

## House Gambling Regulation Committee 5/30/23

### Questions for Oregon State Lottery:

1. **Section 11 of the contract the Lottery negotiated with Draft Kings provides for 49% of the net revenue to be paid to DraftKings.**
  - a. Did the Lottery conduct an analysis as to whether the contract – providing 49% to an out-of-state private corporation - is consistent with the Lottery’s obligation to only conduct gaming “commensurate to the public good”?
  - b. Is this contract consistent with Oregon’s policy of supporting **governmental** gaming, as opposed to commercial for-profit gaming, when providing 49% to an out-of-state private corporation?
2. **Section 11 of the contract with DraftKings provides for that 49% figure to increase to 85% to 95% of the net revenue to be paid to DraftKings if the monopoly is broken and additional app are available to Oregonians**
  - a. How did that provision come about, and why?
  - b. Did the Lottery consult with Oregon’s Indian tribes regarding the terms and conditions of this contract? Why weren't the Tribes consulted?
  - c. Did the Lottery take into consideration that this provision might interfere or impede the State’s ability to negotiate in good faith compact amendments with Oregon Tribes to allow for such sport wagering?
    - i. If your answer is yes, what studies, legal opinions or other analysis were used.
    - ii. Was this deliberate?
3. **From the PowerPoint presentation, the Lottery's own projections show that this monopoly model will capture approx. \$50 million per year in net revenue, which will be split with DraftKings, so the State and DraftKings each get \$ 25 million/year. Last August, Sport Oregon testified to the Joint Interim Committee on Gambling Regulation, with a study by the Innovation Group that shows having competitive multiple providers will generate \$ 190 million/year in net revenue, nearly four times the DraftKings monopoly model, so:**
  - i. Why the huge difference in forecasted revenue?
  - ii. Why would the Lottery grant a monopoly under these circumstances?
  - iii. Were these factors taken into consideration when negotiating the DraftKings compact.