

IN BRIEF

Measure aims at payouts to video lottery retailers

SALEM — It could touch off the political equivalent of a barroom brawl.

Members of the Our Oregon Coalition have filed a measure for the November 2006 ballot to reduce the Oregon Lottery's payouts to bars and taverns with video gambling machines, with the money going instead to schools and other programs.

If it gets on the ballot, the initiative likely would face strong opposition from the Oregon Restaurant Association, which says retailers shouldn't be punished for making the lottery a financial success for the state.

There's a lot at stake, both for the retailers who have come to depend on video lottery — the average retail outlet receives \$76,000 a year from the games — and for advocates of increased state funding for Oregon's local schools.

The initiative would reduce the average video commission rate from the current 24.8 percent to 18 percent of net sales, beginning with contracts

signed by retailers after November 2006. Net sales means money spent to play video lottery machines minus prizes paid out.

The 24.8 percent rate would remain in effect for retailers who now have five-year contracts with the state but would fall to 18 percent after current contracts expire.

The initiative by Our Oregon, a coalition of progressive groups that support adequate funding for schools and other programs, would re-ignite a debate that took place earlier this year when the Oregon Lottery Commission approved new compensation rates for retailers.

The new rate gave bars, taverns and other establishments with video gambling machines a smaller cut of profits.

But school advocates say bars and taverns are continuing to make excessive profits from video gambling, at the expense of schools and other programs that receive lottery dollars.

"It's simply a matter of deciding what's more important — education or special interest giveaways to the video retailers," said Steve Novick, a frequent lottery critic and member of the Our Oregon Coalition.

Novick said that the 18 percent rate,

if it were in place today, would reduce retailers' compensation by more than \$70 million in the current two-year budget period and make that money available to schools and other programs that receive lottery dollars.

But Mike McCallum, head of the Oregon Restaurant Association, called the measure punitive and said it could backfire on the state by making the game less profitable. He said some retailers might quit the lottery if the compensation rates were slashed.

Novick scoffed at notion, though, saying earlier threats by retailers to pull out of the game never materialized after compensation rates were reduced.

The proposed initiative comes at a time of rising lottery revenue, mainly because of the addition of slot machine-style games to the lottery's existing video poker terminals.

State lottery revenue have jumped by 20 percent since the slot-type games were added this past summer. It's now forecast that lottery revenue will climb to a record \$964 million in the current budget, which includes \$838 million from video gambling games, lottery officials say.

—The Associated Press

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