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Re: HB 3317

House Human Services and Housing Committee

To The Chair and Members of the Committee:

My name is Michael Mills. I am an attorney and have been in private practice in Oregon since 1972. I have been involved with the Lottery since its inception in. I served as a member of the Governors Lottery Task Force Subcommittee on crime and social gaming.

I also advise the Oregon Restaurant and Lodging association (ORLA) on OLCC and Lottery issues. I wish to thank you for this opportunity to address this committee.

My present practice is limited to advising clients on the formation of legal entities, and issues relating to OLCC licenses and Lottery contracts. I presently have over 50 such clients as diverse as small “Mom and Pop” taverns, “chain” restaurants with 40 plus units, 24 hour service restaurants, Pizza chain franchisees and fine dining restaurants.

This bill appears to be a solution in search of problem. It will create an unnecessary and expensive layer of bureaucracy, will reduce the amount of Lottery revenue to the state and will result in data that standing alone will be meaningless and of no value to any consideration of the “public good”.

The Lottery knows exactly where those terminals are and the address of the businesses operating them. The requirements of (6)(a) of the bill are not a problem.

A determination of the “socioeconomic status” of the “neighborhoods or communities” in which the terminals are located would be an expensive study with updates every two years. There are thousands of individual Lottery retailers scattered throughout the state. There are tens of thousands of video Lottery terminals. It would probably require the services of one or more experts in “socioeconomic status” factors to conduct or oversee the study if the study is to have any credibility.

First would be an analysis of the thousands of video Lottery retailers to determine their relevant “neighborhood or community”. If there is no current data on “socioeconomic status” already existing that neatly coincides with the “neighborhood or community” each retailer is found to be in, then individual

studies of residents of each designated neighborhood or community would have to be conducted, and updated every two years to account for additions or deletions in the number of retailers in each neighborhood or community and changes to the socioeconomic status of relevant neighborhoods or community.

After all of that is completed and Legislature has that data, what are they going to do with it and what relevance does it have to any public good or public purpose mission of the Lottery? The data gathered as required by this bill would not support a direct correlation between the Lottery players in each premises and the socioeconomic status of each neighborhood or community in which the premises are located. Although many Lottery players do play Lottery games at their own “neighborhood” establishments, many do not, and they travel to shopping centers and malls, their favorite restaurants or bars on the weekend which may or not be in their “neighborhood or community” depending on how those boundaries are determined for purposes of the study.

A polling of individual Lottery players at any given moment would be needed in order to establish if they are or are not playing Lottery games in neighborhood or community to which they belong. And that polling would be transitory and specific to a given time, and certainly not valid over a two year span and would have to be repeated.

And even if after all of the data is collected it shows that Lottery players are playing exclusively or primarily in their own designated neighborhood or community, before any data is relevant it would need to be established that those Lottery players are representative of the socioeconomic status of their neighborhood or community, which by no means is a given. At least it would require a survey of the individual player’s socioeconomic status.

If the purpose of the study is to determine if the presence of Lottery terminals does or does not contribute to or effect the “socioeconomic” status of neighborhoods or communities in which they are located, additional factors would have to be analyzed, such as any crime attributable to terminals or players presence, effect on income level or earning capacity, effect on educational levels or achievement etc.

Finally after all information is gathered and studies conducted and data analyzed, if it is determined that the presence of Lottery terminals played by persons in their own neighborhood or community has a negative impact on the “socioeconomic status” of their neighborhood or community what action will be taken? The law requires the Lottery to make Lottery games available and convenient to prospective player. (ORS 461.300¹). Will Lottery terminals be

¹**.461.300 Selection of retailers; rules; contracts.** (1) The Oregon State Lottery Commission shall adopt rules specifying the terms and conditions for contracting with Lottery game retailers so as to provide adequate and convenient availability of tickets or shares to prospective buyers of each Lottery game as appropriate for each such game. Nothing in this subsection is intended to preclude the Lottery from selling tickets or shares directly to the public.

excluded or their number reduced from the affected neighborhood or community?
Will those Lottery players have to travel out of their neighborhood or community to play video Lottery?

And what of the economic consequences to the affected Lottery retailers?

This bill would be expensive, require updating every two years, require much more data to be relevant, and would not solve any “problem”, if one exists, of those minimally educated, low income, blue collar persons who like to play lottery games in their neighborhood or community.

Thank you for the opportunity to present this testimony.

Sincerely,

Michael Mills
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