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Debbs Potts Oregon State Lottery Commission Building

500 Airport Road SE
Salem, OR 97301

**OREGON STATE LOTTERY COMMISSION MEETING
July 22, 2022**

Lottery Commission: MardiLyn Saathoff, chair
Maulin Patel
Marty Ramirez
Julie Wilcox

Director: Barry Pack

Commissioner Patel called the July 22, 2022, Oregon State Lottery Commission meeting to order. Commissioner Patel stated for the record that the commissioners are attending today's meeting via a web meeting, Chair Saathoff is excused, and a quorum of commissioners is present.

Commissioners present at roll call: Commissioners Patel, Ramirez, and Wilcox.

A. PUBLIC COMMENT

Commissioner Patel stated that members of the public had the opportunity to provide written public comment for this meeting and asked the clerk to read the comment that was received.

No public comment was received.

B. COMMISSIONER COMMUNICATIONS

Presenter: Maulin Patel, commissioner

No communications were shared.

C. DIRECTOR'S REPORT

Presenter: Barry Pack, director

Lottery news

Director Pack announced that Lottery has achieved the World Lottery Association's Level Four certification for the second time. This certification is the highest level of responsible gaming certification and is recognized internationally. Oregon Lottery was one of the first eight lotteries in the United States to reach this level and is the only lottery with Video Lottery and sports betting in its portfolio. Submissions for the certification are reviewed by the World Lottery Association's international panel of corporate social responsibility experts. Lotteries that receive this level of certification demonstrate that responsible gaming principles are part of day-to-day operations and that they are continuously strengthening efforts to promote responsibility among players.

Director Pack shared that Stacy Shaw, Lottery's Senior Manager for Product Marketing, was recently elected to the Board of Directors for the Responsible Gambling Council of Canada. This council is an independent non-profit organization dedicated to problem gambling prevention whose Board of Directors is comprised of professionals with deep and broad expertise in public policy, community service, problem gambling, addiction treatment and more. Shaw is the first board member from the United States in the council's 40-year history.

Winners - Director Pack shared stories about the following winners:

- Vernon B. of Silverton won \$70,000 playing a "777" Scratch-it
- Jamie M. of Westfir won \$50,000 in a "Joker's Wild" Scratch-it Second Chance

D. MINUTES OF THE PREVIOUS MEETING, Exhibit 1

Presenter: Maulin Patel, commissioner

The Commission reviewed the June 24, 2022, Oregon State Lottery Commission meeting draft minutes, which were circulated in advance of the meeting. There were no recommended changes.

Commissioner Patel called for a motion.

Commissioner Ramirez moved that the minutes of the June 24, 2022, Oregon State Lottery Commission meeting be approved as final, as presented today.

Commissioner Wilcox seconded the motion. *The motion passed by a 3-0 quorum vote, with Commissioners Patel, Ramirez, and Wilcox voting aye.*

E. FINANCIAL REPORT, Exhibit 2

Presenter: Kathy Ortega, chief financial officer

Preliminary financial statements, FY22/June 2022

Ortega stated that the financial statements for FY22, and for the month ending June 30, 2022, are in preliminary format until the fiscal year books are closed. Ortega will present the June financial statements at the August commission meeting for final approval.

Ortega provided an overview of the preliminary financial statements and described expenses and variances in the operating statements, services and supplies, and balance sheet.

F. RULEMAKING

Presenter: Kris Skaro, rules and policy analyst

OAR 177-040-0052: Non-Sufficient Funds, Exhibit 3

Skaro shared that Lottery has completed the rulemaking process for amending the Non-Sufficient Funds rule to require retailers to provide documentation within a certain amount of time if a bank error caused a retailer's payment to come back with non-sufficient funds when Lottery processes its electronic transfer each week.

Skaro reminded the Commission of the rulemaking process and noted that one comment was received from a retailer recommending that the time allowed be 20 to 30 days or removing the requirement for bank documentation, considering serious staffing

constraints that retailers are facing. In response to this comment, Lottery recommends increasing the time allowed from five business days to seven business days. For retailers that are unable to meet the timeline, the rule allows retailers to request an exception.

Commissioner Patel called for a motion.

Commissioner Wilcox moved that OAR 177-040-0052 be amended as presented today, to be effective Aug. 1, 2022. Commissioner Ramirez seconded the motion.
The motion passed by a 3-0 quorum vote, with Commissioners Patel, Ramirez, and Wilcox voting aye.

OAR 177-050-0037: Stolen, Destroyed, and Damaged Scratch-it Tickets, Exhibit 4

Skaro reported that Lottery is working on a change to the rule on stolen, damaged, and destroyed Scratch-it Tickets. Currently the theft loss threshold in the rule is \$200, but in practice, Lottery uses \$150 as the threshold, as that amount covers the value of all packs of Scratch-it Tickets. Skaro will report back after the rulemaking process is complete.

OAR 177-052-0010, 0030, 0040, 0050: Second Chance Drawings, Exhibit 5

Skaro also shared that Lottery would like to amend the second chance drawing rules to experiment with more ways to win, such as by holding additional drawings and offering lower tier prizes in addition to the top prize. Second Chance is a popular promotion for players where they can enter a non-winning ticket into a drawing for a second chance to win a prize. Skaro will report back after the rulemaking process is complete.

G. STAFF UPDATES

Presenters: Tina Erickson, Lottery products portfolio manager; Kerry Hemphill, sports betting products manager; Sar Richards, video gaming products manager; and Andrea Valdez, digital marketing supervisor

Erickson provided an overview of the performance of Scratch-its, Keno, and jackpot games, including fourth quarter business year sales and transfer information. Erickson noted that going forward, the transfer forecast will be estimated based on prize payout.

- Scratch-it sales were \$37.9 million for the quarter and were down 24.8 percent year-over-year for the period. Year-to-date Scratch-it sales were \$162.9 million, which was down 16.8 percent year-over-year. The difference between last year and this year is attributed to the government stimulus money that was paid out during business year 2021. Erickson shared information about the Celebrating State Parks Scratch-it.
- Keno sales were \$29 million for the quarter and were up 5.2 percent year-over-year for the period. Year-to-date Keno sales were \$111.7 million, which was up 13.1 percent year-over-year.
- Jackpot game sales were \$28.3 million for the quarter, which is a decrease of 28.4 percent year-over-year. Year-to-date Powerball sales were \$57 million; Mega Millions sales were \$24.5 million; and Oregon's Game Megabucks sales were \$30.2 million. The decrease in year-over-year sales is attributed to lower jackpot levels during the third quarter.

Richards provided a quarterly report on Video Lottery, reporting that business year 2022 sales were over \$1.2 billion, which is a 45 percent increase over business year 2021. Fourth quarter sales were up one percent year-over-year for the period. Large drivers for the increases are game launches, new terminals, and a post-pandemic wave.

Hemphill shared information about the performance of DraftKings and Scoreboard, noting that Scoreboard stopped taking wagers on Jan. 18, 2022, but any future wagers that have not been settled remain on the Scoreboard platform until the event occurs and the wager is settled. Hemphill noted that the fourth quarter is the first full quarter of new bet placement exclusively on the DraftKings platform. Hemphill shared that gross gaming revenue for the quarter was \$11.3 million with nearly \$119 million in wagers, which is an increase of approximately \$3.6 million year-over-year for the fourth quarter. The fourth quarter also had a 69 percent increase in the number of bets, 51 percent increase in turnover, 53 percent increase in unique active players, and the number of registrations on the DraftKings platform doubled that of the 2021 fourth quarter registrations on Scoreboard. Platform improvements that contributed to the growth included improved functionality, expanded betting menus and fresh promotions, with an improved, automated W-2G process coming this quarter. Basketball and baseball were the most popular sports this quarter.

- Commissioner Ramirez asked why the BY23 first quarter sales forecast is down compared to other quarters and Hemphill replied that this is due to the seasonality of the sports that are offered.

Valdez shared information about a recent marketing campaign and Lottery's partnership with the Oregon State Parks and Recreation Department. Lottery worked closely with Oregon State Parks and Recreation Department to develop the Oregon State Parks Centennial campaign, which will run through the beginning of August. The campaign has been well received on social media and other channels and includes web stories highlighting specific state parks on the Oregon Lottery's website, along with different ways that Lottery funding helps support the parks. Valdez noted that campaigns like these contribute greatly to the Oregon Lottery's approval rating. This campaign is a multi-channel campaign with a digital focus, but has assets that appear on television, radio, broadcast news, print, and billboards.

H. OTHER BUSINESS

No other business was presented.

The next monthly commission meeting is scheduled Aug. 25, 2022.

The Oregon State Lottery Commission approved the minutes of the July 22, 2022, Oregon State Lottery Commission meeting on Aug. 25, 2022.

Alisa Zavala
Senior Executive Assistant to the Commission
Lottery Director's Office

Approved by:

Commissioner Julie Wilcox, Acting Chair
Oregon State Lottery Commission

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OSL Commission meeting exhibits are available for one year on the [Oregon Lottery's website](#).