

SB 483 -1 STAFF MEASURE SUMMARY

Senate Committee On Business and General Government

Prepared By: Tyler Larson, LPRO Analyst

Meeting Dates: 2/26, 4/2

WHAT THE MEASURE DOES:

Requires Oregon State Lottery, upon notice of error, malfunction, or failure that causes winnings to go unclaimed, to stop use of the equipment or software and attempt to pay unclaimed winnings to players. Requires Lottery to make biennial estimate of unclaimed winnings remaining unclaimed due to error, malfunction, or failure. Allocates amount equal to Lottery estimate from the Administrative Services Economic Development Fund to the Problem Gambling Treatment Fund.

ISSUES DISCUSSED:

- Concerns about state receiving windfall from system-wide failure that causes winnings to go unclaimed
- Need to identify users and forfeit unpaid winnings to the Problem Gambling Treatment Fund
- Concerns about lottery machine engineering to encourage ongoing use

EFFECT OF AMENDMENT:

-1 Replaces references to error, malfunction, or failure of equipment that causes prizes to go unclaimed with reference to systemwide event that causes prizes to go unclaimed.

BACKGROUND:

The Oregon Lottery was created through a 1984 initiative petition amending the constitution to require the establishment and operation of a state lottery to earn maximum profits for the people of Oregon. The Oregon Lottery is the state's second largest funding source after personal income tax. Revenue from the lottery are dedicated to public education, economic development and job creation, state parks, natural resources, and problem gambling treatment.

A technical error on July 23, 2018, caused Lottery scanners to read 172 winning Keno tickets as losers. The Lottery confirmed the error after questions and a public records request from the media. The Lottery was able to identify the 99 sites where players received false negatives but could not identify the individual players. One player came forward to identify the error and was able to collect winnings after filing a complaint.

Senate Bill 483 requires the Lottery to cease operation of equipment or software when notified of an error, malfunction, or failure that causes winnings to go unclaimed and make reasonable efforts to pay prizes to the affected players. The measure requires the Lottery to make a biennial estimate of winnings that remain unclaimed due to error, malfunction, or failure and appropriates funds equal to that amount from the Administrative Services Economic Development Fund to the Problem Gambling Treatment Fund.