Disclaimer: The views expressed here are solely those of the presenters, they do not necessarily represent official State of Oregon policies or positions.
Happiness is the highest good.

To achieve happiness, rational humans must act with virtue:
- Rationality is distinctly human
- Virtue is excellence

Moral virtue is behaving in the right manner, a balance between extremes of deficiency and excess:
- Appropriate attitude toward pain and pleasure

From: Aristotle’s Nicomachean Ethics
Oregon Vice Revenues
2017-19 Biennium Forecasts, $ Millions

- Lottery: $1,402
- Alcohol: $574
- Cigarettes: $409
- Marijuana: $204
- Other Tobacco: $123

Source: OLCC, Oregon Office of Economic Analysis
Revenues in Perspective

**Oregon Vice Revenues**
2017-19 Biennium Forecasts, $ Millions

- **Lottery**: $1,402
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Source: OLCC, Oregon Office of Economic Analysis

**Oregon Vice Revenues**
Oregonians Played or Used in Past 30 Days

- **Lottery**: 8% (8% played, 26% used)
- **Alcohol**: 59% (59% used)
- **Cigarettes**: 16% (16% used)
- **Marijuana**: 13% (13% used)
- **Other Tobacco**: 4% (4% used)

Source: CDC, OHA, Oregon Lottery, SAMHSA, Oregon Office of Economic Analysis
**Lottery: Discretionary Spending**

**Double or Nothing**

Seasonally-Adjusted Slot Machine Win (NV) and Net Video Lottery Sales (OR)

Percent Change Relative to pre-Great Recession Peak

- **Oregon Video Lottery**
- **Las Vegas Strip**
- **Downtown Vegas**


Latest Data: 2017q2 | Source: Nevada Gaming Commission, Oregon Lottery, Oregon Office of Economic Analysis
Outlook: Stable but Uncertain

Outlook Summary:
Stronger economy and growing population drive longer-term gains

Outlook Risks:
- Generational Preferences
- Retailer Uptake
- Competition

Gaming as Share of Personal Income
4 Quarter Average

Latest Data: 2017q2  |  Source: BEA, IHS Global Insight, Oregon Lottery, Oregon Office of Economic Analysis
Where is the Casino Impact?

Washingtonian Video Lottery Jackpot Winners

Source: Oregon Lottery
Tobacco: Taxes Matter

Northwest Cigarette Packs Sold
4 Quarter Sum, Estimate Based on Tax Revenue and Tax Rate

- Trend:
  - Smoking rates and smoking intensity

- Tax Per Pack (2016):
  - Oregon: $1.32
  - Washington: $3.03

- Outlook:
  - Stable taxes
  - Smoking declines
  - Growing population
Alcohol: Start-Ups Drive Growth

Oregon Brewery Production
Barrels of Beer for Oregon Consumption, 12 Month Sum

Oregon Brewing Gains 2005-2016
Total Barrels, Share of Growth

Start-Ups 79%
Legacy 8%
Other 13%

Legacy: Bridgeport, Craft Brewers Alliance, Deschutes, Full Sail, Portland Brewing, McMenamins, Rogue
Other Existing: All other Oregon breweries founded before 2005
Start-Ups: Oregon breweries founded 2005+
Source: OLCC, Oregon Office of Economic Analysis, Author’s Calculation
Reversing the Oregon Trail

Value-added manufacturing.

Domestic market saturation.

Brewpubs vs Production Breweries

$USD

Oregon Alcohol Exports

Source: WISERTrade, Oregon Office of Economic Analysis
It’s 5 O’clock Somewhere

Oregon Employment Change
January 2008 - June 2017

Tech
Hardware is our historical strength. Growth is all in software, where Oregon starts from a low base.

Alcohol
Breweries, wineries, distilleries. Alcohol wholesalers. Specialty retail stores. Bars, but not restaurants.
There is a Dark Side

Drinks per Week
Adults 18 and Over, 2001-02

Source: *Paying the Tab* by Philip J Cook via The Washington Post
Macroeconomic Issue

Bad Health and Disability on the Rise
Share of Prime-Age Oregonians (25-54 Years Old) who are not in the labor force because of illness or disability, 3 Yr Avg

Possible Reasons:
- Social Acceptance
- Disability Insurance
- Saving Face
- Public Health Crisis

Source: IPUMS-CPS, Oregon Office of Economic Analysis
Intersection of Vice, Health, and the Macroeconomy

Oregon Deaths of Despair
Deaths per 100,000 Due to Drugs, Alcohol, and Suicide
White, Non Hispanic Males

Case and Deaton

- Mortality no longer improving for white Americans
  - Unlike other advanced economies, or for U.S. communities of color
- Driver: drug overdoses, liver disease, and suicides

Source: Brookings Institute, CDC, Oregon Office of Economic Analysis
Challenge Runs Deep

Deaths of Despair
45-54 Year Olds, Deaths per 100,000

Poisonings  Chronic Liver Disease  Suicide

White Females

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U.S.  Oregon

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