

House Bill 2100

Introduced and printed pursuant to House Rule 12.00. Pre-session filed (at the request of Governor Kate Brown for Oregon State Lottery)

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 **as introduced**.

Defines "video lottery terminal" for purposes of lottery chapter and amusement device excise tax provision.

Provides that claimed prize is valid if ticket or share is mailed and postmarked by claim deadline.

Provides that potential vendors must make certain disclosures when given notice of intent to award contract, instead of at time that bid, proposal or offer is submitted.

Provides that Oregon State Lottery may include costs of entering into agreements with third parties to research problem gambling in costs of administration.

Directs Oregon State Lottery Commission to adopt rules to protect, secure and maintain confidentiality of personally identifiable player data.

Makes various statutory changes to clarify statutes and align statutes with current terminology and practice.

A BILL FOR AN ACT

1
2 Relating to the Oregon State Lottery; creating new provisions; and amending ORS 320.005, 461.010,
3 461.050, 461.100, 461.110, 461.150, 461.190, 461.202, 461.215, 461.217, 461.220, 461.230, 461.250,
4 461.257, 461.300, 461.310, 461.330, 461.335, 461.400, 461.410, 461.445, 461.500, 461.540, 461.547,
5 461.548 and 461.600.

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

7 **SECTION 1.** ORS 461.010 is amended to read:

8 461.010. Unless the context requires otherwise, the definitions contained in this [*chapter*] **section**
9 shall govern the construction of this chapter.

10 (1) "Commissioner" means one of the members of the lottery commission appointed by the Gov-
11 ernor pursuant to the Constitution of the State of Oregon and this chapter to oversee the state
12 lottery.

13 (2) "Director" means the Director of the Oregon State Lottery appointed by the Governor pur-
14 suant to the Constitution of the State of Oregon and this chapter as the chief administrator of the
15 Oregon State Lottery.

16 (3) "Lottery" or "state lottery" means the Oregon State Lottery established and operated pur-
17 suant to the Constitution of the State of Oregon and this chapter.

18 (4) "Lottery commission" or "commission" means the five-member body appointed by the Gov-
19 ernor pursuant to the Constitution of the State of Oregon and this chapter to oversee the lottery
20 and the director.

21 (5) "Lottery contractor" means a person with whom the state lottery has contracted for the
22 purpose of providing goods and services for the state lottery.

23 (6) "Lottery game" or "game" means any procedure authorized by the commission whereby
24 prizes are distributed among **natural** persons who have paid, or unconditionally agreed to pay, for
25 tickets or shares that provide the opportunity to win such prizes.

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 (7) “Lottery game retailer” means a person with whom the lottery commission has contracted
 2 for the purpose of selling tickets or shares in lottery games to the public.

3 (8) “Lottery vendor” or “vendor” means any person who submits a bid, proposal or offer to
 4 provide goods or services to the commission or lottery.

5 (9) “Person” means any natural person or corporation, trust, association, partnership, joint
 6 venture, subsidiary or other business entity.

7 (10)(a) “Personally identifiable player data” means:

8 (A) Information associated with an individual that contains personal financial informa-
 9 tion, including information relating to payment cards or accounts held by the individual at
 10 a financial institution;

11 (B) Information associated with an individual that relates to the individual’s playing of
 12 lottery games, including frequency of play and amounts paid for tickets or shares; and

13 (C) Other information associated with an individual that the individual reasonably would
 14 not want publicly disclosed.

15 (b) “Personally identifiable player data” does not include information pertaining to indi-
 16 viduals that is collected, accumulated or analyzed in the aggregate or otherwise
 17 anonymously.

18 (11) “Video lottery game” means a lottery game played on a video lottery terminal.

19 (12) “Video lottery game retailer” means a lottery game retailer with whom the lottery
 20 has contracted for the purpose of placing video lottery terminals and offering video lottery
 21 games, either exclusively or in addition to other lottery games.

22 (13) “Video lottery terminal” means a device for playing lottery games that:

23 (a) Is owned, operated, controlled or maintained by the commission;

24 (b) Is placed in a fixed location for an extended duration;

25 (c) Consists of a console that includes a video display and a random number generator;

26 (d) Is connected to and monitored by a central system; and

27 (e) Accepts payment that enables an individual to play the lottery games offered on the
 28 device.

29 **SECTION 2.** ORS 320.005 is amended to read:

30 320.005. As used in ORS 320.005 to 320.150, unless the context requires otherwise:

31 (1) “Amusement device” means a video lottery [game] terminal[, including but not limited to any
 32 electronic, mechanical-electronic or nonmechanical device that:]

33 [(a) Displays a ticket through the use of a video display screen;]

34 [(b) Is available for consumer play upon the payment of consideration;]

35 [(c) Determines winners through the element of chance; and]

36 [(d) Displays possible prizes on the device.] **as defined in ORS 461.010.**

37 (2) “Department” means the Department of Revenue.

38 (3) “Net receipts” has the meaning given the term “net receipts from video lottery games” under
 39 ORS 461.547.

40 (4) “Operate” means to make an amusement device available for use by the public for gain,
 41 benefit or advantage.

42 (5)(a) “Person” means every individual, partnership (limited or not), corporation (for-profit or
 43 not-for-profit), company, cooperative, joint stock company, joint venture, firm, business trust, asso-
 44 ciation, organization, institution, club, society, receiver, assignee, trustee in bankruptcy, auctioneer,
 45 syndicate, trust, trustee, estate, personal representative or any group of individuals acting as a unit,

1 whether mutual, cooperative, fraternal, nonprofit or otherwise.

2 (b) "Person" includes this or another state, a municipal corporation, quasi-municipal corporation
3 or political subdivision of this or another state, and the agencies, departments and institutions of
4 this or another state, irrespective of the nature of the activities engaged in or functions performed,
5 but does not include the United States or a foreign government or any agency, department or
6 instrumentality of the United States or of any foreign government.

7 (6) "Tax year" means a period of 12 months beginning July 1 and ending the following June 30.

8 **SECTION 3.** ORS 461.050 is amended to read:

9 461.050. The Oregon State Lottery shall have its [*principal offices*] **headquarters** in the capital
10 city.

11 **SECTION 4.** ORS 461.100 is amended to read:

12 461.100. (1) The Oregon State Lottery Commission is hereby created in state government.

13 (2)(a) The Oregon State Lottery Commission shall consist of five members appointed by the
14 Governor and confirmed by the Senate who shall serve at the pleasure of the Governor.

15 (b) The members shall be appointed for terms of four years.

16 (c) Vacancies shall be filled [*within 30 days*] **as soon as practicable** by the Governor, subject
17 to confirmation by the Senate, for the unexpired portion of the term in which they occur.

18 (3) At least one of the commissioners shall have a minimum of five years' experience in law
19 enforcement and at least one of the commissioners shall be a certified public accountant. No person
20 shall be appointed as a lottery commissioner who has been convicted of a felony or a gambling re-
21 lated offense. No more than three members of the commission shall be members of the same political
22 party.

23 (4) The commission shall exercise all powers necessary to effectuate the purpose of this chapter.
24 In all decisions, the commission shall take into account the particularly sensitive nature of the lot-
25 tery and shall act to promote and [*insure*] **ensure fairness**, integrity, security[,] **and** honesty [*and*
26 *fairness*] in the operation and administration of the state lottery.

27 (5) Lottery commissioners shall be eligible for compensation and expenses under ORS 292.495.

28 (6) Lottery commissioners shall file a verified statement of economic interest with the Oregon
29 Government Ethics Commission and shall be subject to the provisions of ORS chapter 244.

30 (7) The Governor shall select annually from the membership of the commission a chairperson
31 who serves at the pleasure of the Governor. The chairperson or a majority of the members of the
32 commission then in office shall have the power to call special meetings of the commission.

33 (8) Meetings of the commission shall be open and public in accordance with state law. Records
34 of the commission shall be open and available to the public in accordance with state law. The
35 commission shall meet with the Director of the Oregon State Lottery not less than monthly to make
36 recommendations and set policy, to approve or reject reports of the director, to adopt rules and to
37 transact other business.

38 (9) A quorum of the commission shall consist of a majority of the members of the commission
39 then in office. All decisions of the commission shall be made by a majority vote of all of the com-
40 missioners then in office.

41 (10) The commission shall prepare quarterly and annual reports of the operation of the state
42 lottery. Such reports shall include a full and complete statement of state lottery revenues, prize
43 disbursements, expenses, net revenues and all other financial transactions involving state lottery
44 funds. The commission shall, not less than annually, contact interested parties, including those
45 named in ORS 461.180 (3), and provide them with such quarterly and annual reports as they may

1 request.

2 **SECTION 5.** ORS 461.110 is amended to read:

3 461.110. (1) Upon the request of the Oregon State Lottery Commission or the Director of the
 4 Oregon State Lottery, the office of the Attorney General and the Oregon State Police shall furnish
 5 to the director and to the Assistant Director for Security such information as may tend to ensure
 6 [security] **fairness**, integrity, **security and** honesty [and fairness] in the operation and adminis-
 7 tration of the Oregon State Lottery as the office of the Attorney General and the Oregon State
 8 Police may have in their possession, including, but not limited to, manual or computerized informa-
 9 tion and data.

10 (2) In order to determine an applicant's suitability to enter into a contract with or to be em-
 11 ployed by the Oregon State Lottery, each applicant identified in this subsection shall be finger-
 12 printed. The Assistant Director for Security may submit to the Department of State Police and to
 13 the Federal Bureau of Investigation, for the purpose of verifying the identity of the following per-
 14 sons and obtaining records of their arrests and criminal convictions, fingerprints of:

15 (a) With respect to video **lottery** game retailers, each person for whom ORS 461.300 or an ad-
 16 ministrative rule of the Oregon State Lottery Commission requires disclosure of the person's name
 17 and address;

18 (b) With respect to lottery vendors and lottery contractors, each person for whom ORS 461.410
 19 or an administrative rule of the Oregon State Lottery Commission requires disclosure of the person's
 20 name and address;

21 (c) Applicants for employment with the Oregon State Lottery; and

22 (d) With respect to other persons and entities that apply for contracts or have contracts with
 23 the Oregon State Lottery, each person for whom ORS 461.300 requires disclosure of the person's
 24 name and address and for whom the Assistant Director for Security has prepared written reasons,
 25 approved in writing by the director, for requiring the confirmation of the person's identity and re-
 26 cords.

27 (3) For the purpose of requesting and receiving the information described in subsections (1) and
 28 (2) of this section, the Oregon State Lottery Commission is a state agency and a criminal justice
 29 agency and its enforcement agents are peace officers pursuant to ORS 181A.355 to 181A.670 and
 30 rules adopted thereunder.

31 (4) Enforcement agents, designated as such by the commission, shall have the same authority
 32 with respect to service and execution of warrants of arrest and search warrants as is conferred upon
 33 peace officers of this state.

34 **SECTION 6.** ORS 461.150 is amended to read:

35 461.150. (1) The Governor shall appoint a Director of the Oregon State Lottery, subject to con-
 36 firmation by the Senate, who shall serve at the pleasure of the Governor. The director shall imple-
 37 ment and operate a state lottery pursuant to the rules, and under the guidance, of the commission.

38 (2) The director shall be qualified by training and experience to direct the operations of a
 39 state-operated lottery. No [person shall] **individual may** be appointed as lottery director who has
 40 been convicted of a felony or any gambling related offense.

41 (3) The director shall receive such salary as may be set by the commission with the approval
 42 of the Governor, and shall be reimbursed for all expenses actually and necessarily incurred in the
 43 performance of official duties. The director shall render full-time service to the duties of office.

44 (4) The director shall, subject to the approval of the commission, perform all duties, exercise all
 45 powers and jurisdiction, assume and discharge all responsibilities and carry out and effect the pur-

1 poses of this chapter. The director shall act as secretary and executive officer of the commission.
 2 The director shall supervise and administer the operation of the Oregon State Lottery in accordance
 3 with this chapter, and the rules adopted by the commission. In all decisions, the director shall take
 4 into account the particularly sensitive nature of the state lottery, and shall act to promote and [*in-*
 5 *sure*] **ensure fairness**, integrity, security[,] **and** honesty [*and fairness of*] **in** the operation and ad-
 6 ministration of the state lottery.

7 (5) The director shall recommend to the commission the establishment of rules pertaining to the
 8 employment, termination and compensation of all commission staff. The rules shall conform to gen-
 9 erally accepted personnel practices based upon merit principles. Under the rules so established, the
 10 director may set the compensation, prescribe the duties and supervise [*persons*] **individuals** so hired.
 11 The director may terminate or otherwise discipline [*persons*] **individuals** so hired. No [*person*
 12 *shall*] **individual may** be employed by the state lottery who has been convicted of a felony or any
 13 gambling related offense.

14 (6) If a lottery employee transfers to a state agency that is subject to ORS chapter 240, the
 15 employee is entitled to transfer accrued sick leave, adjusted if necessary to reflect the accrual rate
 16 in use for management and unrepresented employees under rules of the Personnel Division.

17 (7) Subject to approval of the commission, the director may appoint, prescribe the duties of and
 18 terminate or otherwise discipline no more than four assistant directors as the director deems nec-
 19 essary. The compensation of each assistant director shall be established by the director subject to
 20 approval of the commission. The director shall supervise the assistant directors.

21 (8) The director and each assistant director shall file a verified statement of economic interest
 22 with the Oregon Government Ethics Commission and shall be subject to the provisions of ORS
 23 chapter 244.

24 **SECTION 7.** ORS 461.190 is amended to read:

25 461.190. The Assistant Director for Security appointed pursuant to the Constitution of the State
 26 of Oregon and this chapter shall be responsible for a security division to [*assure*] **ensure fairness**,
 27 integrity, security[,] **and** honesty [*and fairness*] in the operation and administration of the Oregon
 28 State Lottery, including but not limited to[,] an examination of the background of all prospective
 29 employees, lottery game retailers, lottery vendors and lottery contractors. The Assistant Director
 30 for Security shall be qualified by training and experience, including at least five years of law
 31 enforcement experience, and knowledge and experience in [*computer*] **information technology and**
 32 **digital** security, to fulfill these responsibilities. The Assistant Director for Security shall, in con-
 33 junction with the Director of the Oregon State Lottery, confer with the Attorney General or
 34 designee as the Assistant Director for Security deems necessary and advisable to promote and [*in-*
 35 *sure*] **ensure fairness**, integrity, security[,] **and** honesty [*and fairness of*] **in** the operation and ad-
 36 ministration of the state lottery. The Assistant Director for Security, in conjunction with the
 37 director, shall report any alleged violation of law to the Attorney General and any other appropriate
 38 law enforcement authority for further investigation and action.

39 **SECTION 8.** ORS 461.202 is amended to read:

40 461.202. Devices for playing lottery games, including video lottery [*game*] terminals, operated
 41 under the authority of the Oregon State Lottery Commission are exempted from the provisions of
 42 15 U.S.C. 1172.

43 **SECTION 9.** ORS 461.215 is amended to read:

44 461.215. (1) The Oregon State Lottery Commission may initiate [*a game or games using video*
 45 *devices*] **video lottery games**, the proceeds from which shall be transferred to the Administrative

1 Services Economic Development Fund for allocation as provided by law.

2 (2) In the approval and purchase of video lottery games, [*game terminals and equipment*] **video**
 3 **lottery terminals and other devices and equipment for video lottery games**, the lottery com-
 4 mission and any game operator, distributor, retailer or owner shall prefer goods or services that
 5 have been manufactured in this state if price, fitness and quality are otherwise equal.

6 (3) The lottery commission shall separately record and account for the costs and net proceeds
 7 of games operated under this section. At such time as the lottery commission makes the quarterly
 8 transfer of net proceeds provided for by ORS 461.540, it shall certify to the Oregon Department of
 9 Administrative Services the amount of such transfer which represents the net proceeds of **video**
 10 **lottery games** [*provided for in subsection (1) of this section*].

11 **SECTION 10. Nothing in this chapter prohibits the Oregon State Lottery Commission**
 12 **from initiating or offering lottery games that may be accessed or played on devices or**
 13 **equipment other than video lottery terminals.**

14 **SECTION 11.** ORS 461.217 is amended to read:

15 461.217. [(1) As used in this section, "video lottery game retailer" means a contractor under con-
 16 tract with the Oregon State Lottery to place video lottery game terminals on premises authorized by the
 17 contract.]

18 [(2)] (1) A video lottery [*game*] terminal [*that offers a video lottery game authorized by the Di-*
 19 *rector of the Oregon State Lottery*]:

20 (a) May be placed for operation only in or on the premises of an establishment that has a con-
 21 tract with the Oregon State Lottery as a video lottery game retailer.

22 (b) Must be within the control of an employee of the video lottery game retailer.

23 (c) May not be placed in any other business or location.

24 [(3)] (2) A video lottery [*game*] terminal may be placed only on the premises of an establishment
 25 licensed by the Oregon Liquor Control Commission with a full on-premises sales license, a limited
 26 on-premises sales license or a brewery-public house license. A video lottery [*game*] terminal may be
 27 placed only in that part of the premises that is posted by the Oregon Liquor Control Commission
 28 as being closed to minors. In addition to the requirements of this subsection, the director may by
 29 rule establish other criteria and conditions as the director determines appropriate for the placement
 30 of video lottery [*game*] terminals in establishments.

31 [(4)] (3) No more than six video lottery [*game*] terminals may be placed in or on premises de-
 32 scribed in subsection [(3)] (2) of this section.

33 [(5)] (4) No more than 10 video lottery [*game*] terminals may be placed in or on the premises
 34 of a race meet licensee licensed under ORS 462.020 that qualifies as a video lottery game retailer.

35 **SECTION 12.** ORS 461.220 is amended to read:

36 461.220. (1) Upon recommendation of the Director of the Oregon State Lottery, the Oregon State
 37 Lottery Commission shall adopt rules that specify the number and value of prizes for winning tickets
 38 or shares in each lottery game including, without limitation, cash prizes, merchandise prizes, prizes
 39 consisting of deferred payments or annuities and prizes of tickets or shares in the same lottery game
 40 or other lottery games [*conducted by the Oregon State Lottery*].

41 (2) In each lottery game utilizing tickets, the following information shall be printed on each
 42 ticket:

43 (a) A close approximation of the odds of winning some prize or some cash prize, as appropriate
 44 for the lottery game.

45 (b) An approximation of a payout percentage that will be returned to players in the form of

1 prizes for the lottery game. For online games, the approximation may be based on the average
2 payout percentage over several prior years.

3 (c) The statement that “Lottery games are based on chance, should be played for entertainment
4 only and should not be played for investment purposes.”

5 (3) A detailed tabulation of the estimated number of prizes of each particular prize denomination
6 that are expected to be awarded in each lottery game and the close approximation of the odds of
7 winning such prizes shall be [*available at each location at which tickets or shares in such lottery*
8 *games are offered for sale to the public*] **made available by the commission to the public in a**
9 **manner determined by the commission by rule.**

10 (4) Notwithstanding subsection (1) of this section[,]:

11 (a) The commission [*may*] **shall either** specify by rule the number and value of prizes for **video**
12 lottery games [*that use video devices or that use tickets or shares that allow a player to manually re-*
13 *veal covered play symbols, or the commission may*] **or** make such information available at each lo-
14 cation [*that offers such games using video devices, tickets or shares for sale to the public*] **at which**
15 **video lottery terminals are placed for operation.**

16 (b) **The commission shall either specify by rule the number and value of prizes for games**
17 **that use tickets or shares that allow a player to manually reveal covered play symbols or**
18 **make such information available at each location where such tickets or shares are offered**
19 **for sale to the public.**

20 (5) All television, radio and newspaper advertising of a lottery game shall include a disclaimer
21 representing a close approximation of the odds of winning some prize and an approximation of the
22 amount that will be returned to the players in the form of prizes for the game in the following
23 words: “The odds of winning some prize are one in (some number). The prize payout percentage is
24 (some number).” where the numbers stated represent a close approximation of the odds of winning
25 some prize and the prize payout percentage. However, this subsection does not apply to advertising
26 the purpose of which is to advertise the location where tickets may be purchased or to provide in-
27 formation about the winners.

28 (6) All television, radio and newspaper advertising of lottery games funded by the lottery com-
29 mission, including advertising that is intended to indicate where tickets may be purchased or to
30 provide information about prize winners, shall include the disclaimer that “Lottery games are based
31 on chance, should be played for entertainment only and should not be played for investment pur-
32 poses.”

33 (7) All television, radio and newspaper advertising intended to publicize projects or programs
34 funded by lottery dollars shall include the disclaimer that “Lottery games are based on chance and
35 should be played for entertainment only.” However, this subsection does not apply to any such ad-
36 vertising that has the sole purpose of educating the public about gambling addiction or available
37 treatments.

38 (8) All billboard advertising intended to promote a lottery game, to indicate where tickets may
39 be purchased or to provide information about prize winners shall include the disclaimer that “Lot-
40 tery games should not be played for investment purposes.”

41 (9) All billboard advertising intended to publicize projects or programs funded by lottery dollars
42 shall include the disclaimer that “Lottery games should be played for entertainment only.”

43 (10) A disclaimer required by this section to be included in a written advertisement shall be of
44 a size and in a form that allows an individual to readily notice and read the statement. A disclaimer
45 required by this section to be included in a television or radio advertisement shall be spoken aloud

1 and, in the case of television, must also be displayed visually in a form that allows an individual to
 2 readily notice and read the statement.

3 **SECTION 13.** ORS 461.230 is amended to read:

4 461.230. (1) Upon recommendation of the Director of the Oregon State Lottery, the Oregon State
 5 Lottery Commission shall adopt rules that specify the method for determining winners in each lot-
 6 tery game.

7 (2) If a lottery game utilizes a manual drawing of winning numbers, a manual drawing among
 8 entries or a manual drawing among finalists:

9 (a) The drawing must be open to the public;

10 (b) The drawing must be witnessed by an independent certified public accountant or a profes-
 11 sional representative of an independent certified public accountancy organization;

12 (c) Any equipment used in the drawing must be inspected by the independent certified public
 13 accountant or the professional representative of an independent certified public accountancy or-
 14 ganization and an employee of the lottery both before and after the drawing; and

15 (d) The drawing and such inspections shall be recorded on both video and audio tape.

16 (3)(a) [When] If a drawing is held out of this state in conjunction with other state lotteries, the
 17 Oregon State Lottery shall conduct periodic studies of the drawing's security procedures. Any
 18 equipment used in a manual drawing must be inspected both before and after the drawing by a
 19 professional representative of an independent certified public accountancy organization and a rep-
 20 resentative of the [state lottery] **Oregon State Lottery** designated by the director.

21 (b) Any manual drawing and such inspections shall be recorded on both video and audio tape.

22 (4) The lottery may use any of a variety of existing or future methods or technologies in deter-
 23 mining winners.

24 **SECTION 14.** ORS 461.250 is amended to read:

25 461.250. Upon recommendation of the Director of the Oregon State Lottery, the Oregon State
 26 Lottery Commission shall adopt rules to establish a system of verifying the validity of tickets or
 27 shares claimed to win prizes and to effect payment of such prizes, provided:

28 (1) For the convenience of the public, lottery game retailers may be authorized by the commis-
 29 sion to pay winners of up to \$5,000 after performing validation procedures on their premises appro-
 30 priate to the lottery game involved.

31 (2) A prize may not be paid to a person under 18 years of age.

32 (3) A video lottery game prize may not be paid to a person under 21 years of age.

33 (4) A prize may not be paid arising from claimed tickets or shares that are stolen, counterfeit,
 34 altered, fraudulent, unissued, produced or issued in error, unreadable, not received or not recorded
 35 by the Oregon State Lottery by applicable deadlines, lacking in captions that confirm and agree with
 36 the lottery play symbols as appropriate to the lottery game involved or not in compliance with such
 37 additional specific rules or with public or confidential validation and security tests of the lottery
 38 appropriate to the particular lottery game involved. However, the commission may adopt rules to
 39 establish a system of verifying the validity of claims to prizes greater than \$600 that are otherwise
 40 not payable under this subsection due to a lottery game retailer's losing, damaging or destroying the
 41 winning ticket or share while performing validation procedures thereon, and to effect payment of
 42 verified claims. A verification system established by the commission shall include appropriate public
 43 or confidential validation and security tests.

44 (5) A particular prize in any lottery game may not be paid more than once, and in the event of
 45 a binding determination that more than one claimant is entitled to a particular prize, the sole rem-

1 edy of such claimants is the award to each of them of an equal share in the prize.

2 (6) The commission may specify that winners of less than \$25 claim such prizes from either the
 3 same lottery game retailer who sold the winning ticket or share or from the lottery itself and may
 4 also specify that the lottery game retailer who sold the winning ticket or share be responsible for
 5 directly paying that prize.

6 (7)(a) Holders of tickets or shares shall have the right to claim prizes for one year after the
 7 drawing or the end of the lottery game or play in which the prize was won, **subject to ORS**
 8 **187.010**. The commission may define shorter time periods to claim prizes and for eligibility for entry
 9 into drawings involving entries or finalists. If a valid claim is not made for a prize payable directly
 10 by the lottery commission within the applicable period, the unclaimed prize shall remain the prop-
 11 erty of the commission and shall be allocated to the benefit of the public purpose **described in**
 12 **Article XV, section 4, of the Oregon Constitution**.

13 **(b) A ticket or share that is transmitted through the United States mail or by private**
 14 **express carrier is deemed to be claimed on the date shown by the cancellation mark or other**
 15 **record of transmittal, or on the date the ticket or share was mailed or deposited for trans-**
 16 **mittal if proof satisfactory to the director establishes that the mailing or deposit occurred**
 17 **on a date earlier than the date shown by the record of transmittal.**

18 (8)(a) The right of any person to a prize shall not be assignable, except that:

19 (A) Payment of any prize may be made according to the terms of a deceased prize winner's
 20 signed beneficiary designation form filed with the commission or, if no such form has been filed, to
 21 the estate of the deceased prize winner.

22 (B) Payment of any prize shall be made to a person designated pursuant to an appropriate ju-
 23 dicial order or pursuant to a judicial order approving the assignment of the prize in accordance with
 24 ORS 461.253.

25 (b) The director, commission and state shall be discharged of all further liability with respect
 26 to a specific prize payment upon making that prize payment in accordance with this subsection or
 27 ORS 461.253.

28 (9) A ticket or share may not be purchased by, and a prize may not be paid to, a member of the
 29 commission, the director, the assistant directors or any employee of the state lottery or to any
 30 spouse, child, brother, sister or parent of such person.

31 (10) Payments made according to the terms of a deceased prize winner's signed beneficiary des-
 32 ignation form filed with the commission are effective by reason of the contract involved and this
 33 statute and are not to be considered as testamentary devices or subject to ORS chapter 112. The
 34 director, commission and state shall be discharged of all liability upon payment of a prize.

35 (11) In accordance with the provisions of the Soldiers' and Sailors' Civil Relief Act of 1940 (50
 36 U.S.C.A. app. 525), a person while in active military service may claim exemption from the one-year
 37 ticket redemption requirement under subsection (7) of this section. However, the person must notify
 38 the commission by providing satisfactory evidence of possession of the winning ticket within the
 39 one-year period, and must claim the prize or share no later than one year after discharge from ac-
 40 tive military service.

41 **SECTION 15.** ORS 461.257 is amended to read:

42 461.257. Notwithstanding ORS 461.250 (8) [or] **and** 461.253, if it is ever determined that prize
 43 winners who do not seek to assign their prize payments are subject to immediate income taxes on
 44 the prize payments just as if those prize winners had so assigned their prizes, the Oregon State
 45 Lottery Commission may intervene in a proceeding commenced under ORS 461.253 in order to raise

1 the issue of adverse tax consequences in the proceeding. If the court determines that ORS 461.250
2 (8) and 461.253 or the issuance of an order approving an assignment of prize payments subjects prize
3 winners who do not seek assignment of prize payments to immediate income taxes on their prize
4 payments, the court shall refuse to authorize an assignment and shall issue an order that ORS
5 461.250 (8)(a)(B) and 461.253 are suspended and are of no force or effect so long as such determi-
6 nation and adverse tax consequences are in effect. An order issued by a court under this section
7 shall suspend ORS 461.250 (8)(a)(B) and 461.253 throughout this state. An order issued under this
8 section shall be final and shall remain in effect unless or until overturned or modified by a subse-
9 quent court order or the order of a reviewing court.

10 **SECTION 16.** ORS 461.300 is amended to read:

11 461.300. (1) The Oregon State Lottery Commission shall adopt rules specifying the terms and
12 conditions for contracting with lottery game retailers so as to provide adequate and convenient
13 availability of tickets or shares to prospective buyers of each lottery game as appropriate for each
14 such game. Nothing in this subsection is intended to preclude the lottery from selling tickets or
15 shares directly to the public.

16 (2)(a) The Director of the Oregon State Lottery shall, pursuant to this chapter, and the rules
17 of the commission, select as lottery game retailers such persons as deemed to best serve the public
18 convenience and promote the sale of tickets or shares. A **natural** person under the age of 18 may
19 not be a lottery game retailer. In the selection of a lottery game retailer, the director shall consider
20 factors such as financial responsibility, integrity, reputation, accessibility of the place of business
21 or activity to the public, security of the premises, the sufficiency of existing lottery game retailers
22 for any particular lottery game to serve the public convenience and the projected volume of sales
23 for the lottery game involved.

24 (b) Except when the director recommends, and the commission concludes, that it is reasonable
25 and prudent to waive disclosure requirements under this section and that to do so will not jeop-
26 ardize the fairness, integrity, security and honesty of the lottery, prior to the execution of any
27 contract with a **potential** lottery game retailer[,]:

28 (A) The **potential** lottery game retailer shall disclose to the lottery the names and addresses
29 of the following:

30 [(A)] (i) If the **potential** lottery game retailer is a corporation but not a nonprofit private club
31 as described in ORS 471.175, the officers, each director who owns or controls three percent or more
32 of the voting stock and each stockholder who owns 10 percent or more of the outstanding stock in
33 such corporation.

34 [(B)] (ii) If the **potential** lottery game retailer is a trust, the trustee and all persons entitled to
35 receive income or benefit from the trust.

36 [(C)] (iii) If the **potential** lottery game retailer is an association but not a nonprofit private club
37 as described in ORS 471.175, the members, officers and directors.

38 [(D)] (iv) If the **potential** lottery game retailer is a subsidiary but not a nonprofit private club
39 as described in ORS 471.175, the officers, each director who owns or controls three percent or more
40 of the voting stock and each stockholder who owns 10 percent or more of the outstanding stock of
41 the parent corporation thereof.

42 [(E)] (v) If the **potential** lottery game retailer is a partnership, joint venture or limited liability
43 company, all of the general partners, limited partners, joint venturers, members of a limited liability
44 company whose investment commitment or membership interest is 10 percent or more, and managers
45 of a limited liability company.

1 *[(F) If the parent company, general partner, limited partner, joint venturer, stockholder, member*
 2 *or manager of a limited liability company is itself a corporation, trust, association, subsidiary, part-*
 3 *nership, joint venture or limited liability company, then the director may require that all of the infor-*
 4 *mation required by this paragraph be disclosed for such other entity as if it were itself a lottery game*
 5 *retailer to the end that full disclosure of ultimate ownership be achieved.]*

6 *[(G) If any member, 18 years of age or older, of the immediate family of any video lottery game*
 7 *retailer, or any member, 18 years of age or older, of the immediate family of any individual whose name*
 8 *is required to be disclosed under this paragraph, is involved in the video lottery game retailer's busi-*
 9 *ness in any capacity, then all of the information required in this paragraph shall be disclosed for such*
 10 *immediate family member as if the family member were a video lottery game retailer.]*

11 *[(H) If any immediate family member, 18 years of age or older, of any lottery game retailer, other*
 12 *than a video lottery game retailer, or of any person whose name is required to be disclosed under this*
 13 *paragraph is involved in the lottery game retailer's business in any capacity, then the lottery game*
 14 *retailer shall identify the immediate family member to the Oregon State Lottery, and shall report the*
 15 *capacity in which the immediate family member is involved in the lottery game retailer's business if*
 16 *requested by the director. Full disclosure of immediate family members working in the business may*
 17 *be required only if the director has just cause for believing the immediate family member may be a*
 18 *threat to the fairness, integrity, security or honesty of the lottery.]*

19 **[(I) (vi) If the potential lottery game retailer is a nonprofit private club as described in ORS**
 20 **471.175, the treasurer, officers, directors and trustees who oversee or direct the operation of the**
 21 **food, beverage, lottery or other gambling-related activities of the nonprofit private club and each**
 22 **manager in charge of the food, beverage, lottery or other gambling-related activities of the nonprofit**
 23 **private club.**

24 **[(J) (vii) Any other person required by rule of the commission.**

25 **(B)(i) If the potential lottery game retailer is a limited liability company whose parent**
 26 **company, general partner, limited partner, joint venturer, stockholder, member or manager**
 27 **is itself a corporation, trust, association, subsidiary, partnership, joint venture or limited li-**
 28 **ability company, then the director may require that all of the information required by this**
 29 **paragraph be disclosed for such other entity as if it were itself a potential lottery game**
 30 **retailer to the end that full disclosure of ultimate ownership be achieved.**

31 **(ii) If any member, 18 years of age or older, of the immediate family of any potential**
 32 **video lottery game retailer, or any member, 18 years of age or older, of the immediate family**
 33 **of any individual whose name is required to be disclosed under this paragraph, is involved in**
 34 **the potential video lottery game retailer's business in any capacity, then all of the informa-**
 35 **tion required in this paragraph shall be disclosed for such immediate family member as if the**
 36 **family member were a potential video lottery game retailer.**

37 **(iii) If any immediate family member, 18 years of age or older, of any potential lottery**
 38 **game retailer, other than a potential video lottery game retailer, or of any person whose**
 39 **name is required to be disclosed under this paragraph is involved in the potential lottery**
 40 **game retailer's business in any capacity, then the potential lottery game retailer shall iden-**
 41 **tify the immediate family member to the Oregon State Lottery, and shall report the capacity**
 42 **in which the immediate family member is involved in the potential lottery game retailer's**
 43 **business if requested by the director. Full disclosure of immediate family members working**
 44 **in the business may be required only if the director has just cause for believing the imme-**
 45 **diatate family member may be a threat to the fairness, integrity, security or honesty of the**

1 **lottery.**

2 (c) Any person required to disclose information under paragraph (b) of this subsection shall
3 disclose additional information for retail contract approval that the director determines to be ap-
4 propriate.

5 (d) The commission may refuse to grant a lottery game [*retail*] **retailer** contract to any **poten-**
6 **tial** lottery game retailer or any natural person whose name is required to be disclosed under par-
7 agraph (b) of this subsection, who has been convicted of violating any of the gambling laws of this
8 state, general or local, or has been convicted at any time of any crime. The lottery may require
9 payment by each lottery game retailer to the lottery of an initial nonrefundable application fee or
10 an annual fee, or both, to maintain the contract to be a lottery game retailer.

11 (e) A person who is a lottery game retailer may not be engaged exclusively in the business of
12 selling lottery tickets or shares. A person lawfully engaged in nongovernmental business on state
13 or political subdivision property or an owner or lessee of premises which lawfully sells alcoholic
14 beverages may be selected as a lottery game retailer. State agencies, except for the state lottery,
15 political subdivisions or their agencies or departments may not be selected as a lottery game
16 retailer. The director may contract with lottery game retailers on a permanent, seasonal or tempo-
17 rary basis.

18 (3) The authority to act as a lottery game retailer is not assignable or transferable.

19 (4) The director may terminate a contract with a lottery game retailer based on the grounds for
20 termination included in the contract or commission rules governing the contract. The grounds for
21 termination must include, but are not limited to, the knowing sale of lottery tickets or shares to any
22 person under the age of 18 years or knowingly permitting a person under the age of 21 years to
23 operate a video lottery [*game*] terminal.

24 (5) Notwithstanding subsection (4) of this section, when a lottery game [*retail*] **retailer** contract
25 requires the lottery game retailer to maintain a minimum weekly sales average, the lottery game
26 retailer may avoid termination of the contract for failure to meet the minimum weekly sales average
27 by agreeing, prior to termination, to pay the state lottery the difference between the actual weekly
28 cost incurred by the lottery to maintain the contract and the weekly proceeds that are collected by
29 the lottery from the sales of that lottery game retailer, less expenses that are dedicated by statute,
30 rule or contract to other purposes. The director may not terminate the contract of a lottery game
31 retailer for failure to meet a minimum weekly sales average unless the director first allows the
32 lottery game retailer an opportunity to make the payment described in this subsection.

33 (6) The commission shall adopt by rule an alternative dispute resolution process for disputes
34 arising from a contract with a lottery game retailer that must be included in every contract between
35 the commission and lottery game retailers. The commission shall develop the dispute resolution
36 process required by this section in conformity with ORS 183.502.

37 **SECTION 17.** ORS 461.310 is amended to read:

38 461.310. (1) Upon recommendation of the Director of the Oregon State Lottery, the commission
39 shall determine the compensation to be paid to lottery game retailers for their sales of lottery
40 tickets or shares. Until the commission shall otherwise determine, the compensation paid to lottery
41 game retailers shall be five percent of the retail price of the tickets or shares plus an incentive
42 bonus of one percent based on attainment of sales volume or other objectives specified by the di-
43 rector for each lottery game. In cases of a lottery game retailer whose rental payments for premises
44 are contractually computed in whole or in part, on the basis of a percentage of retail sales, and
45 where such computation of retail sales is not explicitly defined to include sales of tickets or shares

1 in a state-operated lottery, the compensation received by the lottery game retailer from the Oregon
 2 State Lottery shall be deemed to be the amount of the retail sale for the purposes of such contrac-
 3 tual computation.

4 **(2) This section applies only to compensation paid by the Oregon State Lottery to lottery**
 5 **game retailers with respect to lottery games other than video lottery games.**

6 **SECTION 18.** ORS 461.330 is amended to read:

7 461.330. (1) No lottery tickets or shares shall be sold by a lottery game retailer unless the lot-
 8 tery game retailer has on display on the premises a certificate of authority signed by the Director
 9 of the Oregon State Lottery to sell lottery tickets or shares.

10 (2) The director may require a bond or an irrevocable letter of credit issued by an insured in-
 11 stitution as defined in ORS 706.008 from any lottery game retailer in an amount specified in the
 12 Oregon State Lottery rules adopted by the commission or may purchase a blanket bond or a blanket
 13 letter of credit issued by an insured institution as defined in ORS 706.008 covering the activities of
 14 all or a selected group of lottery game retailers.

15 (3) No payment by lottery game retailers to the lottery for tickets or shares shall be in cash.
 16 All such payments shall be in the form of a check, bank draft, electronic fund transfer or other re-
 17 corded financial instrument as determined by the director.

18 **(4) Proceeds of sales of lottery tickets or shares by a lottery game retailer are held in**
 19 **trust by the lottery game retailer for the benefit of the Oregon State Lottery. Before such**
 20 **proceeds are transferred to the Oregon State Lottery, the proceeds are exempt from the**
 21 **requirements of ORS 293.265 and 295.002.**

22 **SECTION 19.** ORS 461.335 is amended to read:

23 461.335. (1) The Oregon State Lottery Commission may grant a temporary letter of authority for
 24 a period not to exceed 90 days on change of ownership applications for certificates of authority
 25 granted under this chapter if the applicant pays the fee prescribed by the commission for a tempo-
 26 rary letter of authority. A temporary letter of authority issued under this section does not consti-
 27 tute a lottery game *[retail]* **retailer** contract for the purposes of ORS 461.300.

28 (2) The commission, summarily and without prior administrative proceedings, may revoke a
 29 temporary letter of authority any time during the 90 days if the commission finds that any of the
 30 grounds for refusing a lottery game *[retail]* **retailer** contract or terminating a contract under ORS
 31 461.300 exist.

32 (3) A person subject to subsection (2) of this section shall be given an interview under the di-
 33 rection of the commission if the person requests an interview prior to revocation of a temporary
 34 letter of authority. However, the proceedings are not a contested case under ORS chapter 183.

35 **SECTION 20.** ORS 461.400 is amended to read:

36 461.400. Notwithstanding other provisions of law, the Director of the Oregon State Lottery may
 37 purchase or lease such goods or services as are necessary for effectuating the purposes of this
 38 chapter. The commission may not contract with any private party or nongovernmental entity for the
 39 operation and administration of the Oregon State Lottery established by this chapter. However, the
 40 foregoing shall not preclude procurements which integrate functions such as lottery game design,
 41 supply of goods and services, advertising and public relations. In all procurement decisions, the di-
 42 rector and Oregon State Lottery Commission shall take into account the particularly sensitive na-
 43 ture of the state lottery[, *shall consider the lottery's potential contribution to the development of and*
 44 *citizen's access to the state's telecommunications infrastructure,*] and shall act to promote and
 45 *[insure]* **ensure fairness**, integrity, security[,] **and** honesty *[and fairness]* in the operation and ad-

1 ministration of the state lottery and the objective of raising net revenues for the benefit of the
 2 public purpose described in section 4, Article XV of the Constitution of the State of Oregon.

3 **SECTION 21.** ORS 461.410 is amended to read:

4 461.410. (1) In order to allow an evaluation by the Oregon State Lottery of the competence, in-
 5 tegrity, background, character and nature of the true ownership and control of lottery vendors, any
 6 *[person]* **vendor** who submits a bid, proposal or offer as part of a procurement for a contract for the
 7 printing of tickets used in any lottery game, any goods or services involving the receiving or re-
 8 cording of number selection in any lottery game, or any goods or services involving the determi-
 9 nation of winners in any lottery game, which are hereby referred to as major procurements, shall
 10 *[first disclose at the time of submitting such]* **disclose the following information immediately after**
 11 **the state lottery issues a notice of intent to award a contract based on the vendor's bid,**
 12 proposal or offer *[to the state lottery all of the following items]:*

13 (a) A disclosure of *[the lottery vendor's name and address and]*, as applicable, the name and ad-
 14 dress of the following:

15 (A) If the vendor is a corporation, the officers, directors and each stockholder in such corpo-
 16 ration; except that, in the case of stockholders of publicly held equity securities of a publicly traded
 17 corporation, only the names and addresses of those known to the corporation to beneficially own
 18 15 percent or more of such securities need be disclosed.

19 (B) If the vendor is a trust, the trustee and all persons entitled to receive income or benefit from
 20 the trust.

21 (C) If the vendor is an association, the members, officers and directors.

22 (D) If the vendor is a subsidiary, the officers, directors and each stockholder of the parent cor-
 23 poration thereof; except that, in the case of stockholders of publicly held equity securities of a
 24 publicly traded corporation, only the names and addresses of those known to the corporation to
 25 beneficially own 15 percent or more of such securities need be disclosed.

26 (E) If the vendor is a partnership or joint venture, all of the general partners, limited partners
 27 or joint venturers.

28 (F) If the parent company, general partner, limited partner or joint venturer of any vendor is
 29 itself a corporation, trust, association, subsidiary, partnership or joint venture, then all of the in-
 30 formation required in this section shall be disclosed for such other entity as if it were itself a vendor
 31 to the end that full disclosure of ultimate ownership be achieved.

32 (G) If any member of the immediate family of any vendor is involved in the vendor's business in
 33 any capacity, then all of the information required in this section shall be disclosed for such imme-
 34 diate family member as if the family member were a vendor.

35 (H) If the vendor subcontracts any substantial portion of the work to be performed to a sub-
 36 contractor, then all of the information required in this section shall be disclosed for such subcon-
 37 tractor as if it were itself a vendor.

38 (I) The persons or entities in subparagraphs (A) to (H) of this paragraph, along with the vendor
 39 itself, shall be referred to as control persons.

40 (b) A disclosure of all the states and jurisdictions in which each control person does business,
 41 and the nature of that business for each such state or jurisdiction.

42 (c) A disclosure of all the states and jurisdictions in which each control person has contracts
 43 to supply gaming goods or services, including, but not limited to, lottery goods and services and the
 44 nature of the goods or services involved for each such state or jurisdiction.

45 (d) A disclosure of all the states and jurisdictions in which each control person has applied for,

1 has sought renewal of, has received, has been denied, has pending or has had revoked a gaming li-
 2 cense of any kind, and the disposition of such in each such state or jurisdiction. If any gaming li-
 3 cense has been revoked or has not been renewed or any gaming license application has been either
 4 denied or is pending and has remained pending for more than six months, all of the facts and cir-
 5 cumstances underlying this failure to receive such a license must be disclosed.

6 (e) A disclosure of the details of any conviction or judgment of a state or federal court of each
 7 control person of any felony and any other criminal offense other than traffic offenses.

8 (f) A disclosure of the details of any bankruptcy, insolvency, reorganization or any pending liti-
 9 gation of each control person.

10 (g) A disclosure for each control person who is a natural person of employment, residence, ed-
 11 ucation and military history since the age of 18 years, and any federal, state or local elective posi-
 12 tion ever held by such person.

13 (h) A disclosure consolidating all reportable information on all reportable contributions by each
 14 control person to any local, state or federal political candidate or political committee in this state
 15 for the past five years that is reportable under any existing state or federal law.

16 (i) A disclosure of the identity of any entity with which each control person has a joint venture
 17 or other contractual arrangement to supply any state or jurisdiction with gaming goods or services,
 18 including a disclosure with regard to such entity of all of the information requested under para-
 19 graphs (a) to (h) of this subsection.

20 (j) A disclosure consisting of financial statements of the lottery vendor for the past three years.

21 (k) A disclosure of any economic interest as contemplated by ORS 244.060 and 244.070, known
 22 to the lottery vendor to be held by any of the persons named in ORS 244.050 (1)(a), any lottery
 23 commissioner, the lottery director, or the assistant directors of the state lottery, in any lottery
 24 vendor or its control persons.

25 (L) Such additional disclosures and information as the director may determine to be appropriate
 26 for the procurement involved.

27 (2) No contract for a major procurement with any vendor who has not complied with the dis-
 28 closure requirements described in this section for each of its control persons shall be entered into
 29 or be enforceable. Any contract with any lottery contractor who does not comply with such re-
 30 quirements for periodically updating such disclosures from each of its control persons during the
 31 tenure of *[such]* **the** contract as may be specified in *[such]* **the** contract may be terminated by the
 32 commission.

33 **SECTION 22.** ORS 461.445 is amended to read:

34 461.445. In establishing its schedule of payments to **lottery** contractors, the Oregon State Lot-
 35 tery Commission shall undertake to develop a system that maximizes the net revenue to the state
 36 for the public purpose **described in Article XV, section 4, of the Oregon Constitution**, consistent
 37 with providing a reasonable rate of return for **lottery** contractors.

38 **SECTION 23.** ORS 461.500 is amended to read:

39 461.500. (1) Except for such moneys as are necessary to temporarily fund the start-up of the
 40 state-operated lottery established by the Constitution of the State of Oregon and this chapter, the
 41 Oregon State Lottery shall operate as a self-supporting revenue-raising agency of state government
 42 and appropriations, loans or other transfers of state funds may not be made to it.

43 (2) At least 84 percent of the total annual revenues from the sale of state lottery tickets or
 44 shares shall be returned to the public in the form of prizes and net revenues benefiting the public
 45 purpose described in Article XV, section 4, of the Constitution of the State of Oregon. At least 50

1 percent of the total annual revenues shall be returned to the public in the form of prizes as de-
 2 scribed in this chapter. All unclaimed prize money shall remain the property of the commission and
 3 shall be allocated to the benefit of the public purpose.

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

9 (4) For the purpose of ensuring the **fairness**, integrity, security[,] **and** honesty [*and fairness*] of
 10 the state lottery, the Oregon State Lottery may use moneys allocated, as costs of administration, for
 11 the payment of expenses of the state lottery pursuant to subsection (3) of this section for expenses
 12 incurred to:

13 (a) Adopt and implement rules intended to minimize problem gambling risks and mitigate prob-
 14 lem gambling harms;

15 (b) Advertise the availability of problem gambling treatment programs in this state, including
 16 contact information for the programs;

17 (c) Collect and report data, and establish metrics, regarding problem gambling; [*and*]

18 (d) **Enter into agreements with independent, third-party institutions to administer and**
 19 **award grants for research related to responsible gaming and problem gambling in Oregon,**
 20 **in the United States or internationally; and**

21 [*d*] (e) Cooperate with or assist the Oregon Health Authority and providers of problem gam-
 22 bling treatment programs to the extent that the cooperation or assistance is consistent with the
 23 mission, described in ORS 461.200, to operate the state lottery so as to produce the maximum
 24 amount of net revenues to benefit the public purpose described in Article XV, section 4, of the
 25 Constitution of the State of Oregon, commensurate with the public good.

26 **SECTION 24.** ORS 461.540 is amended to read:

27 461.540. (1) There is established in the General Fund of the State Treasury the Administrative
 28 Services Economic Development Fund. All moneys transferred from the State Lottery Fund, interest
 29 earnings credited to this fund and other moneys authorized to be transferred to this fund from
 30 whatever source are appropriated continuously for any of the following public purposes:

31 (a) Creating jobs;

32 (b) Furthering economic development in Oregon; or

33 (c) Financing public education.

34 (2) Moneys shall be transferred from the Administrative Services Economic Development Fund
 35 to:

36 (a) The Education Stability Fund established under ORS 348.696 as described in section 4, Arti-
 37 cle XV of the Oregon Constitution; and

38 (b) The School Capital Matching Fund established under ORS 286A.806 as described in section
 39 4, Article XI-P of the Oregon Constitution.

40 (3) As used in this section [*and section 4, Article XV of the Oregon Constitution*]:

41 (a) “Creating jobs” includes, but is not limited to:

42 (A) Supporting the creation of new jobs in Oregon;

43 (B) Helping prevent the loss of existing jobs in Oregon;

44 (C) Assisting with work transition to new jobs in Oregon; [*or*] **and**

45 (D) Training or retraining workers.

1 (b) "Education" includes, but is not limited to, the Education Stability Fund established under
2 ORS 348.696 and specific programs that support the following:

- 3 (A) Prekindergartens;
- 4 (B) Elementary and secondary schools;
- 5 (C) Community colleges;
- 6 (D) Higher education;
- 7 (E) Continuing education;
- 8 (F) Workforce training and education programs; or
- 9 (G) Financial assistance to Oregon students.

10 (c) "Furthering economic development" includes, but is not limited to, providing:

11 (A) Services or financial assistance to for-profit and nonprofit businesses located or to be lo-
12 cated in Oregon;

13 (B) Services or financial assistance to business or industry associations to promote, expand or
14 prevent the decline of their businesses; or

15 (C) Services or financial assistance for facilities, physical environments or development projects,
16 as defined in ORS 285B.410, that benefit Oregon's economy.

17 **SECTION 25.** ORS 461.547 is amended to read:

18 461.547. (1) The Oregon State Lottery Commission shall transfer an amount equal to 2.5 percent
19 of the net receipts from video lottery games allocated to the Administrative Services Economic De-
20 velopment Fund to counties for economic development activities. Ninety percent of the moneys shall
21 be distributed to each county in proportion to the gross receipts from video lottery games from each
22 county. Ten percent of the moneys shall be distributed in equal amounts to each county.

23 (2) As used in this section:

24 (a) "Gross receipts from video lottery games" means the amount of money inserted into video
25 lottery [games] **terminals** plus the value of any free game prizes used by players for subsequent
26 games.

27 (b) "Net receipts from video lottery games" means the amount of money that is received from
28 the operation of video lottery games after the payment of prizes but prior to any other payment.

29 **SECTION 26.** ORS 461.548 is amended to read:

30 461.548. Notwithstanding any other provision of law, the Oregon State Lottery Commission shall
31 meet the constitutional requirements for prizes and administrative costs separately for video **lottery**
32 **games** and all other lottery games. The lottery commission shall not intermingle the results of video
33 lottery games for the purpose of calculating the allowable limit on administrative expenses of other
34 lottery games.

35 **SECTION 27.** ORS 461.600 is amended to read:

36 461.600. (1) Tickets or shares in lottery games, including tickets or shares sold from vending
37 machines or other devices, may not be sold to a person under 18 years of age.

38 (2) Video lottery [game] terminals may not be operated by a person under 21 years of age.

39 (3) The Oregon State Lottery Commission shall establish safeguards to ensure that lottery game
40 retailers comply with the requirements of this section.

41 **SECTION 28.** (1) **The Legislative Assembly finds that:**

42 (a) **Personally identifiable player data submitted by players of lottery games, particularly**
43 **information submitted through mobile or Internet-enabled devices, may, if disclosed, expose**
44 **players to identity theft, financial risk or invasion of personal privacy;**

45 (b) **Players of lottery games voluntarily submit personally identifiable player data to the**

1 Oregon State Lottery and reasonably expect that such information will be protected and se-
2 cured by the Oregon State Lottery;

3 (c) The inability or failure of the Oregon State Lottery to ensure the confidentiality of
4 personally identifiable player data will result in a decreased willingness of individuals to play
5 lottery games and a resultant decrease in lottery revenue; and

6 (d) The Oregon State Lottery Commission is responsible for the protection and security
7 of personally identifiable player data and should make every reasonable effort to maintain
8 the confidentiality of such information.

9 (2) The commission shall adopt rules to ensure that the systems, standards and proce-
10 dures of the Oregon State Lottery protect, secure and maintain the confidentiality of per-
11 sonally identifiable player data. The commission may, by rule, designate categories of
12 information to be protected as personally identifiable player data.

13 SECTION 29. ORS 461.257, 461.445, 461.512, 461.544, 461.547, 461.548, 461.549, 461.553,
14 461.555, 461.557, 461.559, 461.725 and 461.740 and sections 10 and 28 of this 2019 Act are added
15 to and made a part of ORS chapter 461.

16 SECTION 30. Sections 1 to 4, chapter 2, Oregon Laws 2017, are added to and made a part
17 of ORS chapter 327.

18 SECTION 31. The amendments to ORS 320.005 by section 2 of this 2019 Act apply to tax
19 years beginning on or after January 1, 2019.

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