



**STATE REPRESENTATIVE
JOHN DAVIS**

**HB 4079-1 Amendments
Silver Lining Lottery Game**

A “lottery” savings game where participants never lose? Although it seems too good to be true, the Oregon Lottery should convene a workgroup to determine whether the Lottery, or Oregon financial institutions, should start a “save to win” program modeled after the successful programs in Washington, Michigan, Nebraska, North Carolina and the United Kingdom. The game allows Oregonians buy tickets or shares in a weekly or monthly Silver Lining Lottery Game. Participants never lose the value of the ticket, and enter into the chance to win prizes based on interest earned from the polled revenue of all tickets purchased.

The Silver Lining Lottery Game would provide an opportunity for Lottery participants to continue enjoying the entertainment of Lottery-type games while saving for the future.

What Are Prize-Linked Savings Accounts or Lottery Savings Tickets?

Accounts or lottery games where some of the interest payments on deposits or tickets are distributed in larger amounts to fewer people according to a periodic lottery drawings. Imagine 100 people each deposit \$100 with a financial institution in accounts earning 1% interest. Typically, each of the 100 would earn \$1 of interest in each account. In a prize-linked account, the \$100 total interest earned in all accounts (100 accounts X \$1 in interest) is pooled and given to multiple “lottery drawing” winners – perhaps four winners at the rate of \$25 each. Thus, each of the 100 participants retains the original \$100 in principal, and has the opportunity to win the “lottery” prize of \$25. The amount and frequency of prizes are determined by the interest rate environment and total pooled principal.

What Are the Challenges – Why is a Workgroup Necessary?

- In previous years, Legislative Counsel has indicated that a prize-linked savings program may constitute a lottery and therefore raises some legal concerns under section 4, Article XV of the Oregon Constitution, which states that, with several specific exceptions, “lotteries and the sale of lottery tickets, for any purpose whatever, are prohibited.” Therefore, further legal analysis is necessary to determine if financial institutions may legally offer such programs.
- While the Lottery has expressed some interest in exploring Lottery Savings Tickets, more time is necessary to determine if such a program would be revenue-positive or technically feasible.
- Banks and other financial institutions may currently be prohibited from offering Prize Linked Savings under federal law; [S. 1597: American Savings Promotion Act](#), was introduced by Republicans and Democrats in October 2013 to lift the prohibition.

Where Can I Find Out More Information About Prize-Linked Savings?

- [Prize-Linked Savings | Doorways 2 Dreams Fund](#)
- [Washington, Michigan, Nebraska, North Carolina](#) and the [United Kingdom](#)
- [Lottery Savings Ticket Whitepaper](#): Link to [PDF](#)
- New York Times: January 14, 2014: [Playing the Odds on Savings](#)
- Recent pieces about prize-linked savings on [PBS](#), [ABC](#), [NPR](#), and [Fox & Friends](#). There were also stories today on [CNN](#) and in the [NY Times](#)

Technical Information: Contact

Joanna Smith-Ramani, Director of Scale Strategies, jsmithramani@d2dfund.org
Doorways to Dreams Fund
(857)753-1892, www.d2dfund.org