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Presentation for:

**Joint Committee on Ways and Means
Subcommittee on Transportation and
Economic Development**

Oregon Lottery Timeline

- **1984** Oregon voters approved a constitutional amendment authorizing a state lottery and a statute creating the Oregon Lottery with the proceeds dedicated to economic development. (Both passed with 66% of the vote.)
- **1990** Oregon voters passed Ballot Measure 5 limiting local property tax rates for education to no more than 5% and for local governments generally to 10% of real market value. (Passed with 52% of the vote.)
- **1991** The Oregon legislature authorized video poker games in addition to traditional lottery games.
- **1993** Oregon voters rejected a constitutional amendment referred by the legislature establishing a sales tax to help fund schools. (Failed with just 25% of the vote.)
- **1995** Oregon voters approved a constitutional amendment referred by the legislature allowing lottery revenues to be used for education as well as economic development. (Passed with 87% of the vote.)



Oregon Lottery Timeline (Continued)

- **1998** Oregon voters approved a constitutional amendment dedicating 15% of Oregon Lottery revenues, 7.5% to parks and beaches and 7.5% to watersheds and habitat restoration. (Passed with 67% of the vote.)
- **2005** The Oregon Lottery Commission authorized line games in addition to video poker games and the Oregon legislature increased the maximum number of video lottery games per retailer from 5 to 6.
- **2009** On January 1, the statewide ban on indoor smoking went into effect in Oregon which, consistent with the experience in other states, had a negative impact on video lottery revenues.
- **2010** Oregon voters removed the sunset on the constitutional amendment dedicating Oregon Lottery revenues to parks and watershed restoration. (Passed with 54% of the vote.)

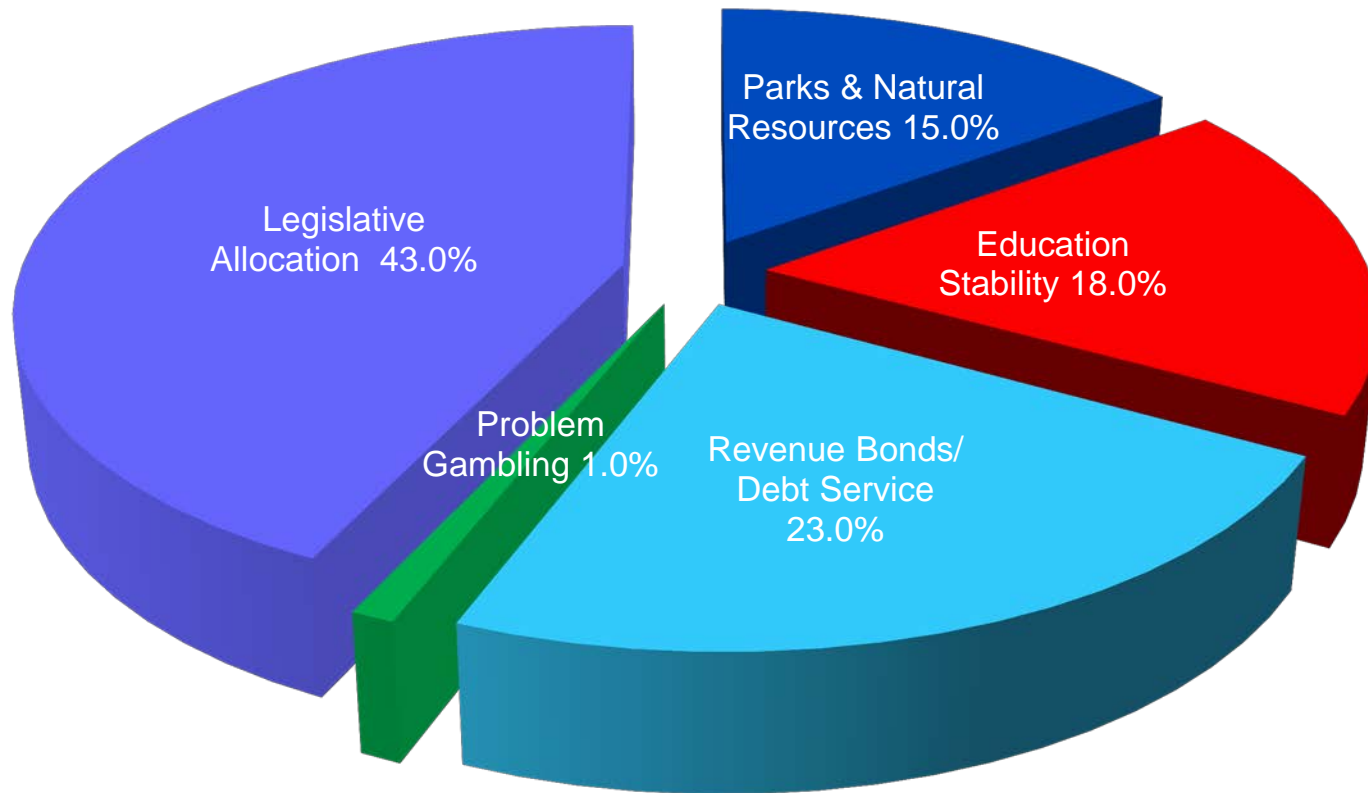


Lottery's Mission

Mission: Operate a lottery with the highest standards of integrity and security to earn maximum profits for the people of Oregon commensurate with the public good.



2013-2015 Distribution of Lottery Funds by the Oregon Constitution & Legislature



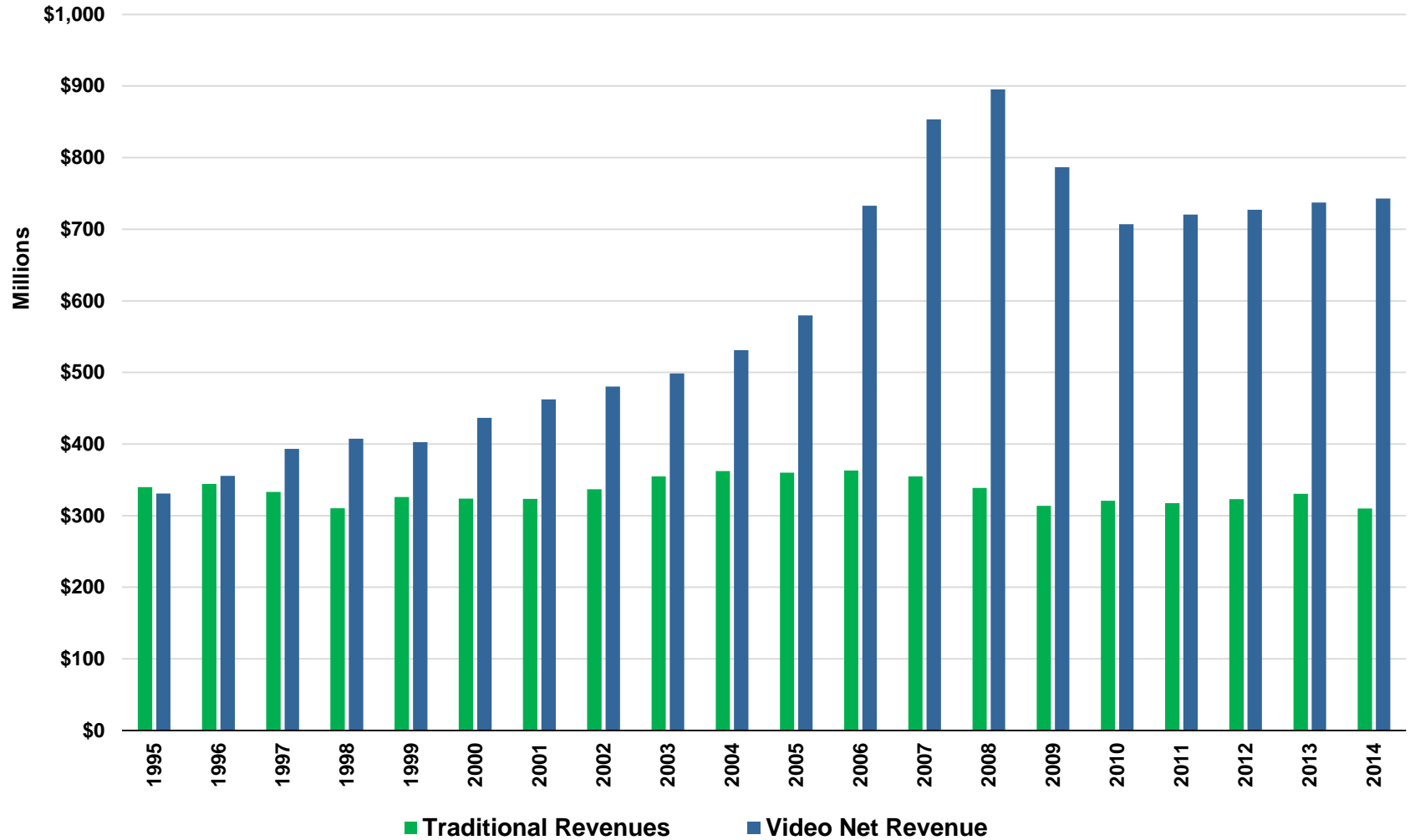
Source: Legislative Fiscal Office April 2014
Budget Highlights: Lottery Fund Cash Flow Summary



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Revenues 1995-2014



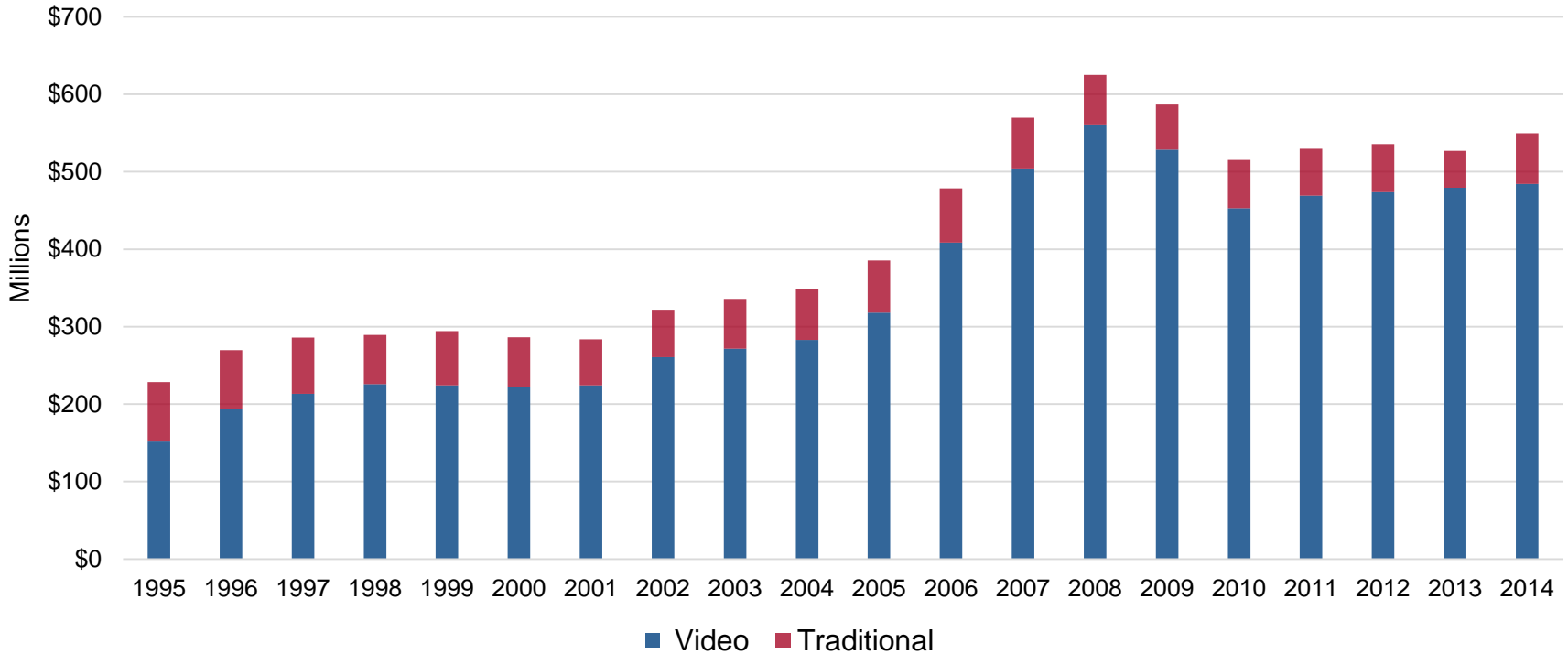
Source: Oregon State Lottery Revenue History



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Transfers 1995-2014



- Transfers from inception to date: \$9.67 billion.
- Lottery manages expenditures, as a percent of revenue, below 4% Commission guideline. In FY 2014, expenditures were 2.88%.

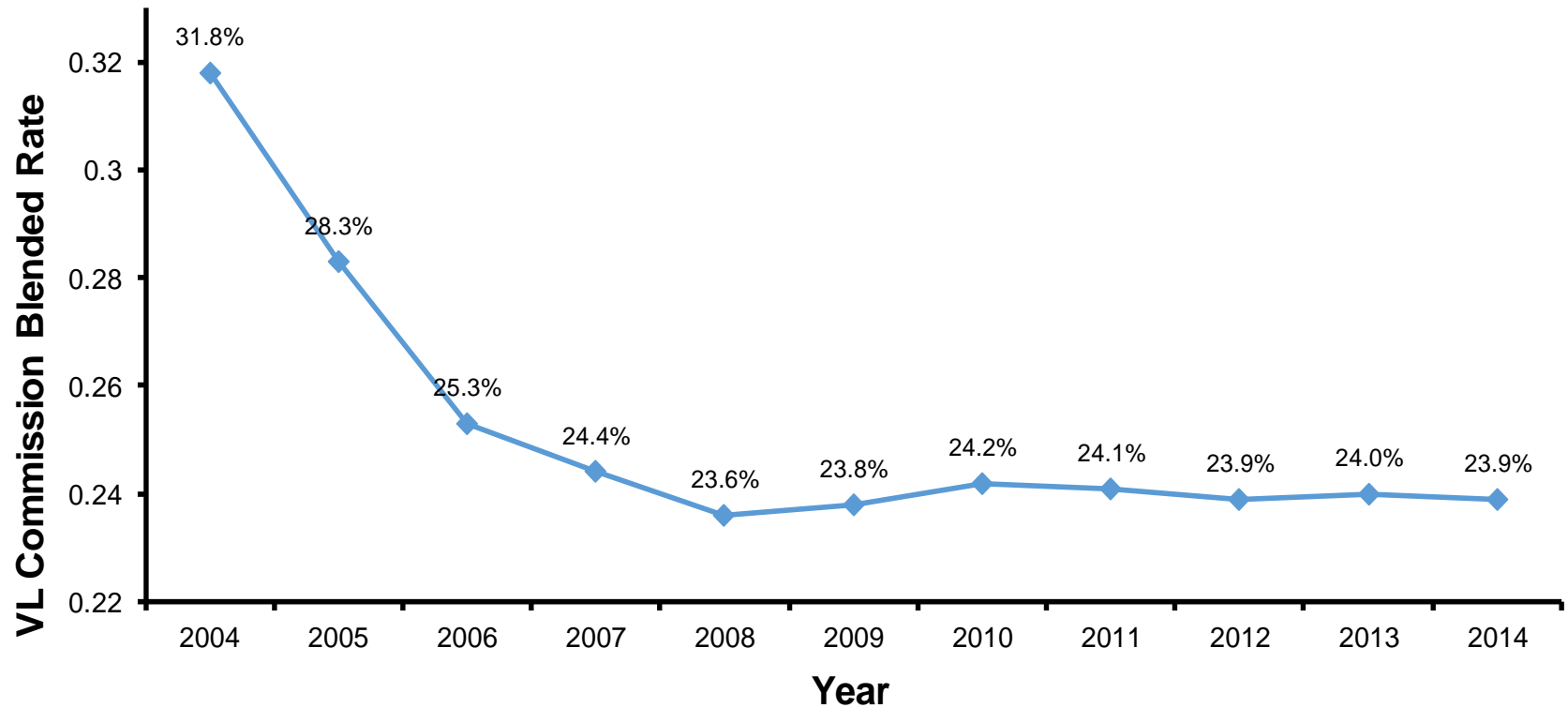
Source: Oregon State Lottery Transfers to the Economic Development Fund: Summary All Fiscal Years



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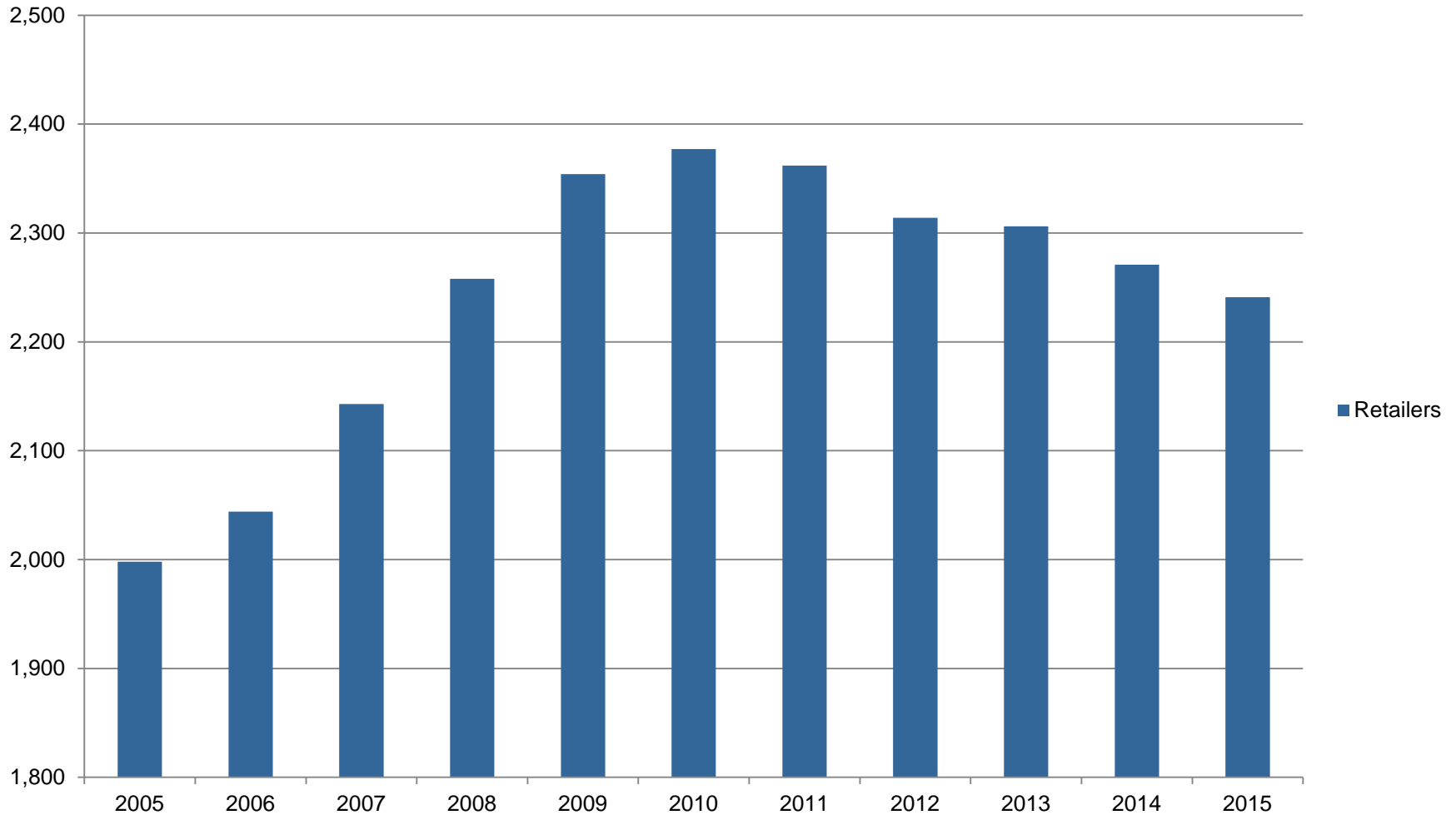
Video LotterySM Commission Rates by Year



Source: Oregon Lottery Data Warehouse



Video Lottery Retailers

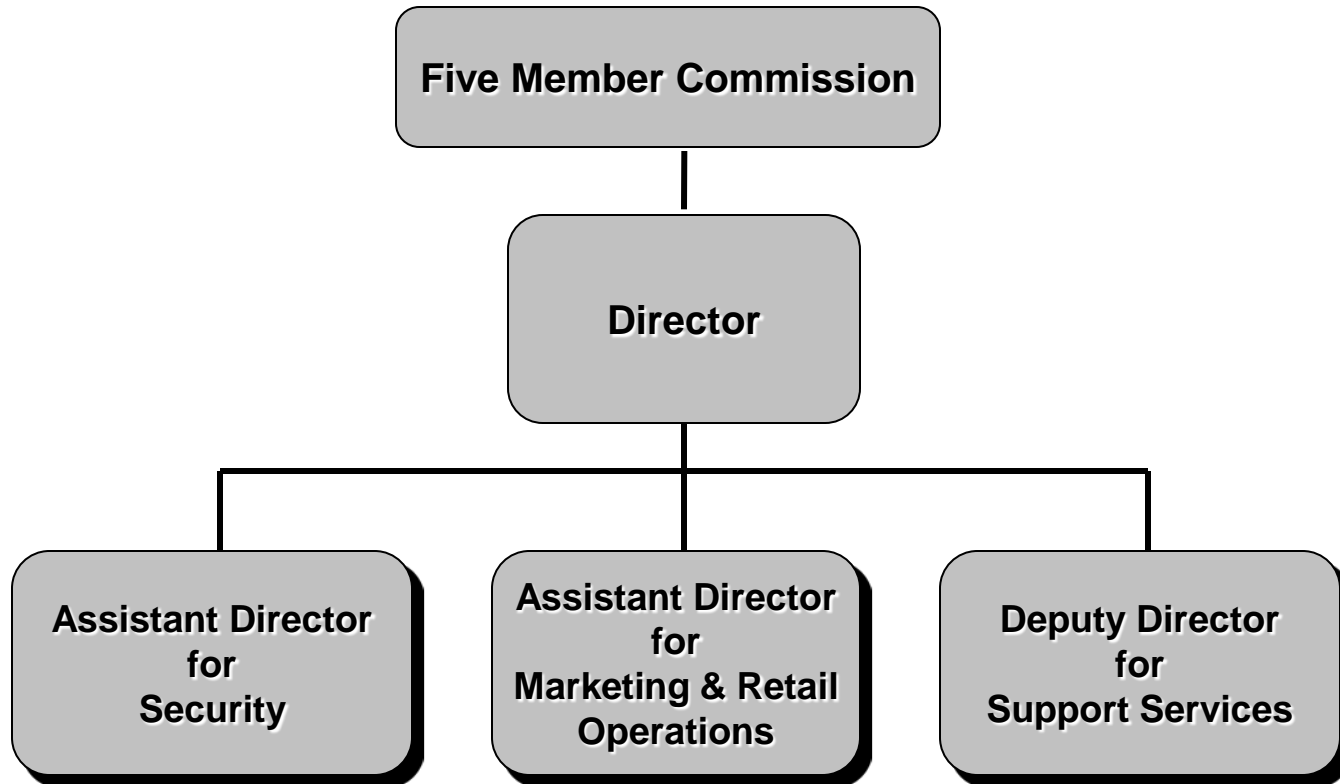


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Lottery's Operating Structure

Organizational Structure



Commissioners and Directors

- The Oregon Constitution provides for a five member, Governor-appointed, Senate-confirmed Commission to oversee operation of the Lottery[®].
- No more than three commissioners can be from one political party.
- One member must be a CPA and one must have a minimum of five years of law enforcement experience.



Responsible Gambling

- Lottery efforts to promote responsible gambling include:
 - ➔ Installing time-of-day clocks on all video lottery terminals.
 - ➔ Displaying both dollars as well as credits on all terminals.
 - ➔ Posting the 1-877-MY-LIMIT number on all terminals.
- Lottery dedicates ten% of its advertising budget to encouraging responsible gambling.
- Lottery has adopted a Responsible Gambling Code of Practice that incorporates responsible gambling approaches into every aspect of our business.

Problem Gambling

- 1% of net Oregon Lottery proceeds are dedicated by statute to the Oregon Health Authority to fund gambling treatment programs throughout the state.
- Oregon is recognized as having one of the most effective problem gambling treatment and outreach programs in the country.
- Highest per capita expenditures in the nation for problem gambling treatment.
- Treatment is free, effective, and confidential.
- Lottery assists the Oregon Council on Problem Gambling and Oregon Health Authority with advertising and outreach efforts including a new web site.
- With OHA and the Tribes, the Lottery is funding a gambling prevalence study to better understand the gambling habits of Oregonians.



Video Lottery Terminal Replacement Plan

- Lottery has purchased and installed 4,700 new video lottery terminals to-date as part of a five-part replacement plan for all video lottery terminals--more than 12,000 total--to be completed in 2017.
- The new Video Central System, Intelligen™, is scheduled for implementation during FY '16. This system is the G2S platform which will enable the new VLT's to realize operational efficiencies and expedite the delivery of new game content. All models of the new terminals are compatible with G2S.
- The Lottery network upgrade from frame relay to Ethernet is underway and will assist with the convergence of games and the Intelligen™ system.
- Lottery continues to refresh games on older machines that will remain in the field until all of the units are replaced to ensure a stable revenue source.



Questions?

