

The Oregon State Lottery

Mike Wells, Interim Director

Matt Shelby, Chief Communications Officer

The House Committee on Gambling Regulation
January 24, 2023



Agenda

01

Lottery's Origin and How We Operate

04

Responsible Gaming

02

Lottery Revenue

05

Current Focus

03

Lottery Games and Sales

06

Questions

Origin of Lottery

In 1984, voters approve two ballot measures to establish the Oregon State Lottery to fund **job creation** and **economic development** programs.

Measure No. 4		STATE OF OREGON
Submitted to the Electorate of Oregon by Initiative Petition, to be voted on at the General Election, November 6, 1984.		
BALLOT TITLE		
4	CONSTITUTIONAL AMENDMENT ESTABLISHES STATE LOTTERY, COMMISSION; PROFITS FOR ECONOMIC DEVELOPMENT	YES <input type="checkbox"/> NO <input type="checkbox"/>
QUESTION—Shall a state lottery operated by commission be established, profits to be used to create jobs and further economic development?		the integrity, security of the Commission shall be provided by law. The Governor, by the Senate who the Director shall be responsible for managing operations of a state lottery, shall appoint and preside over the Directors as the Directors shall be responsible for security, integrity, administration of the Assistant Director's experience, including the knowledge and skills of the Director within the Commission. The Director shall be responsible for the management of the lottery pursuant to the rules of the Commission. Within 105 days of the Director and at least one public sale of tickets.
EXPLANATION—Constitutional amendment establishes state lottery and lottery commission to operate games other than bingo, parimutuel racing or social games. Profits to be used to create jobs, employment. Requires 50% of proceeds to Limits expenses to 16%. Requires 1,800,000 to fund initial costs, repaid and other constitutional initiative(s) pass, only measure with most votes		
FINANCIAL EFFECT—Passage of		

Measure No. 5		STATE OF OREGON
Submitted to the Electorate of Oregon by Initiative Petition, to be voted on at the General Election, November 6, 1984.		
BALLOT TITLE		
5	STATUTORY PROVISIONS FOR STATE OPERATED LOTTERY IF CONSTITUTIONALLY AUTHORIZED	YES <input type="checkbox"/> NO <input type="checkbox"/>
QUESTION—Shall legislation be enacted to regulate state lottery, establish qualifications for commission, director, retailers, vendors and contractors, if constitutionally authorized?		
EXPLANATION—Measure regulating and providing for state operated lottery becomes effective if separate constitutional amendment passes. CONTAINS MANY DETAILS NOT MENTIONED HERE. Requires legislature to lend \$1,800,000 to fund initial costs, repaid		
(a) "Lottery" or "State Lottery" means the lottery established and operated by this Act.		
(b) "Commissioner" means the Lottery Commission appointed by the Constitution and this Act to oversee the lottery.		
(c) "Director" means the Lottery Commission appointed by the Governor and this Act as the chief administrator of the lottery.		
(d) "Lottery Commission" means the five-member body appointed by the Governor and this Act to oversee the lottery.		
(e) "Lottery Game" means a game authorized by the Commission among persons who have paid, or tickets or shares which provide the opportunity to win a prize.		
(f) "Person" means a natural person or a corporation, partnership, association, or other legal entity.		

Origin of Lottery

On April 25, 1985, Lottery sells its first ticket for \$1.



Oregon Lottery starts today

Oregonians itching to put a little financial fantasy in their lives can start scratching tickets in the Oregon's new state lottery today.

Tickets will go on sale at 12:31 p.m. at more than 2,300 locations throughout the state, including 203 in Lane County.

Chances in the Oregon Lottery cost \$1. The game is played by scratching a thin latex covering from the face of the lottery ticket. Six different dollar amounts are printed beneath the latex. If any three of those numbers match, the ticket wins that amount.

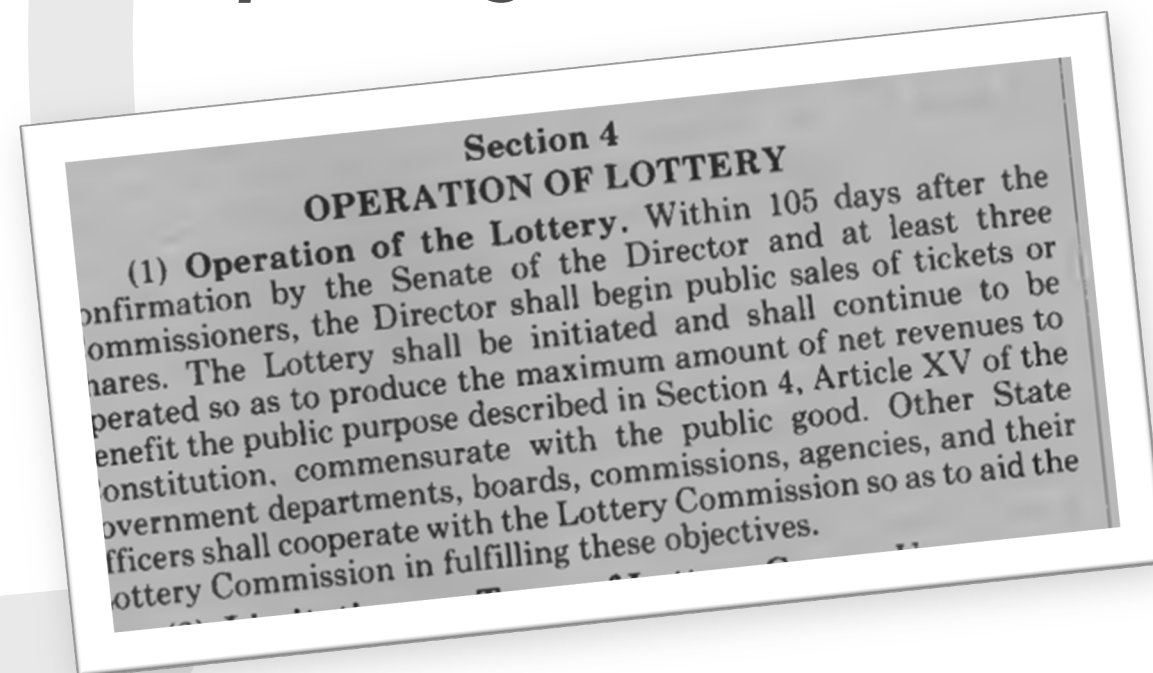
a "wheel of fortune." The amount of money in that jackpot will grow until it is won.

Sales in the Oregon Lottery are expected to exceed \$110 million per year — making it one of the bigger businesses in the state. Only 38 Oregon companies had sales of more than \$100 million last year, according to Oregon Business magazine.

Half the proceeds from the sale of lottery tickets will be used to pay prizes. Another 34 percent will be earmarked for economic development



Operate a lottery with the highest standards of security and integrity to raise revenue for the people of Oregon
"commensurate with the public good."



The Lottery is a Partnership

Lottery raises money by selling tickets or shares in Lottery games, according to **Commission** and **Governor** policy directives, and within constitutional and statutory guidelines.

Lottery Commissioners, and the Director, are appointed by the **Governor**, confirmed by the **Senate**.

The **Commission** oversees Lottery policy and budget - approves games, rules, budget, and major procurements.

The **Legislature** appropriates Lottery revenue, approves bond sales and projects, and sets gambling policy.

Businesses around the state sell Lottery games.



Lottery's Funding Model



Lottery must be **self-supporting**.

The Lottery must **return at least 84%** of total revenue back to the public in the form of prizes and funding for public programs.

Overview – Lottery Revenue

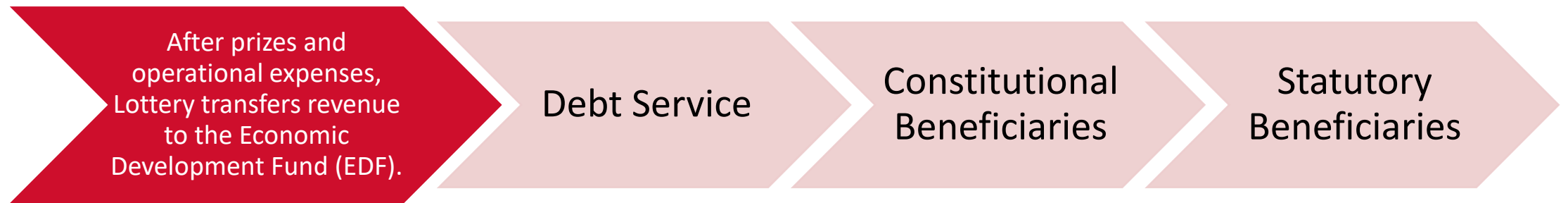
Where Does the Money Go?

Revenue and Transfers Over Time

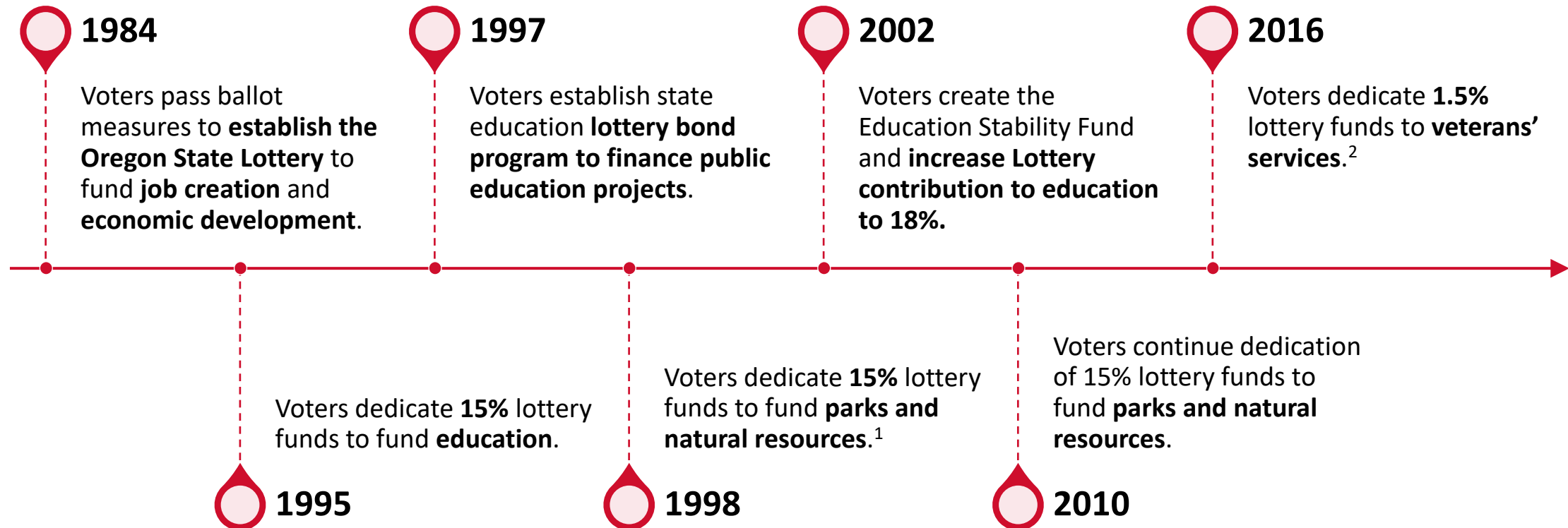
Lottery Revenue Bonds



Distribution of Lottery Revenue

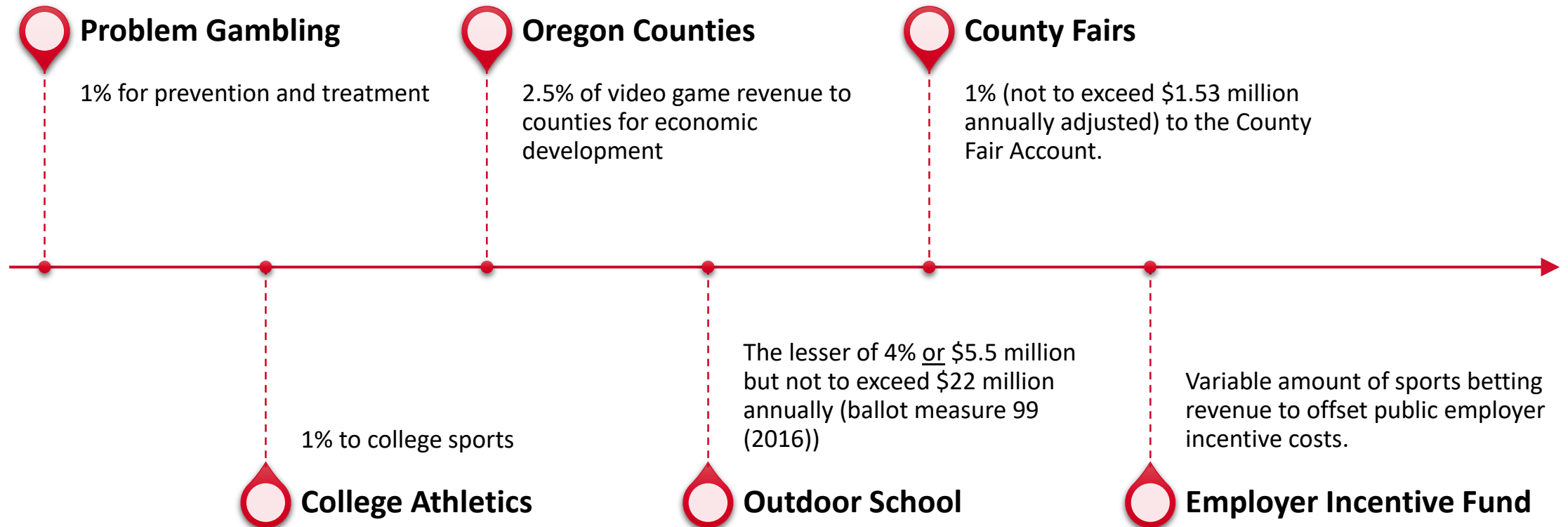


Constitutional Lottery Beneficiaries Added Over Time



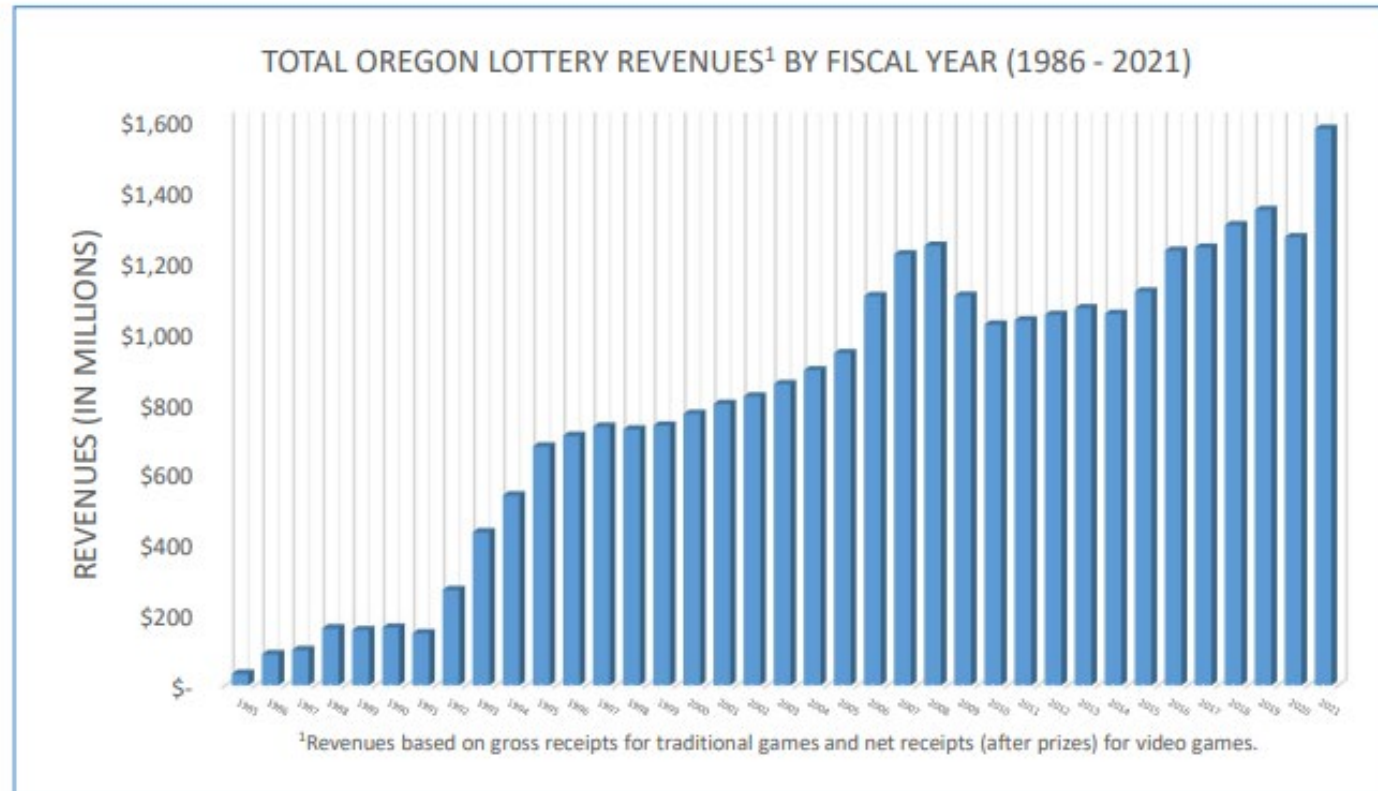
1. Ballot measure 66 (1998) sunset in 2014; sunset lifted by ballot measure 76 (2010).
2. 4% or \$5.5 million quarterly not to exceed \$22 million; see ballot measure 99 (2016)

Statutory Lottery Beneficiaries



Learn more about specific projects funded with Lottery dollars at oregonlottery.org/beneficiaries

Lottery Revenue



Current Revenue Forecast (in millions)

	2021-23	2023-25
Traditional Games	172.716	156.440
Video Lottery	1,601.419	1,589.234
Sports Betting	27.821	33.154
	1,801.939	1,778.828

SOURCE: Dec 2022 Oregon Economic and Revenue Forecast (Table B.9) <https://www.oregon.gov/das/OEA/Documents/appendixb.pdf>

Lottery Revenue Bonds

Project Summary	Proceeds ⁽¹⁾
Center for Hope and Safety Hope Plaza	\$ 7,500,000
Bradlin Community Sports Park	2,000,000
Oregon Coast Aquarium Indoor Gallery	5,000,000
Improvements	3,500,000
Barrott Creek Child & Family Services Building	13,600,000
Renovation	2,400,000
Phoenix Government and Public Safety Center	5,400,000
Port of Cascade Locks Business Park Expansion	5,000,000
Cofferson County Health and Wellness Center	4,000,000
County Fair Capital Improvements	6,000,000
Herwood Pedestrian/Bike Bridge	5,000,000
MCA Veterans' Affordable Housing	10,000,000
Main Street Revitalization Grant Program	14,000,000
Deschutes Basin Board of Control Piping	15,000,000
Wallowa Lake Dam Rehabilitation	4,000,000
Water Development Projects	\$ 102,400,000
Big Creek Dams Replacement	\$ 15,000,000
Eugene Family YMCA Facility	15,000,000
Levee Grant Program	10,000,000
Brownfields Redevelopment Fund	50,000,000
Special Public Works Fund	25,000,000
Wildfire Affordable Housing Supply & Land	\$ 115,000,000
Acquisition	

Oregon has the **highest rated** and **most active** bond program in the nation.

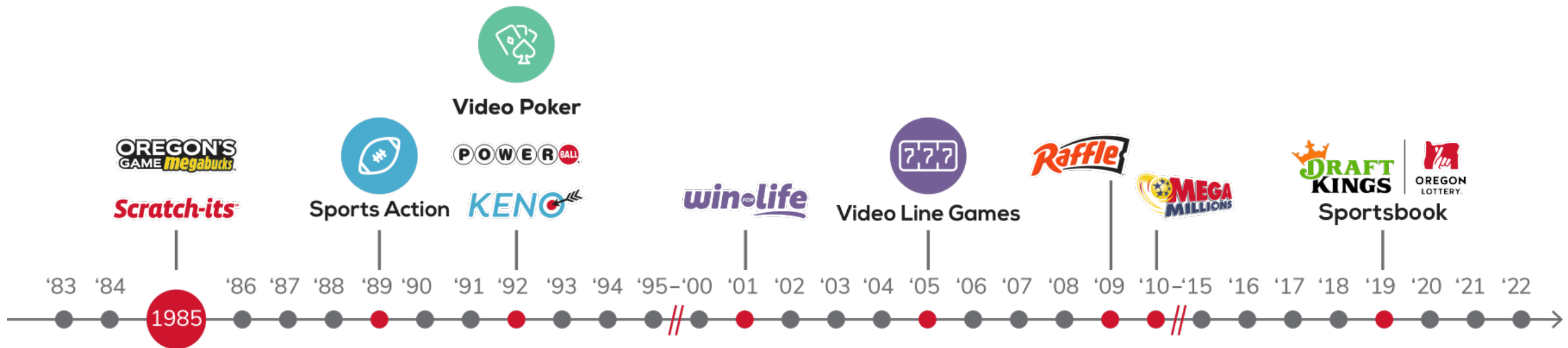




Lottery Games

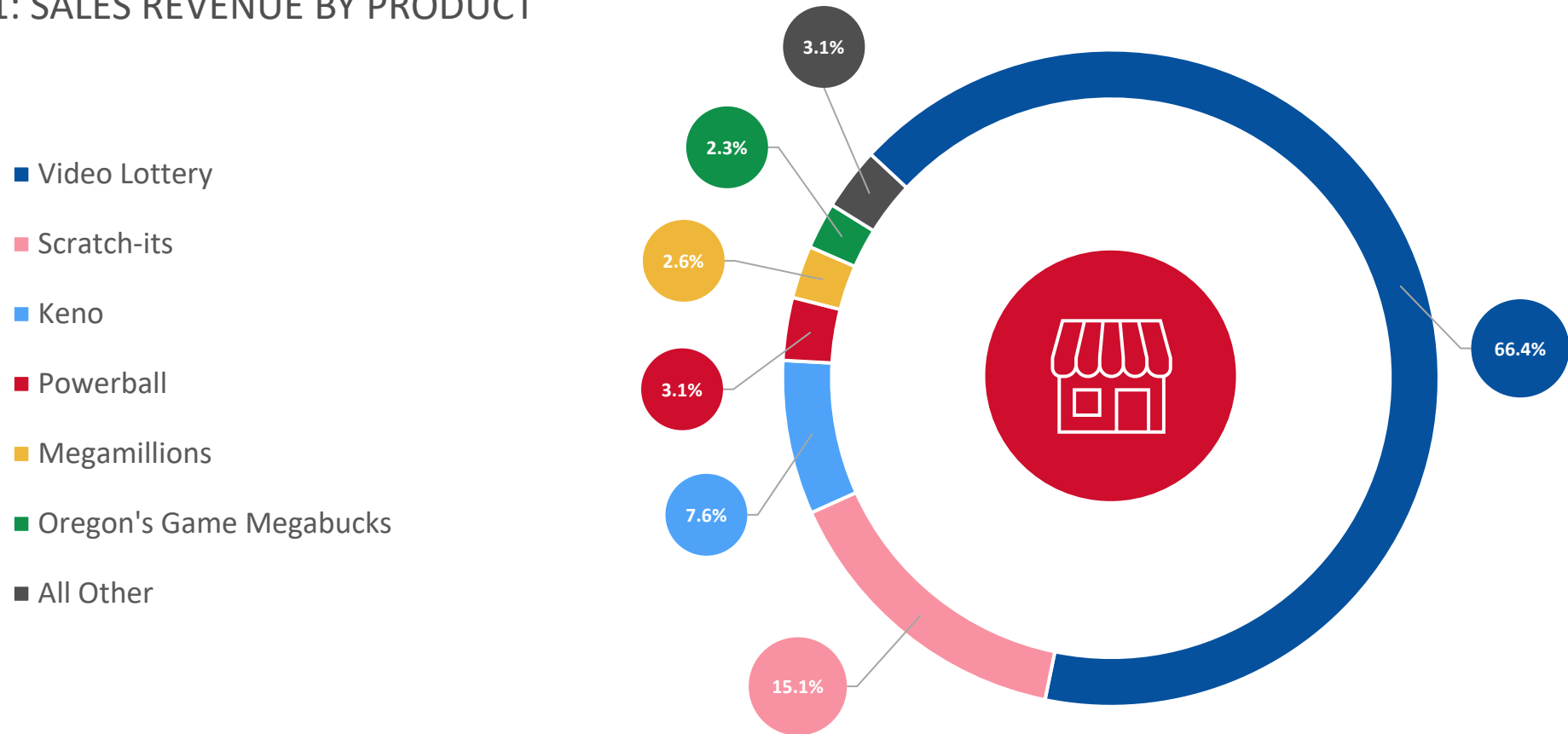
Game Evolution Over Time
Revenue by Game
Sales Channels

Lottery Game Portfolio Evolution



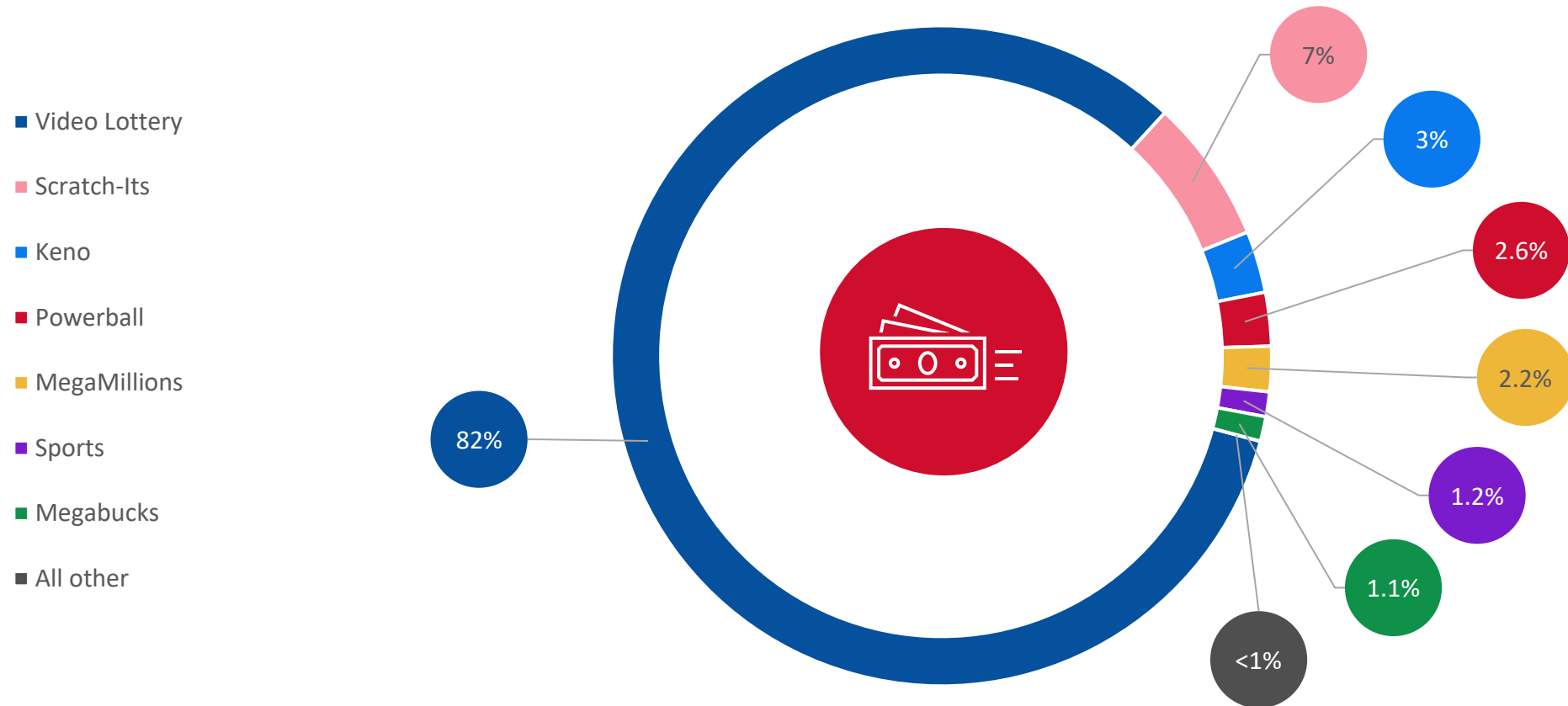
Lottery Sales by Game

FIGURE 1: SALES REVENUE BY PRODUCT



This shows the major sources and percentages of sales revenue for fiscal year 2021

Lottery Transfer by Game



This shows the fiscal year 2021 transfer broken down by game sales.

Lottery's Business Partners (Retailers)

- ~ **3,800 Businesses** contract with Lottery to sell games.
 - Bars, restaurants, taverns
 - Delis, small cafes, and eateries
 - Grocery stores, gas stations, and convenience stores
 - Large multi-state retail chains
- Lottery retailers are the **primary sales channel**.
- Responsible for more than **\$1.6 billion** in sales BY22.
- More than **\$310 million in commissions** in BY22.
- Sell Video Lottery, Keno, Scratch-It, and draw games.





Responsible Gaming

Code of Practice
Impact Measures

A horizontal timeline illustrating the evolution of the Code of Responsible Gaming from 2014 to 2022. The timeline is represented by a dotted orange line with a green arrow pointing right towards the year 2022. Four circular icons are placed along the timeline, each connected to a text box below it. The icons are: 1. A light blue circle with an orange border containing the 'Code of Responsible Gaming' logo. 2. A teal circle with an orange border containing the 'Code of Responsible Gaming' logo. 3. A dark blue circle with an orange border containing a white compass rose icon. 4. An orange circle with an orange border containing the 'Code of Responsible Gaming' logo.

Year	Event
2014	Code Adopted by Commission
2016	Code Revised and Adopted by Commission
2017-2020	Code reviewed annually
2021	Code updated with new gaming channel and Adopted by Commission
2022	

2021 Impacts & Accomplishments: Awareness



Awareness of Problem Gambling Resources

88%

Of Lottery players are aware problem gambling treatment services are available.

78%

Of Oregonians know that problem gambling treatment is available in Oregon.

75%

Of Oregonians are glad the Lottery funds free prevention and treatment services.



Awareness of Problem Gambling Treatment Features

87%

Are aware that treatment is confidential.

85%

Are aware it is provided by professionals.

78%

Are aware it is available for family members and others affected by gambling.

55%

Are aware that treatment is **FREE**.

The Oregon Problem Gambling Research Center

OHA, Lottery, Tribes, and other gambling stakeholders provided start-up funding for a **new Research Center to encourage and promote problem gambling research.**



Newsroom

Oregon Council on Problem Gambling announces Research Center funding opportunities

CDC Gaming Reports · May 24, 2022 at 5:45 pm

Current Focus





Video Lottery Ecosystem

- Pandemic closures resulted 90% loss in lottery revenue
- Behind in funding Video Lottery Terminal replacements
- Currently facing a shortage of updated terminals
 - Terminals in the market are reaching obsolescence
 - May not support future gaming systems
 - Dealt with supply chain issues
- All resulted in need to reevaluate the entire ecosystem
- Led to a 'pause' in new applications being accepted
- Currently working on a solution that meets inventory issues and current policy direction

Questions



Mike Wells

Interim Director | Oregon Lottery
Michael.A.Wells@lottery.Oregon.gov

Matt Shelby

Communications | Oregon Lottery
Matthew.Shelby@lottery.Oregon.gov

Thank You



**OREGON
LOTTERY®**

Together, we do good things.