

HB 4028A -2s : Responsible Gambling Policy

Background:

Over 80,000 Oregon adults are addicted to gambling; 70% are addicted to Oregon video lottery. The estimated social costs of problem gambling to Oregonians is over \$500 million annually. Gambling addiction is a hidden problem – destroying families and exhausting savings – often only coming to light under criminal investigations like embezzlement or identity theft.

The new lottery administration is taking a proactive approach to problem gambling by initiating a Responsible Gambling Policy. The -2 amendments seeks to support these new activities and make sure future administrations follow similar polices.

Details of the amendment: The -2s combine HB 4040A, already passed in the House, into HB 4028A.

Specifically, HB 4028A -2 requires the Oregon State Lottery Commission to adopt a **comprehensive responsible gaming policy**, with advice from stakeholders including lottery employees, lottery retailers, mental health professionals, and others. That policy must include

- A code of practice;
- Procedures to assure that decision-makers consider the best available research about the effects lottery games and marketing have on vulnerable populations, so that they have a fuller understanding when making decisions;
- Strategies to minimize the risk of harm to vulnerable individuals

The bill requires the Oregon Lottery and Oregon Health Authority to jointly **report to the Legislature** each year about responsible and problem gambling data and activities.

The -2s **clarifies the phrase “commensurate with the public good”:**

“To achieve this mission, the Oregon Lottery Commission shall balance its obligation to maximize net revenues with its obligation to serve the public good through activities and choices that

Inform users of lottery games of the potential risk for abuse

And address and encourage responsible use of lottery games.”

Summary:

There is new leadership at the Lottery, and we feel confident that it is moving in the right direction. This bill aims to support what the new administration is currently doing, and by putting it in statute, continue those good policies long into the future.

**PROPOSED AMENDMENTS TO
A-ENGROSSED HOUSE BILL 4028**

1 On page 1 of the printed A-engrossed bill, line 2, after the first semicolon
2 delete the rest of the line and delete line 3 and insert “creating new pro-
3 visions; amending ORS 391.130, 461.200 and 461.500; and declaring an emer-
4 gency.”.

5 On page 3, after line 15, insert:

6 **“SECTION 3.** ORS 461.200 is amended to read:

7 *“461.200. (1) [Within 105 days after the confirmation by the Senate of the*
8 *Director of the Oregon State Lottery and at least three commissioners, the di-*
9 *rector shall begin public sales of tickets or shares.] The Oregon State Lottery*
10 *shall be [initiated and shall continue to be] operated so as to produce the*
11 *maximum amount of net revenues to benefit the public purpose described in*
12 *[section 4,] Article XV, section 4, of the Oregon Constitution [of the State*
13 *of Oregon], commensurate with the public good. To achieve this mission,*
14 **in the operation of the Oregon State Lottery, the Oregon State Lottery**
15 **Commission shall balance its obligation to maximize net revenues with**
16 **its obligation to serve the public good through activities and choices**
17 **that:**

18 **“(a) Inform users of lottery games of the potential risk for abuse**
19 **of games of chance; and**

20 **“(b) Address and encourage responsible use of lottery games.”**

21 **“(2) Other state government departments, boards, commissions, agencies**
22 **and their officers shall cooperate with the lottery commission so as to aid**

1 the lottery commission in fulfilling these objectives.

2 **“SECTION 4. Section 5 of this 2014 Act is added to and made a part**
3 **of ORS chapter 461.**

4 **“SECTION 5. (1) For games of chance operated as lottery games,**
5 **the Oregon State Lottery Commission shall adopt a comprehensive**
6 **responsible gaming policy. The policy must integrate consideration of**
7 **responsible playing of games of chance into the operation of the**
8 **Oregon State Lottery to ensure the integrity, security, honesty and**
9 **fairness of the lottery games and the associated marketing practices**
10 **and retail operation of the lottery games.**

11 **“(2) To develop the policy described in subsection (1) of this section,**
12 **the lottery commission shall engage a diverse group of stakeholders,**
13 **including Oregon State Lottery employees, lottery game retailers, in-**
14 **dividuals with expertise in the responsible use of games of chance and**
15 **individuals with expertise in mental health and addiction issues re-**
16 **lated to the use of games of chance.**

17 **“(3) The policy must include:**

18 **“(a) A code of best practices that describes how the lottery com-**
19 **mission implements the mission described in ORS 461.200 and provides**
20 **guidance to Oregon State Lottery employees regarding ethical stan-**
21 **dards.**

22 **“(b) Procedures to ensure that decision makers consider the best**
23 **available research on the effects of lottery games and associated**
24 **marketing activities on vulnerable individuals who struggle with**
25 **mental health and addiction issues related to the use of games of**
26 **chance and who may be negatively affected by their use of lottery**
27 **games.**

28 **“(c) Strategies to minimize the risk of harm to vulnerable individ-**
29 **uals from their use of lottery games.**

30 **“(4) In cooperation with the Oregon Health Authority, the lottery**

1 ^a commission shall report annually to the appropriate committees or
2 interim committees of the Legislative Assembly regarding the com-
3 prehensive responsible gaming policy. The report must address:

4 “(a) The data collected regarding the use of computer terminals and
5 other devices utilized by players of lottery games, including, if avail-
6 able, patterns of heavy or light usage of the terminals and other de-
7 vices by location, time of day and season; and

8 “(b) The efforts made by the lottery commission, consistent with
9 balancing its obligation to maximize net revenues with its obligation
10 to serve the public good, to make use of data described in paragraph
11 (a) of this subsection in decision-making to minimize the risk of harm
12 to vulnerable individuals from their use of lottery games.”.

13 In line 16, delete “3” and insert “6”.

14 ^a



Oregon Lottery Responsible Gambling Program FY 2014 Plan

The Oregon Lottery Responsible Gambling Program was developed to integrate a focus on responsible gambling into the daily operations of Lottery business. The program is comprised of nine areas, each of which are monitored, enhanced and measured on a routine and continuous basis. The Responsible Gambling Program is planned to be the centerpiece of a larger Corporate Social Responsibility (CSR) effort which is currently in development.

The nine areas may remain consistent year to year, but the specific commitments and outcomes will change based on business objectives, available technologies, the economy, program successes, and a variety of other factors. The following pages detail the specific action plan against each of the nine areas for FY2014.

1. Code of Practice

In FY2014 Lottery will formalize a Responsible Gambling Code of Practice.

The Oregon Lottery Responsible Gambling Code of Practice will start by setting out the values that underpin the code and will describe Lottery's obligation to its stakeholders. The code will be made publicly available and addressed to anyone with an interest in the agency's activities and the way it does business. It will include details of how the Lottery plans to implement its values vision, as well as guidance to staff on ethical standards and how to achieve them.

Once adopted, the Responsible Gambling Code of Practice will be reviewed on an annual basis.

2. Research

Research is central to all RG and CSR initiatives. It is used at all stages of the program but tends to generally fall within the areas of Best Practice and Technology and Product Development.

In FY2014 Lottery will:

Best Practice Identification and Implementation

- Leverage industry conferences and events to work with Gaming Industry CSR consultants to identify RG best practices.
- Meet quarterly with RG consultants to discuss best practices and how to incorporate them into planned activities, communications and messaging.
- Work cross-jurisdictionally to assess current RG programs and their applicability for Oregon Lottery. This will be accomplished through regularly scheduled calls and industry events.

Technology/Product Development

- Review and analyze existing and emerging technologies which enable RG player modules. This will be accomplished through quarterly- participation on the Gaming Standards Association (GSA) Player User Interface (PUI) sub-committee as well as attendance at industry events and conferences.
- Begin work on the Player Management System initiative. This will be accomplished by meeting with system providers to assess available systems and their applicability to Oregon Lottery. The business initiative is an agency tracked project and will be reported on monthly by the Governance Review Team.

3. Employee Engagement

Ensuring that employees are engaged in the Responsible Gambling Program is critical to the success of the program. Lottery engages employees on a formal and informal basis consistently throughout the year.

In FY2014 Lottery will:

- Involve employees in the development of the Code of Practice
- Formally launch the Code of Practice to the Agency
- Include Code of Practice in Employee Orientation Materials
- Share RG program updates at Quarterly Managers Meetings
- Share RG program updates at twice annual Statewide Meetings
- Share Industry RG Reports at Quarterly Managers Meetings

4. Retailer Engagement

Lottery Retailers are currently required to display 877-MYLIMIT collateral. This will continue in 2014. Additionally Lottery will be working to identify additional opportunities to include RG messaging at retail establishments.

In FY2014 Lottery will:

- Distribute existing 877-MYLIMIT brochures during regular sales calls
- Audit retailers to ensure compliance with display of 877-MYLIMIT materials
- Update retailer training to include additional RG information
- Identify additional opportunities to include RG messaging in Point-of-Purchase materials for retailers
- Reintroduce Retailer "Forums" that include RG and CSR on the regular agendas.

5. Game and Equipment Design

Lottery will apply RG considerations to the design and introduction of lottery games lottery products, and Lottery gaming equipment.

With the introduction of new VLT's in FY2014 Lottery will continue to:

- Display visible clocks on game screens
- Offer the ability to display credits as dollars
- Maintain current bet limits
- Prohibit terminal toppers with flashing lights (candles) on existing or new terminals
- Display 877-MYLIMIT on existing and new terminals
- Prohibit ticket-in-ticket-out functionality on existing and new terminals
- Force cash outs for any jackpot and at \$1250

With the introduction of Traditional Scratch-It Games in FY2014 Lottery will continue to:

- Prohibit use of cartoons and themes aimed at children
- Require LTG's to ask for age verification
- Maintain limits on Second-Chance entries

6. Informed Player Messaging

The Lottery Responsible Gambling Program is based on providing players with the information they need to make an informed choice. This is best accomplished by integrating the RG message into a variety of communications and disseminating the information broadly.

In FY2014 Lottery will:

- Integrate enhanced RG program messaging within a featured campaign and in the same style as the campaign
- Continue to communicate odds and payouts.
- Maintain links to 1877mylimit.com on Lottery websites, including 2nd Chance
- Maintain "Myth Buster" RG information on Lottery website
- Participate in third party RG programs such as the McGill Responsible Holiday Scratch-It Campaigns

7. Advertising & Marketing Communications

Critical to the dissemination of informed player messaging is executing a thoughtful and consistent advertising and marketing communications plan. Lottery dedicates a set budget each year to support an integrated marketing campaign.

In 2014 Lottery will:

- Validate new creative concepts with RG community in development stages
- Refresh RG television campaign to reach a broader audience
- Identify and expand use of digital media for RG messaging
- Add a Public Relations component to the media mix for RG
- Investigate the use of additional media coverage to increase ability to reach at-risk populations
- Develop "in-language" communications for at-risk populations

8. Stakeholder Engagement

Lottery will take a systematic approach to identifying, understanding, and appropriately addressing the concerns and interests of key stakeholders of the RG program. Lottery will take this same approach to information sharing with key stakeholders.

Lottery identifies the following groups to be key stakeholders for the RG program:

- Oregon Lottery
- Oregon Health Authority
- Oregon Legislature
- Oregon Council on Problem Gambling
- Marketing Strategies Advisory Group
- Oregon Media

In FY2014 Lottery will:

- Share monthly progress reports with the Lottery Commission
- Develop a regular communication schedule between the OSL Director and the Director of OHA
- Continue transition of materials and institutional knowledge on the Problem Gambling Program between OSL and OHA
- Share RG Code of Practice, Annual Plan, and Quarterly Progress Reports with key stakeholders
- Attend OCPG meeting quarterly to share Progress Reports
- Conduct proactive media outreach to introduce new media and marketing campaigns

9. Reporting and Measurement

Lottery will maintain a systematic approach to measuring commitments and intended outcomes from the RG program.

In 2014 Lottery will:

- Share Quarterly Updates on the RG Program FY2014 Plan internally and with key external stakeholders
- Track and report RG related L-Teams measures during the Quarterly Target Review (QTR)
- Develop action plans for any under-performing L-Teams measures and report on same during QTR
- Measure progress against the annual business plan goal. This will be reported twice annually following the Tracking study.
- Provide available advertising campaign specific metrics wherever possible.

Problem Gambling in Oregon and Public Health Concerns

Over 80,000 Oregonian adults have gambling problems, and most affected prefer Oregon Lottery games.

- ⌘ One in every 37 Oregon adults meets the criteria for being current problem or pathological gambler (*Moore, 2006*).
- ⌘ Most Oregonians in problem gambling treatment (7 in 10) report preference for video lottery retailers (*Oregon Health Authority, 2012*).

Problem gambling is connected with other addictions and is costly to Oregonians.

The estimated annual social costs of problem gambling to Oregonians is approximately \$508 million annually, while we are only spending about \$4 million per year to prevent and treat the problem (*Oregon Council on Problem Gambling, 2012*). The following are data from problem gamblers in Oregon's gambling treatment system (*Oregon Health Authority, 2012*):

⌘ **Financial Debt:**

Problem gamblers reported an average of more than \$30,000 in personal gambling debts.

1 in 4 gamblers experienced serious job-related problems.

Half (47.3%) reported their gambling cost them a marriage or significant relationship.

⌘ **Drug Use:**

1 in every 10 problem gamblers admits to having a serious drug problem.

⌘ **Alcohol Abuse:**

About 3 out of 10 problem gamblers admit to struggling with alcohol.

⌘ **Suicide:**

1 in 10 made a suicide attempt within six months to entering treatment.

⌘ **Crime/Legal Issues:**

1 in 4 admitted they committed crimes to attain gambling money.

One in ten reported legal problems.

A-Engrossed House Bill 4028

Ordered by the House February 10
Including House Amendments dated February 10

Sponsored by Representatives KENNEMER, TOMEI; Representatives GELSER, KENY-GUYER, PARRISH (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

[Increases amount of moneys allocated from Administrative Services Economic Development Fund to Problem Gambling Treatment Fund. Requires use of specified portion of allocation for promoting or advertising] **Allows Oregon State Lottery to use moneys allocated for payment of costs of administration of state lottery to pay expenses incurred to implement policies related to problem gambling, to collect data related to problem gambling and to advertise availability of programs for [prevention and] treatment of problem gambling.**

[Becomes operative July 1, 2014.]

Declares emergency, effective on passage.

A BILL FOR AN ACT

1
2 Relating to problem gambling treatment; amending ORS 391.130 and 461.500; and declaring an
3 emergency.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1.** ORS 461.500 is amended to read:

6 461.500. (1) Except for such moneys as are necessary to temporarily fund the start-up of the
7 state-operated lottery established by the Constitution of the State of Oregon and this chapter, the
8 Oregon State Lottery shall operate as a self-supporting revenue-raising agency of state government
9 and [no] appropriations, loans or other transfers of state funds [shall] **may not** be made to it.

10 (2) At least 84 percent of the total annual revenues from the sale of state lottery tickets or
11 shares shall be returned to the public in the form of prizes and net revenues benefiting the public
12 purpose described in [section 4,] Article XV, **section 4**, of the Constitution of the State of Oregon.
13 At least 50 percent of the total annual revenues shall be returned to the public in the form of prizes
14 as described in this chapter. All unclaimed prize money shall remain the property of the commission
15 and shall be allocated to the benefit of the public purpose.

16 (3) No more than 16 percent of the total annual revenues shall be allocated for payment of ex-
17 penses of the state lottery as described in this chapter. To the extent that expenses, including the
18 contingency reserve, of the state lottery are less than 16 percent of the total annual revenues as
19 described in this chapter, any surplus funds shall also be allocated to the benefit of the public pur-
20 pose.

21 (4) **For the purpose of ensuring the integrity, security, honesty and fairness of the state**
22 **lottery, the Oregon State Lottery may use moneys allocated, as costs of administration, for**
23 **the payment of expenses of the state lottery pursuant to subsection (3) of this section for**
24 **expenses incurred to:**

NOTE: Matter in boldfaced type in an amended section is new; matter [italic and bracketed] is existing law to be omitted.
New sections are in boldfaced type.

1 (a) Adopt and implement rules intended to minimize problem gambling risks and mitigate
2 problem gambling harms;

3 (b) Advertise the availability of problem gambling treatment programs in this state, in-
4 cluding contact information for the programs;

5 (c) Collect and report data, and establish metrics, regarding problem gambling; and

6 (d) Cooperate with or assist the Oregon Health Authority and providers of problem
7 gambling treatment programs to the extent that the cooperation or assistance is consistent
8 with the mission, described in ORS 461.200, to operate the state lottery so as to produce the
9 maximum amount of net revenues to benefit the public purpose described in Article XV,
10 section 4, of the Constitution of the State of Oregon, commensurate with the public good.

11 SECTION 2. ORS 391.130 is amended to read:

12 391.130. (1) In each fiscal year beginning with the fiscal year commencing July 1, 1991, there is
13 allocated, from the Administrative Services Economic Development Fund created by ORS 461.540,
14 the amount of \$8 million. However, commencing with the first fiscal year next following the fiscal
15 year in which bonds are first issued under ORS 391.140, there shall be allocated from such fund the
16 amount of \$10 million in each fiscal year. In each fiscal year after bonds are first issued, the Di-
17 rector of Transportation shall certify any funds allotted in excess of amounts necessary to pay the
18 annual debt service on the outstanding bonds and to fund the amounts committed to be paid in the
19 current or any future fiscal year under any written agreement or commitment entered into by the
20 Director of Transportation pursuant to ORS 391.120 (2). The certified amount shall immediately be
21 returned to the Administrative Services Economic Development Fund. All amounts allocated under
22 this section shall be transferred to the Regional Light Rail Extension Construction Fund established
23 by ORS 391.120.

24 (2) The annual amounts required to be transferred to the Regional Light Rail Extension Con-
25 struction Fund under subsection (1) of this section, together with all investment earnings on the
26 amounts on deposit from time to time in the Regional Light Rail Extension Construction Fund, are
27 continuously appropriated only for the purposes of:

28 (a) Funding the Westside corridor extension of light rail referred to in ORS 391.120; and

29 (b) Paying the principal and interest on revenue bonds issued under ORS 391.140.

30 (3) Except as provided in subsection (4) of this section, and notwithstanding any other provision
31 of law, the annual allocation made by this section shall be satisfied and credited as and when net
32 proceeds from the operation of the state lottery are received and before any other allocation, ap-
33 propriation or disbursement of the net proceeds from the operation of the state lottery is made in
34 the applicable fiscal year.

35 (4) For purposes of this section, net proceeds from the operation of the state lottery in each
36 fiscal year include all revenues derived from the operation of the state lottery in each fiscal year
37 less:

38 (a) The revenues used in that fiscal year for the payment of prizes and the expenses of the state
39 lottery as provided in [section 4 (4)(d),] Article XV, section 4 (4)(d), of the Oregon Constitution,
40 ORS 461.500 [(2)] and 461.510 (3) and (4); and

41 (b) The revenues required to be applied, distributed or allocated as provided in ORS 461.543.

42 (5) The transfer of moneys to the Regional Light Rail Extension Construction Fund authorized
43 by this section shall cease when the Director of Transportation certifies in writing that transfers
44 of moneys under this section are no longer necessary because:

45 (a) Moneys in the Regional Light Rail Extension Construction Fund are sufficient for the pay-

1 ment of all amounts committed to be paid under all written agreements or commitments entered into
2 between the Director of Transportation and the Tri-County Metropolitan Transportation District
3 pursuant to ORS 391.120 with respect to the Westside corridor extension of light rail referred to in
4 ORS 391.120 (2)(a), and to pay all amounts of principal of and interest on the outstanding revenue
5 bonds issued under ORS 391.140; and

6 (b) The Westside corridor extension of light rail referred to in ORS 391.120 (2)(a) has been
7 completed and such project has been accepted by the Department of Transportation, and all claims,
8 suits and actions arising out of such project that could create a liability payable out of the moneys
9 in the Regional Light Rail Extension Construction Fund have been resolved.

10 (6) The Director of Transportation shall deliver a copy of such certification to the Governor and
11 the State Treasurer. Upon receipt of the director's written certification that transfer of moneys to
12 the Regional Light Rail Extension Construction Fund under this section is no longer necessary, the
13 State Treasurer shall thereafter credit moneys received by the Regional Light Rail Extension Con-
14 struction Fund under this section to the Administrative Services Economic Development Fund cre-
15 ated by ORS 461.540.

16 **SECTION 3.** This 2014 Act being necessary for the immediate preservation of the public
17 peace, health and safety, an emergency is declared to exist, and this 2014 Act takes effect
18 on its passage.

- 2-3 (H) First reading. Referred to Speaker's desk.
- 2-3 (H) Referred to Human Services and Housing with subsequent referral to Ways and Means.
- 2-5 (H) Public Hearing and Work Session held.
- 2-10 (H) Recommendation: Do pass with amendments, be printed A-Engrossed, and subsequent referral to Ways and Means be rescinded.
- 2-10 (H) Subsequent referral to Ways and Means rescinded by order of the Speaker.
- 2-10 (H) Second reading.
- 2-11 (H) Third reading. Carried by Tomei, Kennemer.
Passed. Ayes, 57; Nays, 3--Gilliam, Sprenger, Whitsett.
- 2-12 (S) First reading. Referred to President's desk.
- 2-17 (S) Referred to Health Care and Human Services.
- 2-20 (S) Public Hearing and Possible Work Session scheduled.