

To: Oregon House Of Representatives Committee on Revenue
Date: February 25th, 2020
From: Kitty Martz, CGRM, CGAC II, MBA
Re: **HB 4153; Prohibits High Transactive Velocity Lottery Games on Mobile Devices – Amendments**

Thank you for your consideration in support of **HB 4153**, a bi-partisan effort. I ask that this bill be put through to the House as a do pass with no further amendments (-1 is adopted). A brief explanation and opinion on the others:

Proposed Amendment “-3” – Prefer no, but acceptable/intent appreciated

I believe I can safely speak for the gambling treatment field that we find the current \$250,000 limit to be egregious. The lottery has generated data about average bet sizes and stated that though they *can* take bets that large, it doesn't imply they necessarily *will*. Nonetheless, legislatively establishing betting limits for existing products might be better served in a mutually exclusive bill.

There could be a number of unintended consequences to this amendment. My concern lies in the potential for this bill to become one that could impact, or could be *attributed to impacting revenue*, particularly in the upcoming biennium. As it stands now, this bill has been determined to not have fiscal impact.

The lottery missed the revenue mark with Scoreboard by a long shot. Their first year's abject failure ⁽¹⁾ is now being explained with a range of excuses. From lacking NCAA wagers (which was never on the table and not new information) to tax withholding (also easily known in advance), to black market (how will the lottery ever compete if they expand product offerings and don't have a system for illegal gambling enforcement?) and interstate competition (no data offered...from Chinook Winds sportsbook?) Ultimately, margins were always predicted to be low, the primary vendor (SBTech) is extremely problematic and the lottery's projections had accounting errors. Would a legislative cap on wagers be the lottery's next excuse for not delivering?

Proposed Amendment “-6” – No

Lottery representatives have testified to this legislative body that they find high transactive velocity gambling on handheld devices to **fail the test for responsible gambling**. ⁽²⁾

It is concerning, now, that their definition of what games would be excluded is so specific. “Three or more spinning reels” does not begin to address the negative consequences that would stem from players engaging in high speed card games, keno, digital “stacks” of faux scratch-it tickets, or any other iterations of digital gambling platforms (e.g. popping bubbles, cascading tiles, pick a door, etc).

This amendment should serve as an example of how careful the legislature must be in looking to only the lottery to self-regulate versus seeking out expert advice from problem gambling professionals. Now that Representative Evans has sought legal council clarification on your degree of oversight, we urge you to practice that oversight and not be easily persuaded by gestures like this proposed amendment.

Proposed Amendment “-7” – No

Representative Holvey may have a valid point in pursuing regulatory systems for Fantasy contests, that Fantasy contests are, in fact, very much considered “gambling”, and that an immense amount of revenue is lost by the state to platforms like Draft Kings and Fan Duel. We do not, however, see the lottery as an appropriate pseudo-gaming commissioner and believe this amendment should be a mutually exclusive bill that addresses larger issues along the lines of defining what gambling is or isn’t and who regulates and enforces it.

(1) "Lottery will have a loss of \$5.3 [million] from the program for the first nine months of FY '20," Pack said in a memo prepared for (this week’s February 2020 lottery commission meeting).

– Nigel Jaquiss/Rachel Monahan, Willamette Week, February 24, 2020

<https://www.wweek.com/news/2020/02/24/after-initial-projections-of-profitability-the-oregon-lottery-will-lose-money-on-sports-betting-this-year/>

(2) House Interim Committee on Business and Labor – 9/17/19

Matt Shelby, Public Information Manager, Oregon Lottery

Testimony in Committee (Time - 53:25)

“We have been talking about sports betting what we will have available on a mobile channel. Umm, Director Pack, the Lottery Commission, even the Governor’s office have committed to not offering video lottery style games on a mobile phone. Right now we believe, we have always believed those belong on video lottery terminals, in Oregon lottery retailers, umm and giving people access to those games on their phone – we do not believe passes that responsible gambling test or threshold for us. So that is something that will not be offered via the mobile channel.”