

**TO:** The Honorable Representative Tomei, Chair  
House Human Services and Housing Committee

**FROM:** Jeff Marotta, Ph.D.

**DATE:** February 4, 2013

**SUBJECT:** Overview of the Lottery – Informational Hearing

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Chair Tomei and members of the committee, I am Dr. Jeff Marotta, Owner and Senior Consultant of the consulting firm, Problem Gambling Solutions, Inc.. From 2000 to 2007, I was the Problem Gambling Services Manager working within the Oregon Department of Human Services (DHS) and during that time I collaborated with the Oregon State Lottery (OSL) on responsible gambling and problem gambling awareness projects. After my departure from civil service, I resumed a relationship with the OSL as a contracted problem gambling and responsible gambling consultant.

In December 2011, the OSL formed an advisory group of experts in the fields of public health and problem gambling and invited me to Chair this group. The Advisory Group's objective was to examine responsible gambling efforts by the OSL to assess strengths and areas for improvement. The Advisory Group's primary focus was to review marketing strategies and recommend practices to minimize harm from the use of OSL products, including the proposed ORcade website. Secondly, the advisory group was invited to examine and make recommendations on other aspects of responsible gambling practices including employee and retailer training and product development.

The Advisory Group report was submitted to the OSL on February 22, 2012. The report documented a long list of OSL responsible gambling practices, areas for improvement, and corresponding recommendations. On April 18, 2012, OSL senior management provided a memo to the OSL Director and Deputy Director with a response to the report. This memo described several Advisory Group recommendations that the management team would implement immediately, some that would be further explored, and others that were judged not to be compatible with the OSL's responsibilities.

The response to the Advisory Group's recommendations raised a critical question;

*What are the OSL's responsibilities toward mitigating harm related to their products and practices?*

The Lottery Director has requested a legal review of some of the major recommendations made in the report. The larger question regarding OSL's responsibilities is one that is not expected to be answered in a legal opinion and instead requires focused policy that deals with both the lottery's need to generate revenue and to be a careful regulator of its impact.

House Bill 2163 seeks to clarify the OSL's responsible gambling policy and HB 2167 seeks to reduce pressure to generate increased revenues. In theory, these bills move Oregon closer to a balanced gambling policy. In practice, a cultural shift within the lottery must take place and the legislature will need to reduce reliance on lottery revenues while fully funding the Oregon Health Authority's efforts to treat and prevent gambling addiction.

Of the current bills that seek to strengthen public protection from the unwanted consequences of state operated gambling, I believe HB 2163 may be the most critical to pass. Opponents of HB 2163 will warn that legislation to strengthen the public's protection from lottery products and marketing will lead to litigation. This was the same argument made in 2003 when the American Gaming Association released their responsible gambling Code of Conduct. Phil Satre, Chairman of Harrah's Entertainment Inc. and a former attorney stated at that time, "Litigation is always going to be present. The risk of inviting more litigation through such requirements isn't high enough to offset the benefit of corporate responsibility".

Oregon's health, economy, and society stand to gain from improved protections against gambling-related harm. The real threat to Oregon is inaction.

I want to close by clarifying that I view the administration and staff of the OSL as hard working and dedicated public servants. They are performing their jobs as they understand them. We don't need better people, we need better policy.

Thank you for devoting your time and energy into strengthening Oregon's efforts to address problem gambling and for the opportunity to testify before you today. I would be happy to answer any questions.