

Editorial

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## Like a business ... or not

### **The restaurant lobby is keeping video poker commissions inflated**

The refrain is all too familiar by now: Oregon has a spending problem, not a revenue problem. Cut wasteful spending first, then look at raising taxes.

So what does the Legislature do when presented with an opportunity to trim some excess?

When it comes to video poker, nothing so far.

The Senate Rules Committee held a hearing Thursday on Senate Bill 279, which would slash the lucrative commissions paid to bar and tavern owners for allowing video poker machines on their premises. The measure could save the state \$75 million a year, money that could go to schools and other state programs that are suffering painful budget cuts.

The bill should be adopted. But the Oregon Restaurant Association is doing everything it can to prevent that.

The state currently pays commissions averaging 32 percent to retailers with video poker machines. The average retailer took in \$75,000 in commissions last year; one in four made \$100,000 or more.

That's in exchange for providing floor space for the machines and performing some minor maintenance.

The former owner of an Ashland bar and restaurant said last week that he could have doubled the business's annual profit by accepting poker machines. Nice work if you can get it, but can payments that large be justified in light of the state's financial condition?

We don't think so. But the restaurant lobby does.

The Oregon Restaurant Association, which represents about 700 retailers with video poker machines, strongly opposes SB 279.

The nonpartisan Money in Politics Research Action Project reports that the restaurant group's political action committee contributed \$235,401 to legislative candidates in the 2000 election — 94 percent of it to Republicans, who control the House. On top of that, in 2001 and 2002, the group spent close to \$1 million on lobbying activities.

It seems to be working. The Senate committee held a hearing but has taken no action. The House version of the bill, HB 2510, has died.

Two studies conducted a decade ago concluded that video poker commissions were two to three times higher than necessary to provide incentive for tavern owners to accept the machines. But the payments have continued at the same rate.

The owners of these businesses howl that they would suffer if the commissions are reduced to 15 percent, as the bill proposes.

Of course they would. But the state Lottery was created to make money for the state, not to subsidize private industry.

Those who argue that government should operate like a business should understand this logic. So should business owners. And what is the Oregon Lottery if not a business?

If studies show your business is paying two to three times too much for something, what do you do? You find a way to pay less.

Nobody likes to pay more for something than it's worth. Except, perhaps, lawmakers who stand to benefit from keeping the price high.