

Legislating the Lottery

Oregon Lottery's deli-retailers survive another bill while the state gambling agency considers the revival of sports betting

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Rep. Kathleen Taylor (D-Southeast Portland), following in the footsteps of her predecessor and longtime Oregon Lottery adversary, Carolyn Tomei, took aim at the state's lottery division this session with three bills she hopes will ultimately help to protect vulnerable Oregonians from problem gambling.

However, the money machine that is the Oregon Lottery is proving a tough windmill to tilt.

A bill that would have classified the 119 businesses in Oregon that derive more than half their revenue from lottery sales as "casinos" – and therefore illegal under existing state statute – died in committee after testimony from Oregon Lottery Director Jack Roberts. Roberts told committee members such closures could potentially cost the state \$100 million in lost revenue every two years.

In 2013 a similar bill introduced by House Speaker Tina Kotek would have had the same effect and also died in committee.

While Taylor's casino bill, which packed the most punch – and the greatest fiscal impact – died almost immediately, two others are moving forward and have garnered the support of Oregon Lottery.

One would require that Oregon Lottery report the locations and density of its video gaming terminals along with the socioeconomic makeup of the surrounding neighborhoods.

"Anecdotally, we think (video lottery terminals) are overly-concentrated in poorer neighborhoods, preying on people who can least afford it. But we have no data," says Taylor. "This will help us gather better data about where our lottery revenue is coming from."

The other bill will simply codify a code of ethics recently adopted by Oregon Lottery so that future administrations will be required to abide by it.

Whether the bills pass or not, Roberts says he will follow through with their proposals, but it remains unclear whether or not they will lead to any significant changes in the way Oregon Lottery conducts business.

Roberts warns the socioeconomic data

"(Retailers) don't want people to leave because they run out of money, but they also want them to keep playing – so that's the mixed message that the lottery represents."

— JACK ROBERTS
DIRECTOR, OREGON LOTTERY



PHOTO BY ELIZABETH SMITH

that's reported could be misleading because Oregon Lottery retailers only exist in locations zoned for retail.

"People that live there – not necessarily the people that shop there and do business there – but that live there, tend to be lower income," Roberts says. "The residential areas normally where you have more middle class as well as affluent people are zoned in a way where you don't have bars and taverns in the neighborhood."

"We have to be careful in how we interpret that," he says. "But, yeah, we'd be interested to see. I mean, it's certainly not our belief that these are mostly areas where there are poor people, I know that allegation is often made, but we do annual surveys about who plays our games and it does not appear that it's primarily poor people."

Roberts says Oregon Lottery has also approached upscale restaurants, but their proprietors generally don't want to install video lottery terminals in their bars.

Oregon Lottery's most recent survey of game players does not show they earn less than the median income, however data was not broken out by type of game, so the figures include players who only buy Powerball, Scratch-its and Megabucks tickets as well as those who primarily play video lottery.

Data collected on people in Oregon's problem gambling treatment programs

shows that the household income of those seeking treatment for gambling addiction is, on average, about \$20,000 less than Oregon's median household income. Of Oregon's problem gamblers, 89 percent say video lottery is their game of choice, according to the 2014 Oregon Gambling Program Evaluation Report.

"I don't have all the data," says Roberts, "but does the burden fall disproportionately on the poor? Yes. Even if they are not the large majority of the people playing, they're more likely to be playing with money they cannot afford to lose and so they can fall faster, and that's a problem. But we can't ask people to file a financial statement before we let them gamble, and we aren't able to discriminate based on what we think their income is, so I think it's part of a society-wide problem that we have to address and deal with."

He says Oregon Lottery's new retailer contracts include new provisions relating to problem gambling training for key employees and information about problem gambling treatment being made available at their establishments. He says about 60 percent of retailers have signed the new contract.

"By and large it's been pretty well received," Roberts says. "These folks don't want to have people becoming problem

Above: The Lucky Spot deli is one of 31 businesses in Multnomah County that derives more than 50 percent of its income from video lottery. Oregon Lottery Director Jack Roberts says his agency is working with establishments in this category to operate "in a way that people don't walk by and say, 'That's a mini-casino.'"