



Debbs Potts Oregon State Lottery Commission Building

500 Airport Road SE
Salem, OR 97301

OREGON STATE LOTTERY COMMISSION MEETING Nov. 22, 2024

Lottery Commission: MardiLyn Saathoff, chair
Marty Ramirez
Jeff Weller
Julie Wilcox

Director: Mike Wells

Chair Saathoff called the Nov. 22, 2024, Oregon State Lottery Commission meeting to order and stated for the record that the commissioners are attending the meeting via a web meeting, 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 confirmed with the clerk that no public comment was received.

B. DIRECTOR'S REPORT

Presenter: Mike Wells, director

Lottery news

Director Wells shared that earlier this month, Lottery rolled out the next phase of organizational changes that will help Lottery be more aligned and strategic. This included reporting changes within the Business Services Division and the creation of a newly formed department known as the Strategy Office, led by Deputy Director Calandriello. The Strategy Office will drive portfolio performance and strategic planning, along with leadership collaboration to ensure long and short-term outcomes.

Lottery is currently in the interview process for the Assistant Director of Operations role and hopes to have that position filled by the end of the calendar year.

Director Wells reported that last month, the Multi-State Lottery Association sent Lottery directors to Paris, France to attend the World Lottery Summit, which is held every two years. The conference allows Lotteries and vendors from around the world to interact, learn and collaborate. Director Wells added that he came back with many valuable concepts, ideas, and new connections that will benefit the organization.

Shari's update

Director Wells reminded the Commission that Shari's recently closed all its restaurants in Oregon and reported that Lottery has recovered all its Video Lottery terminals. It is still too early to identify the

revenue impacts related to the closures, but it appears that play has shifted to other Video Lottery retailers. Lottery will continue to monitor sales. Director Wells noted that Shari's owes Lottery approximately \$900,000 and added that Lottery is working through the standard processes to regain payment.

- Chair Saathoff asked for clarification about the shift in play from Shari's to other retailers and the effects on revenue. Director Wells commented that Lottery will need more time to assess the data but that's what the current trends are showing. More information will be shared as the data becomes available in the coming months.
- Chair Saathoff asked what type of creditor Lottery is when it comes to these situations. Department of Justice representative Nate Carter commented that public meeting law restricts providing legal advice in context of a public meeting but that if a formal response was needed, the director can request it. Commissioner Saathoff added that if the dollar amount of the repayment is insignificant, then there is no need for further information.

The Lottery's Player Services department set a record for claims processed following Veterans Day. More than 303 claims were received at the Salem headquarters and 453 at the Wilsonville Payment Center. Lottery believes the increase in traffic is linked to the popularity of the new Video Lottery feature "Fort Knox," which launched statewide on Oct. 29. Fort Knox is a progressive bonus jackpot of up to \$5,000 that is in addition to the game's top single spin award. Director Wells thanked Lottery staff for ensuring there was adequate coverage during the surge in claims.

FY25 Quarterly strategy update, Exhibit 1

Director Wells reported that the FY25 first quarter progress dashboard is posted on Lottery's website and noted that sharing and updating its progress on the FY25 Strategic Plan is an expectation from the Governor's Office. The dashboard offers highlights of accomplishments and what is in process for key projects.

Draft financial statements, Exhibit 2

The draft October financial statements are included in the meeting materials and will be presented for approval in January.

Sales

- Overall sales are down 4.6 percent year-over-year.
- Scratch-it sales are up 8.4 percent year-over-year and are ahead of Lottery's best year (BY21) by four percent. The \$20 price point game is up 36 percent from last year and the \$30 holiday ticket has helped increase holiday sales to 31 percent ahead of last year and accounts for 34 percent of holiday sales.
- Mega Millions is down close to 24 percent year-over-year and Powerball sales are down almost 65 percent due to the high jackpots, including a billion-dollar jackpot, in the prior year.
 - Chair Saathoff noted that revenues for these games feel flat across the last two years and asked for more information about the impacts of the high jackpots. Director Wells reported that this topic is being addressed nationally, including discussions on how to ensure consistency with the national games.
- Megabucks sales are up nearly 30 percent from last year, which is attributed to last month's \$9.5 million jackpot.
- Video Lottery sales are consistent with last year and up .6 percent.
- Sports betting remains positive, with the turnover up 22 percent from the same time last year.

Winners – Director Wells shared stories about the following winners:

- Alvern W. of College Place won \$30,000 playing an Oregon Monsters Scratch-it.
- Dianna I. of Lebanon won \$20,000 playing Big City 5's Diamonds.
- Shane B. of Madras won \$7,505 playing Fort Knox.

C. MINUTES OF THE PREVIOUS MEETING, Exhibit 3

Presenter: MardiLyn Saathoff, chair

The Commission reviewed the Oct. 25, 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 Ramirez moved that the minutes of the Oct. 25, 2024, Oregon State Lottery Commission meeting be approved as final, as presented today. Commissioner Wilcox seconded the motion.

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

D. RULEMAKING: CASINO PROHIBITION, Exhibit 4

OAR 177-040-0050: RETAILER DUTIES and OAR 177-040-0061: CASINO PROHIBITION

Presenter: Kris Skaro, rules and policy analyst

Chair Saathoff opened the agenda item and shared that the casino prohibition rules are important and very significant to Lottery and added that she looks forward to thorough discussion about the topic.

Skaro provided background information on the casino prohibition rules and shared that the proposed rule changes began with a review of Lottery's casino prohibition framework to identify areas for improvement. Based on the review, the proposed rule changes will require food service requirements for at-risk retailers and provide objective criteria for compliance. Factors considered will include, but are not limited to, how many menu items are offered, if non-Lottery entertainment options are offered, and whether the retailer advertises non-Lottery products more than Lottery products.

Skaro will continue the rulemaking process, including outreach to all current Video Lottery retailers, and soliciting public comment. Skaro added that she will report back in January when the process is completed.

- Commissioner Weller appreciated the information and raised concerns regarding using the terminology "income" and "revenue" and recommended amending the term "50 percent of total income" to "50 percent of total revenue or sales" or using the term "Lottery compensation cannot exceed non-Lottery revenue or sales." This would provide clarification and make it easier to understand and compare.
- Chair Saathoff shared that the proposed rulemaking could have a significant impact to retailers and asked for clarity on the rulemaking process. Skaro explained the process, noting that Lottery is open to public comment and feedback. Director Wells added that Lottery staff works closely with retailers prior to rule changes and noted that the goal of this amendment is to make the process more objective and clearly outline expectations and make it easier for retailers to understand what is required.
- Chair Saathoff asked how issues would be addressed with limited menu retailers and Skaro responded that retailers would have the same requirements and provide the same time frame to come into compliance when there is an issue.

E. COMMISSIONER COMMUNICATIONS AND OTHER BUSINESS

No commissioner communications or other business were shared.

Chair Saathoff stated that the next monthly commission meeting is scheduled on Dec. 20, 2024, and adjourned the meeting.

The Oregon State Lottery Commission approved these minutes on Dec. 20, 2024.

Alisa Zavala, Senior Executive Assistant
Lottery Director's Office

Approved by:

Commissioner MardiLyn Saathoff, Chair
Oregon State Lottery Commission

DRAFT

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