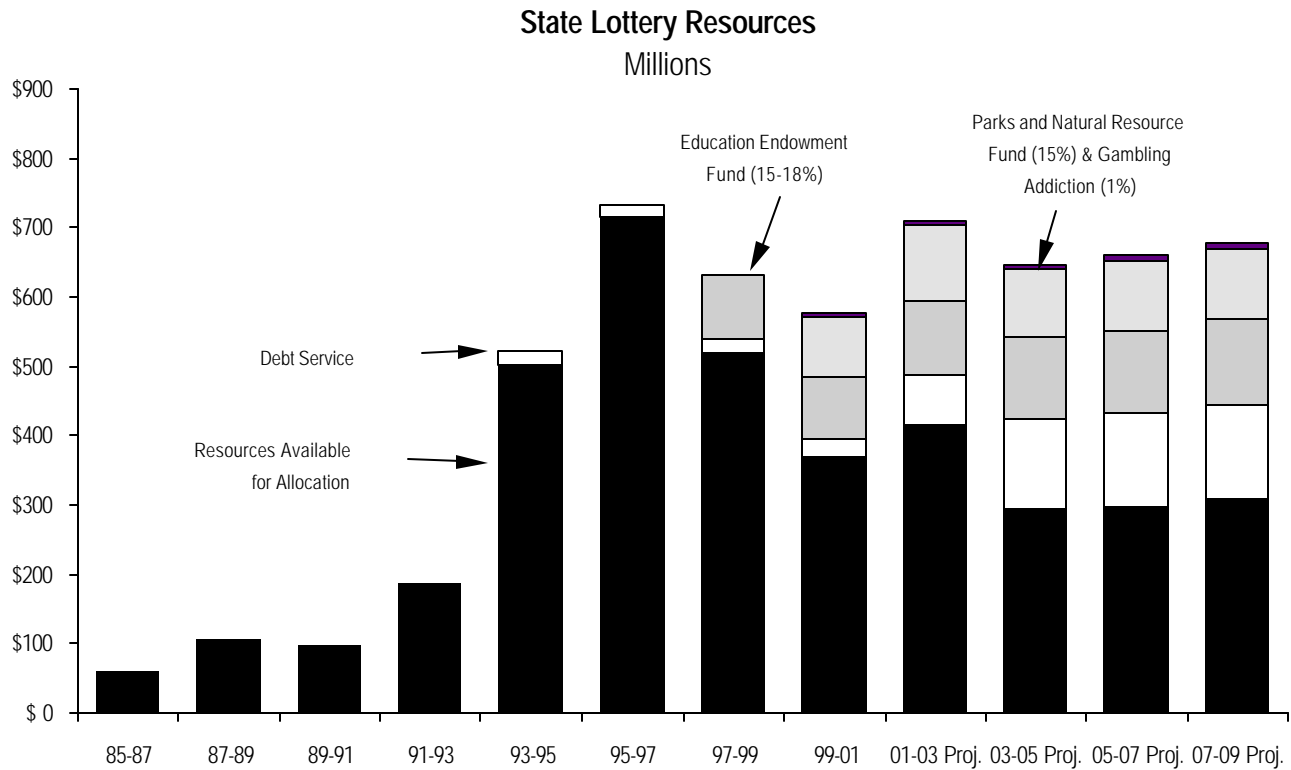
Interest on the Fund, except for the Oregon Growth Account portion of the Fund, is dedicated as follows:

- The Department of Education receives 75 percent of the interest earned. It will use this to pay debt service on education bonds.
- The Student Assistance Commission receives 25 percent. This will fund education grants.
- Also, under certain conditions, the Legislature can make transfers from the Education Stability Fund to the State School Fund.
- The Parks and Natural Resources Fund receives 15 percent of total transfers. The Oregon Constitution requires that half of this money be used for parks, ocean shore and public beach access, historic sites, and recreation areas. The other half must be used to help restore and protect wild salmon, watersheds, fish and wildlife habitat, and water quality. The Governor's balanced budget uses the funds for projects in a number of state agencies.
- The Problem Gambling Treatment Fund receives one percent of total transfers. This amounts to \$6.6 million in 2003-05.
- The Department of Agriculture receives one percent of total transfers up to a cap specified by statute. The money is then distributed to county fairs. The Governor's balanced budget includes \$3.2 million for this purpose.

The rest of the Lottery Funds are available for allocation to agencies for Lottery bond debt service expenditures and other program purposes.

Revenue Section

The following chart shows how the state’s available Lottery resources have changed over time. It also shows how more of the available resources have been dedicated for various uses.



Note: Resources do not include Video Lottery proceeds dedicated to the Counties. Beginning balance is included.
2003-09 debt service figures do not reflect any Education Endowment Fund or reserve earnings designated for debt service on education bonds .

This budget reflects the dedicated Sports Action, Education Stability Fund, Parks and Natural Resources Fund, Problem Gambling Treatment, and County Fair expenditures. The Governor proposes to use other Lottery funds for:

- Debt service costs on education, transportation, and infrastructure bonds.
- The State School Fund.
- Economic development programs and agency operations.

The budget also gives “carry forward limitation” to some agencies. This lets them spend Lottery Funds they received in the previous biennium, but did not spend, for other projects.

The following tables show the state’s Lottery Funds cash flow, and each agency’s Lottery Funds budget. Lottery expenditures are described in more detail in each agency’s budget narrative.

Revenue Section
