

REVENUE: No revenue impact

FISCAL: No fiscal impact

Action: Do Pass and Be Placed on the Consent Calendar
Vote: 10 - 0 - 0
Yeas: Barton, Cameron, Edwards C., Esquivel, Holvey, Kennemer, Matthews, Thatcher, Witt, Schaufler
Nays: 0
Exc.: 0
Prepared By: Theresa Van Winkle, Administrator
Meeting Dates: 5/6

WHAT THE MEASURE DOES: Expands the types of performance security that the Oregon State Lottery Commission may accept from a lottery contractor. Specifies that amount of performance security must be acceptable to the commission. Permits surety to be issued by entities or individuals.

ISSUES DISCUSSED:

- Provisions of the measure
- What happens to interest generated from the performance security

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: Current statute specifies that lottery contractors must post a performance bond with the Oregon State Lottery Commission upon signing a contract. Since the requirement was enacted, the number of financial instruments that can be used for security has been expanded. Furthermore, for a number of reasons, the usage of performance bonds has become a hindrance to conducting Lottery business operations.

SB 81-A allows lottery contractors, under certain circumstances, to post performance security that may be issued by a surety, financial institution, insurer, escrow agent, or another entity or individual who is acceptable to the commission. Examples of performance security include letters of credit, certified checks, and cash deposits, and the circumstances for requiring performance security include printing lottery game tickets and providing goods or performing services involving either the receipt or recording of number selections or the determination of winners in a lottery game.