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Debbs Potts Oregon State Lottery Commission Building

500 Airport Road SE
Salem, OR 97301

**OREGON STATE LOTTERY COMMISSION MEETING
July 26, 2024**

Lottery Commission: Mardilyn Saathoff, chair
 Maulin Patel
 Marty Ramirez
 Jeff Weller
 Julie Wilcox

Director: Mike Wells

Chair Saathoff called the July 26, 2024, Oregon State Lottery Commission meeting to order and stated for the record that Commissioner Patel is excused, and a quorum of commissioners is present.

Commissioners present at roll call: Commissioners Ramirez, Weller, Wilcox, and Chair Saathoff.

A. PUBLIC COMMENT

Chair Saathoff stated that members of the public had the opportunity to provide written public comment and asked the clerk to read the comment that was received.

Jonathan Savage would like Lottery to consider expanding sports betting to allow other sportsbooks besides DraftKings. Savage believes this would increase the handle the state receives.

B. DIRECTOR'S REPORT

Presenter: Tai Calandriello, deputy director

Lottery news

Deputy Director Calandriello provided an update on the two assistant director positions that Lottery is currently recruiting for, noting that the next step in the process are virtual panel interviews followed by in-person interviews and a meet and greet.

Deputy Director Calandriello reminded the Commission of the biennial security review that identified 18 critical findings and reported that Lottery has completed all the critical items and is now focused on addressing lower-level risks. Deputy Director Calandriello thanked the IT security team and vendor partners for achieving this milestone. Next steps include correcting lower-level risks to improve overall maturity, enhancing visibility into potential risks and reporting capabilities, and updating policies and procedures.

Deputy Director Calandriello reported that going forward, the review of the financial statements will move from a monthly report to a quarterly report. Commissioners will still receive the monthly reports in the meeting materials, and a verbal presentation of the financial statements and variance reports will be

provided quarterly. Deputy Director Calandriello added that the June/FY24 financial statements will be presented for approval at next month's meeting.

Five Oregon Lottery advertising campaigns won honors at the first annual ThinkNW Cascadia Creative awards. The problem gambling, holiday Scratch-its, State Parks, and the Oregon Teacher of the Year campaigns were all recognized in categories such as "Best Purpose-Led/Social Impact Creativity." Deputy Director Calandriello congratulated the marketing team for leading this effort.

Sales – Deputy Director Calandriello reported the following sales statistics and noted that the product team will provide additional details during today's staff updates:

- Overall sales are down 7.5 percent year-over-year, largely due to variations in jackpot sales.
 - Powerball sales are down approximately \$7.5 million compared to the first three weeks of business year 2024.
 - Scratch-it sales are up 3.1 percent over last year, with strong sales of the Sky High Crossword contributing to the growth.
 - Video Lottery sales are down .7 percent over last year.
 - Sports betting turnover is trending up over 36 percent from last year.
- Commissioner Wilcox asked if the January storms affected revenue and Deputy Director Calandriello noted that the product team can answer this question during the staff updates part of the agenda.

Winners – Deputy Director Calandriello shared stories about the following winners:

- Ervin B. of Portland won \$100,000 playing a Wild Crossword Scratch-it.
- Joseph S. from White City won \$90,177.30 playing 8-spot Keno.
- Dustin P. of Grants Pass won \$18,638.65 playing Big City 5's Diamond.

C. MINUTES OF THE PREVIOUS MEETING, Exhibit 1

Presenter: MardiLyn Saathoff, chair

The Commission reviewed the June 28, 2024, Oregon State Lottery Commission meeting draft minutes, which were circulated in advance of the meeting. There were no recommended changes.

Chair Saathoff called for a motion.

Commissioner Weller moved that the minutes of the June 28, 2024, Oregon State Lottery Commission meeting be approved as final, as presented today. Commissioner Ramirez seconded the motion.

The motion passed by a 4-0 quorum vote, with Commissioners Ramirez, Weller, Wilcox, and Chair Saathoff voting aye.

D. STAFF UPDATES

Presenters: Tina Erickson, manager, lottery products portfolio; Sar Richards, manager, video gaming products; and Kerry Hemphill, sports betting products manager

Lottery products

Erickson provided a quarterly update on Scratch-its, Keno, and Jackpot games including:

- Scratch-it sales for the quarter were \$40.2 million, up 5.49 percent year-over-year. Year-end sales were \$161.9 million, an increase of over \$4.4 million compared to last year. Erickson noted that there was a slight impact to Q3 sales from the January weather and added that ticket sales are generally impacted in the June/July timeframe when people are outside enjoying the summer weather.

Scratch-it games that performed well are the \$20 Sky High Crossword Scratch-it and the Visit State Parks Scratch-its which feature a nostalgic design.

- Chair Saathoff asked if the popularity of the Sky High ticket was because it's a \$20 price point or the features of the ticket and Erickson replied that it is both.
- Keno sales for the quarter were \$27.6 million, up 2.8 percent year-over-year. Year-to-date sales were down about \$440,000 year-over-year.
- Jackpot sales were driven by the higher jackpot levels contributing to the increase in sales. Quarterly sales were \$32.5 million, a year-over-year increase of 25.8 percent.
 - Powerball year-end sales \$96.6 million, an increase of over \$21 million compared to last year.
 - Mega Millions year-end sales were \$56.6 million, an increase of over \$1.3 million compared to last year.
 - Oregon's Game Megabucks year-end sales were \$32.1 million, an increase of over \$91,000 compared to last year.

Video Lottery

Richards provided a quarterly and year-end update on Video Lottery, noting that sales were down 1.3 percent to forecast which is attributed to having only one game launch during the quarter, which was not state-wide. Monopoly launched on the Kascada terminals, with 1,100 terminals in the field, with deployments of those terminals continuing. Year-over-year sales were up 2.4 percent. Richards noted that the January storm did impact sales in Q3, but two new game launches and the Oregon tax kicker helped make up that deficit.

Richards reported that this fall will bring the launch of Fort Knox, a mystery jackpot progressive, along with replacing more of the E20 terminals with Kascada terminals.

- Chair Saathoff asked about sales being down and Richards replied that this is attributed to having older E20s in the field and once the replacements are completed, there should be an increase in sales. Richards added that the portfolio is going through changes with the new terminals and shared that the Monopoly game is doing very well.

Sports betting

Hemphill shared that the fourth quarter saw over \$210 million in turnover, which is up slightly from the third quarter. The overall gross gaming revenue was \$23.17 million, which is a drop of approximately \$2.3 million. The drop in margins is not a concern as third quarter margins were extremely high and the fourth quarter margins are closer to expectations. Registrations increased by 48 percent, which equates to over 13,000 new registrations.

Year-over-year growth included:

- The number of unique active customers was up 27 percent.
- The number of bets placed was up 30 percent.
- The turnover was up 41 percent.
- Gross Gaming Revenue was up 27 percent.

Hemphill shared that the top sports this quarter were basketball (NBA and WNBA), baseball, and table tennis, with soccer, tennis, ice hockey, MMA and golf all contributing to the overall results.

The first quarter of FY25 will offer major league baseball, the Olympics, and the start of football.

- Commissioner Weller asked if Hemphill would like to comment on the public comment that was received. Hemphill shared that Lottery is losing revenue to other markets, but that is a policy

decision that was made with guidance from the Governor's office.

- Chair Saathoff asked for an explanation of unique active customers and registrations and Hemphill explained that registrations are new players and unique active customers are people that play throughout the year.
- Chair Saathoff asked if the increase in registrations is due to a change in demographics and Hemphill shared that she would provide information about this in a future presentation.
- Commissioner Wilcox asked how many lotteries offer sports betting and collegiate wagering and Hemphill stated that she will need to confirm and get back to the Commission.

E. COMMISSIONER COMMUNICATIONS AND OTHER BUSINESS

Discussion ensued about the topic of discount purchases of winning tickets that was reported on by a media outlet earlier in the month and how commissioners should address issues from the public if they are addressed individually.

Chair Saathoff stated that the next monthly commission meeting is scheduled on Aug. 30, 2024, and adjourned the meeting.

The Oregon State Lottery Commission approved these minutes on Aug. 30, 2024.

Alisa Zavala, Senior Executive Assistant
Lottery Director's Office

Approved by:

Commissioner Maulin Patel, Acting Chair
Oregon State Lottery Commission

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