Chapter 461

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Oregon State Lottery

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GENERAL PROVISIONS

461.010 Definitions. Unless the context requires otherwise, the definitions contained in this chapter shall govern the construction of this chapter.

(1) "Lottery" or "state lottery" means the Oregon State Lottery established and operated pursuant to the Constitution of the State of Oregon and this chapter.

(2) "Commissioner" means one of the members of the lottery commission appointed by the Governor pursuant to the Constitution of the State of Oregon and this chapter to oversee the state lottery.

(3) "Director" means the Director of the Oregon State Lottery appointed by the Governor pursuant to the Constitution of the State of Oregon and this chapter as the chief administrator of the Oregon State Lottery.

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

(5) "Lottery game" or "game" means any procedure authorized by the commission whereby prizes are distributed among persons who have paid, or unconditionally agreed to pay, for tickets or shares which provide the opportunity to win such prizes.

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

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

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

(9) "Lottery contractor" means a person with whom the state lottery has contracted for the purpose of providing goods and services for the state lottery. [1985 c.2 §1(7); 1985 c.302 §1(7)]

461.015 Short title. This chapter shall be known as the Oregon State Lottery Act of 1984. [1985 c.2 §1(1); 1985 c.302 §1(1)]

461.020 Purpose. The people of the State of Oregon declare that the purpose and intent of this chapter is to provide additional moneys for the public purpose described in section 4, Article XV of the Constitution of the State of Oregon through the operation of a state lottery without the imposition of additional or increased taxes. [1985 c.2 §1(2); 1985 c.302 §1(2)]

461.030 Local laws preempted; applicability of other laws; severability. (1) This chapter shall be applicable and uniform throughout the state and all political subdivisions and municipalities therein, and no local authority shall enact any ordinances, rules or regulations in conflict with the provisions hereof.

(2) Any other state or local law or regulation providing any penalty, disability or prohibition for the manufacture, transportation, distribution, advertising, possession or sale of any lottery tickets or shares shall not apply to the tickets or shares of the state lottery. The gambling laws of the State of Oregon shall not apply to lottery tickets or shares, or to the operation of the state lottery established by the Constitution of the State of Oregon and this chapter.

(3) If any provision of this chapter or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of this chapter which can be given effect without the invalid provision or application, and to this end the provisions of this chapter are severable.

(4) This chapter is dependent and is conditioned upon the passage by the voters at the November 6, 1984, general election of an amendment to section 4, Article XV of the Oregon Constitution authorizing state operation of a lottery.

(5) The Oregon State Lottery is subject to:

(a) Statewide financial reporting required in ORS 291.040.

(b) The mass transit assessment under ORS 291.405.

(c) The deposit of state money to the State Treasurer under ORS 293.265. [1985 c.2 §8(2),(3),(5),(6),(9); 1985 c.302 §8(2),(3),(5),(6),(9)]

461.040 Effect on other gambling laws. Nothing contained in this chapter shall be construed to repeal or modify existing state laws with respect to gambling, except that the state-operated lottery established by the Constitution of the State of Oregon and this chapter shall not be subject to such laws. [1985 c.2 §1(3); 1985 c.302 §1(3)]

461.050 Location of offices. The Oregon State Lottery shall have its principal offices in the capital city. [1985 c.302 §8(7)]

461.055 [1995 c.341 §2; 1997 c.645 §1; 1999 c.1093 §16; 2003 c.794 §286; repealed by 2007 c.569 §1]

ADMINISTRATION

(Oregon State Lottery Commission)

461.100 Oregon State Lottery Commission; members; duties; meetings. (1) The Oregon State Lottery Commission is hereby created in state government.

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

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

(c) Vacancies shall be filled within 30 days by the Governor, subject to confirmation by the Senate, for the unexpired portion of the term in which they occur.

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

(4) The commission shall exercise all powers necessary to effectuate the purpose of this chapter. In all decisions, the commission shall take into account the particularly sensitive nature of the lottery and shall act to promote and insure integrity, security, honesty and fairness in the operation and administration of the state lottery.

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

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

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

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

(9) A quorum of the commission shall consist of a majority of the members of the commission then in office. All decisions of the commission shall be made by a majority vote of all of the commissioners then in office.

(10) The commission shall prepare quarterly and annual reports of the operation of the state lottery. Such reports shall include a full and complete statement of state lottery revenues, prize disbursements, expenses, net revenues and all other financial transactions involving state lottery funds. The commission shall, not less than annually, contact interested parties, including those named in ORS 461.180 (3), and provide them with such quarterly and annual reports as they may request. [1985 c.2 §2(1) to (10); 1985 c.302 §2(1) to (10); 1991 c.30 §1]

461.110 Criminal identification information available to lottery; fingerprints; service and execution of warrants. (1) Upon the request of the Oregon State Lottery Commission or the Director of the Oregon State Lottery, the office of the Attorney General and the Oregon State Police shall furnish to the director and to the Assistant Director for Security such information as may tend to ensure security, integrity, honesty and fairness in the operation and administration of the Oregon State Lottery as the office of the Attorney General and the Oregon State Police may have in their possession, including, but not limited to, manual or computerized information and data.

(2) In order to determine an applicant's suitability to enter into a contract with or to be employed by the Oregon State Lottery, each applicant identified in this subsection shall be fingerprinted. The Assistant Director for Security may submit to the Department of State Police bureau of criminal identification and to the Federal Bureau of Investigation, for the purpose of verifying the identity of the following persons and obtaining records of their arrests and criminal convictions, fingerprints of:

(a) With respect to video game retailers, each person for whom ORS 461.300 or an administrative rule of the Oregon State Lottery Commission requires disclosure of the person's name and address;

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

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

(d) With respect to other persons and entities that apply for contracts or have contracts with the Oregon State Lottery,

each person for whom ORS 461.300 requires disclosure of the person's name and address and for whom the Assistant Director for Security has prepared written reasons, approved in writing by the director, for requiring the confirmation of the person's identity and records.

(3) For the purpose of requesting and receiving the information described in subsections (1) and (2) of this section, the Oregon State Lottery Commission is a state agency and a criminal justice agency and its enforcement agents are peace officers pursuant to ORS 181.010 to 181.712 and rules adopted thereunder.

(4) Enforcement agents, designated as such by the commission, shall have the same authority with respect to service and execution of warrants of arrest and search warrants as is conferred upon peace officers of this state. [1985 c.2 §2(11),(12); 1985 c.302 §2(11),(12); 1995 c.291 §1; 2007 c.71 §144]

461.120 Commission exempt from certain laws; rulemaking; applicability of Administrative Procedures Act. (1)(a) Except as otherwise provided by law, the provisions of ORS 279.835 to 279.855 and ORS chapters 279A, 279B, 279C, 282 and 283 do not apply to the Oregon State Lottery Commission unless otherwise provided by this chapter.

(b) Officers and employees of the Oregon State Lottery Commission are in the exempt service for purposes of ORS chapter 240 and other related statutes.

(c) ORS 276.004 (2), 276.021, 276.093 to 276.098, 276.410 to 276.426, 276.428, 276.440, 291.038, 291.201 to 291.260 and 292.210 to 292.250 do not apply to the Oregon State Lottery Commission.

(d) ORS 293.075, 293.190, 293.205 to 293.225 and 293.275 do not apply to the Oregon State Lottery Commission.

(e) ORS 279A.100 and ORS chapters 659 and 659A apply to the Oregon State Lottery Commission.

(f) Notwithstanding paragraph (a) of this subsection, the provisions of ORS 282.210 shall apply to the Oregon State Lottery Commission.

(2) The commission shall, in accordance with ORS chapter 183, adopt and enforce rules to carry out the provisions of this chapter. [1985 c.2 §2(13),(14); 1985 c.302 §2(13),(14); 1991 c.76 §2; 2001 c.621 §80; 2001 c.956 §3; 2003 c.794 §287; 2005 c.217 §26]

461.130 Authority of commission; delegation; contracts for security services. (1) Whenever a power is granted to the commission, the power may be exercised by such officer or employee within the Oregon State Lottery as is designated in writing by the commission. Any such designation shall be filed in the office of the Secretary of State.

(2) The commission shall contract with the Department of State Police to obtain necessary security services. A contract is not intended to preclude the assistance of other law enforcement agencies as the need arises.

(3) The commission shall have the authority to conduct investigations, including the authority to issue subpoenas to compel the attendance of witnesses and documents, to take testimony under oath, to take depositions within or outside the state and to require answers to interrogations. [1985 c.302 §2(15) to (17)]

461.140 Annual budget report. The Oregon State Lottery Commission shall:

(1) Prepare and provide an annual budget report to the Governor, the Legislative Fiscal Officer and the Legislative Revenue Officer in a manner and within a time frame established by the Legislative Fiscal Officer.

(2) Furnish the Legislative Assembly with any further information about the state lottery budget requested by the Legislative Fiscal Officer.

(3) Upon request, make available a representative to assist the Legislative Assembly, its Joint Committee on Ways and Means, appointed under ORS 171.555, and the Legislative Revenue Officer in the consideration of the state lottery budget and any accompanying measures. [1985 c.302 §15; 2009 c.440 §1]

(State Lottery Director)

461.150 State lottery director; appointment; assistant directors; duties and powers. (1) The Governor shall appoint a Director of the Oregon State Lottery, subject to confirmation by the Senate, who shall serve at the pleasure of the Governor. The director shall implement and operate a state lottery pursuant to the rules, and under the guidance, of the commission.

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

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

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

out and effect the purposes of this chapter. The director shall act as secretary and executive officer of the commission. The director shall supervise and administer the operation of the Oregon State Lottery in accordance with this chapter, and the rules adopted by the commission. In all decisions, the director shall take into account the particularly sensitive nature of the state lottery, and shall act to promote and insure integrity, security, honesty and fairness of the operation and administration of the state lottery.

(5) The director shall recommend to the commission the establishment of rules pertaining to the employment, termination and compensation of all commission staff. The rules shall conform to generally accepted personnel practices based upon merit principles. Under the rules so established, the director may set the compensation, prescribe the duties and supervise persons so hired. The director may terminate or otherwise discipline persons so hired. No person shall be employed by the state lottery who has been convicted of a felony or any gambling related offense.

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

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

(8) The director and each assistant director shall file a verified statement of economic interest with the Oregon Government Ethics Commission and shall be subject to the provisions of ORS chapter 244. [1985 c.2 §3(1) to (7); 1985 c.302 §3(1) to (8)]

461.160 Authority of director to contract for services. Under the rules of the commission, the Director of the Oregon State Lottery may contract with any state agency or political subdivision for the performance of such duties, functions and powers as the director considers appropriate. [1985 c.302 §7(8)]

461.170 Coordination between director and commission. The Director of the Oregon State Lottery shall confer as frequently as necessary or desirable, but not less than monthly, with the commission, regarding the operation and administration of the Oregon State Lottery. The director shall make available for inspection by the commission, upon request, all books, records, files and other information and documents of the state lottery, and shall advise the commission and recommend such matters as deemed necessary and advisable to improve the operation and administration of the state lottery. [1985 c.2 §3(9); 1985 c.302 §3(10)]

461.180 Studies; accountability; audits; delegation. (1) The Director of the Oregon State Lottery shall make an ongoing study of the operation and the administration of the lotteries which may be in operation in other states or countries, of available literature on the subject, of federal laws which may affect the operation of the Oregon State Lottery and of the reaction of citizens of the state to existing or proposed features in lottery games, with a view toward recommending improvements that will tend to serve the purposes of this chapter. The director may make recommendations to the commission, Governor and Legislative Assembly on any matters concerning the secure and efficient operation and administration of the state lottery and the convenience of the purchasers of tickets and shares.

(2) The director shall make and keep books and records which accurately and fairly reflect each day's transactions, including but not limited to, the distribution of tickets or shares to lottery game retailers, receipt of funds, prize claims, prize disbursements or prizes liable to be paid, expenses and all other financial transactions involving state lottery funds necessary so as to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain daily accountability.

(3) The director shall make a monthly financial report to the commission, and upon request provide copies of such reports to the Governor, the Attorney General, the Secretary of State, the State Treasurer and the Legislative Assembly. Such report shall include a full and complete statement of state lottery revenues, prize disbursements, expenses, net revenues and all other financial transactions involving state lottery funds for the month.

(4) After the first six months of sales of tickets or shares to the public, the director shall engage an independent firm experienced in demographic analysis to conduct a special study which shall ascertain the demographic characteristics of the players of each lottery game, including but not limited to their income, age, sex, education and frequency of participation. This report shall be presented to the commission, the Governor, the Attorney General, the Secretary of State, the State Treasurer and the Legislative Assembly. Similar studies shall be conducted after

the first such study from time to time as determined by the director.

(5) After the first full year of sales of tickets or shares to the public, the director shall engage an independent firm experienced in the analysis of advertising, promotion, public relations, incentives, public disclosures of odds and numbers of winners in lottery games and other aspects of communications to conduct a special study of the effectiveness of such communications activities by the state lottery and make recommendations to the commission on the future conduct and future rate of expenditure for such activities. This report shall be presented to the commission, the Governor, the Attorney General, the Secretary of State, the State Treasurer and the Legislative Assembly. Until the presentation of such report and action by the commission, the state lottery shall expend as close to three and one-half percent as practical of the projected sales of all tickets and shares for advertising, promotion, public relations, incentives, public disclosures of odds and numbers of winners in lottery games and other aspects of communications. Similar studies shall be conducted from time to time after the first such study as determined by the director.

(6) After the first nine months of sales of tickets or shares to the public, the commission shall engage an independent firm experienced in security procedures, including but not limited to computer security and systems security, to conduct a comprehensive study and evaluation of all aspects of security in the operation of the state lottery. Such study shall include, but not be limited to, personnel security, lottery game retailer security, lottery contractor security, security of manufacturing operations of lottery contractors, security against ticket counterfeiting and alteration and other means of fraudulently winning, security of drawings among entries or finalists, computer security, data communications security, database security, security in distribution, security involving validation and payment procedures, security involving unclaimed prizes, security aspects applicable to each particular lottery game, security of drawings in lottery games where winners are determined by drawings of numbers, the completeness of security against locating winners in lottery games with preprinted winners by persons involved in their production, storage, distribution or sale and any other aspects of security applicable to any particular lottery game and to the state lottery and its operations. The portion of the report containing the overall evaluation of the state lottery in terms of each aspect of security shall be presented to the commission, the Governor, the Attorney General, the Secretary of State, the State Treasurer and the Legislative Assembly. Notwithstanding other provisions of state law, the portion of the report containing specific recommendations shall be confidential and shall be presented only to the commission, the Governor and the director. Similar studies of security shall be conducted biennially thereafter.

(7) The director may delegate to any of the employees of the Oregon State Lottery the exercise or discharge in the director's name of any power, duty or function of whatever character, vested in or imposed by law upon the director. The official act of any such person so acting in the director's name and by the authority of the director shall be considered to be an official act of the director. [1985 c.2 §3(10) to (16); 1985 c.302 §3(11) to (17); 1991 c.30 §2; 1997 c.625 §1]

461.190 Assistant Director for Security. The Assistant Director for Security appointed pursuant to the Constitution of the State of Oregon and this chapter shall be responsible for a security division to assure integrity, security, honesty and fairness in the operation and administration of the Oregon State Lottery, including but not limited to, an examination of the background of all prospective employees, lottery game retailers, lottery vendors and lottery contractors. The Assistant Director for Security shall be qualified by training and experience, including at least five years of law enforcement experience, and knowledge and experience in computer security, to fulfill these responsibilities. The Assistant Director for Security shall, in conjunction with the Director of the Oregon State Lottery, confer with the Attorney General or designee as the Assistant Director of Security deems necessary and advisable to promote and insure integrity, security, honesty and fairness of the operation and administration of the state lottery. The Assistant Director for Security, in conjunction with the director, shall report any alleged violation of law to the Attorney General and any other appropriate law enforcement authority for further investigation and action. [1985 c.2 §3(8); 1985 c.302 §3(9)]

OPERATION OF LOTTERY

461.200 Operation of lottery. Within 105 days after the confirmation by the Senate of the Director of the Oregon State Lottery and at least three commissioners, the director shall begin public sales of tickets or shares. The Oregon State Lottery shall be initiated and shall continue to be operated so as to produce the maximum amount of net revenues to benefit the public purpose described in section 4, Article XV of the Constitution of the State of Oregon, commensurate with the public good. Other

state government departments, boards, commissions, agencies and their officers shall cooperate with the lottery commission so as to aid the lottery commission in fulfilling these objectives. [1985 c.2 §4(1); 1985 c.302 §4(1); 1985 c.458 §1(1); 1985 c.520 §1(1)]

461.202 Transportation of gambling devices. Devices for playing lottery games, including video lottery game terminals, operated under the authority of the Oregon State Lottery Commission are exempted from the provisions of 15 U.S.C. 1172. [2009 c.221 §2]

461.210 Security measures; ticket content; rules. Upon recommendation of the Director of the Oregon State Lottery, the Oregon State Lottery Commission shall adopt rules specifying the types of lottery games to be conducted by the Oregon State Lottery, provided:

(1) Each lottery game shall contain security measures that are designed to prevent the redemption of fraudulent tickets. Every lottery ticket or stub printed after September 29, 1991, shall include a lottery fact which refers to a specific lottery funded project or the benefits and jobs created for a specific area of economic activity.

(2) No name of an elected official shall appear on the tickets of any lottery game. [1985 c.2 §4(2); 1985 c.302 §4(2); 1985 c.458 §1(2); 1985 c.520 §1(2); 1991 c.76 §1; 1991 c.613 §1; 1991 c.962 §1]

461.213 [1989 c.828 §4(1),(2); 1991 c.345 §1; 1991 c.613 §3; repealed by 2005 c.810 §3]

461.215 Video lottery games. (1) The Oregon State Lottery Commission may initiate a game or games using video devices, the proceeds from which shall be transferred to the Administrative Services Economic Development Fund for allocation as provided by law.

(2) In the approval and purchase of video lottery games, game terminals and equipment, the lottery commission and any game operator, distributor, retailer or owner shall prefer goods or services that have been manufactured in this state if price, fitness and quality are otherwise equal.

(3) The lottery commission shall separately record and account for the costs and net proceeds of games operated under this section. At such time as the lottery commission makes the quarterly transfer of net proceeds provided for by ORS 461.540, it shall certify to the Oregon Department of Administrative Services the amount of such transfer which represents the net proceeds of games provided for in subsection (1) of this section. [1989 c.828 §6; 1991 c.461 §80; 1991 c.962 §2; 1993 c.18 §117; 2009 c.221 §3]

461.217 Video lottery game regulation; limitation on number and placement of terminals; rules. (1) As used in this section, "video lottery game retailer" means a contractor under contract with the Oregon State Lottery to place video lottery game terminals on premises authorized by the contract.

(2) A video lottery game terminal that offers a video lottery game authorized by the Director of the Oregon State Lottery:

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

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

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

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

(4) No more than six video lottery game terminals may be placed in or on premises described in subsection (3) of this section.

(5) No more than 10 video lottery game terminals may be placed in or on the premises of a race meet licensee licensed under ORS 462.020 that qualifies as a video lottery game retailer. [1991 c.962 §10; 1999 c.351 §16; 2003 c.787 §1; 2007 c.631 §1; 2009 c.221 §4]

461.220 Number and value of prizes; required information on lottery tickets; rules; advertising. (1) Upon recommendation of the Director of the Oregon State Lottery, the Oregon State Lottery Commission shall adopt rules that specify the number and value of prizes for winning tickets or shares in each lottery game including, without limitation, cash prizes, merchandise prizes, prizes consisting of deferred payments or annuities and prizes of tickets or shares in the same lottery game or other lottery games conducted by the Oregon State Lottery.

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

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

(b) An approximation of a payout percentage that will be returned to players in the form of prizes for the lottery game. For online games, the approximation may be based on the average payout percentage over several prior years.

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

(3) A detailed tabulation of the estimated number of prizes of each particular prize denomination that are expected to be awarded in each lottery game and the close approximation of the odds of winning such prizes shall be available at each location at which tickets or shares in such lottery games are offered for sale to the public.

(4) Notwithstanding subsection (1) of this section, the commission may specify by rule the number and value of prizes for lottery games that use video devices or that use tickets or shares that allow a player to manually reveal covered play symbols, or the commission may make such information available at each location that offers such games using video devices, tickets or shares for sale to the public.

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

(6) All television, radio and newspaper advertising of lottery games funded by the lottery commission, including advertising that is intended to indicate where tickets may be purchased or to provide information about prize winners, shall include the disclaimer that "Lottery games are based on chance, should be played for entertainment only and should not be played for investment purposes."

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

(8) All billboard advertising intended to promote a lottery game, to indicate where tickets may be purchased or to provide information about prize winners shall include the disclaimer that "Lottery games should not be played for investment purposes."

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

(10) A disclaimer required by this section to be included in a written advertisement shall be of a size and in a form that allows an individual to readily notice and read the statement. A disclaimer required by this section to be included in a television or radio advertisement shall be spoken aloud and, in the case of television, must also be displayed visually in a form that allows an individual to readily notice and read the statement. [1985 c.2 §4(3); 1985 c.302 §4(3); 1985 c.458 §1(3); 1985 c.520 §1(3); 1991 c.63 §1; 1999 c.1069 §1; 2001 c.83 §1]

461.230 Method for determining winners; rules. (1) Upon recommendation of the Director of the Oregon State Lottery, the Oregon State Lottery Commission shall adopt rules that specify the method for determining winners in each lottery game.

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

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

(b) The drawing must be witnessed by an independent certified public accountant or a professional representative of an independent certified public accountancy organization;

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

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

(3)(a) When a drawing is held out of this state in conjunction with other state lotteries, the Oregon State Lottery shall conduct periodic studies of the drawing's security procedures. Any equipment used in a manual drawing must be inspected both before and after the drawing by a profes-

sional representative of an independent certified public accountancy organization and a representative of the state lottery designated by the director.

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

(4) The lottery may use any of a variety of existing or future methods or technologies in determining winners. [1985 c.2 §4(4); 1985 c.302 §4(4); 1985 c.458 §1(4); 1985 c.520 §1(4); 1991 c.613 §2; 1997 c.146 §1; 1997 c.625 §2; 1999 c.322 §40; 2003 c.59 §1]

461.240 Sale price of tickets and shares; rules. (1) Upon recommendation of the Director of the Oregon State Lottery, the Oregon State Lottery Commission shall adopt rules specifying the retail sales price for each ticket or share for each lottery game. However, no ticket or share shall be sold for more than the retail sales price established by the commission.

(2) Notwithstanding subsection (1) of this section, the commission may specify by rule the retail sales price for tickets or shares that allow a player to manually reveal covered play symbols or may print the retail sales price on the ticket or share. [1985 c.2 §4(5); 1985 c.302 §4(5); 1985 c.458 §1(5); 1985 c.520 §1(5); 1989 c.418 §2; 2001 c.83 §2]

461.250 Validation and payment of prizes; tabulation of sales and prizes; assignment of prizes; payment on behalf of deceased winner; claim period; ineligibility of lottery employees; rules. Upon recommendation of the Director of the Oregon State Lottery, the Oregon State Lottery Commission shall adopt rules to establish a system of verifying the validity of tickets or shares claimed to win prizes and to effect payment of such prizes, provided:

(1) For the convenience of the public, lottery game retailers may be authorized by the commission to pay winners of up to $5,000 after performing validation procedures on their premises appropriate to the lottery game involved.

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

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

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

(5) A particular prize in any lottery game may not be paid more than once, and in the event of a binding determination that more than one claimant is entitled to a particular prize, the sole remedy of such claimants is the award to each of them of an equal share in the prize.

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

(7) Holders of tickets or shares shall have the right to claim prizes for one year after the drawing or the end of the lottery game or play in which the prize was won. The commission may define shorter time periods to claim prizes and for eligibility for entry into drawings involving entries or finalists. If a valid claim is not made for a prize payable directly by the lottery commission within the applicable period, the unclaimed prize shall remain the property of the commission and shall be allocated to the benefit of the public purpose.

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

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

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

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

(9) A ticket or share may not be purchased by, and a prize may not be paid to, a member of the commission, the director, the assistant directors or any employee of the

state lottery or to any spouse, child, brother, sister or parent of such person.

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

(11) In accordance with the provisions of the Soldiers' and Sailors' Civil Relief Act of 1940 (50 U.S.C.A. app. 525), a person while in active military service may claim exemption from the one-year ticket redemption requirement under subsection (7) of this section. However, the person must notify the commission by providing satisfactory evidence of possession of the winning ticket within the one-year period, and must claim the prize or share no later than one year after discharge from active military service. [1985 c.2 §4(6); 1985 c.302 §4(6); 1985 c.458 §1(6); 1985 c.520 §1(6); 1987 c.268 §1; 1991 c.22 §1; 1991 c.613 §4; 1993 c.206 §1; 1995 c.478 §3; 1997 c.249 §160; 1999 c.203 §1; 2003 c.58 §1]

461.253 Voluntary assignment of prizes; petition for judicial order; issuance of order; commission intervention in proceeding. (1) Payment of a prize may be made to any person pursuant to a voluntary assignment of the right to receive future periodic prize payments, in whole or in part. Payment of a prize pursuant to an assignment made under this section must be made to a person designated as assignee under an appropriate judicial order of the circuit court for the county in which the assignor resides or in which the headquarters of the Oregon State Lottery Commission are located.

(2) A copy of the petition for an order described in subsection (1) of this section and copies of all notices of any hearing in the matter shall be served on the commission not later than 10 days prior to any hearing or entry of any order. A nonrefundable processing fee of $500 for each assignee shall be paid to the commission when the copy of the petition is served on the commission.

(3) The commission may intervene in a proceeding to protect the interests of the commission but shall not be considered an indispensable or necessary party. Notwithstanding the failure or refusal of the commission to appear in any proceeding, the Director of the Oregon State Lottery, the commission and the state shall be immune from liability for, and shall be discharged of all further liability with respect to, any amounts paid according to the terms of an order issued under this section.

(4) A circuit court receiving a petition may issue an order approving the assignment and directing the commission to pay to the assignee all future prize payments so assigned upon finding that all of the following conditions have been met:

(a) The assignment has been memorialized in writing and executed by the assignor and is subject to Oregon law;

(b) The assignor provides a sworn declaration to the court attesting that the assignor is represented by independent legal counsel in connection with the assignment, has had the opportunity to receive independent financial and tax advice concerning the effects of the assignment, is of sound mind and is not acting under duress;

(c) The proposed assignment does not and will not include or cover payments or portions of payments that are subject to a 30-day hold under ORS 461.715, unless appropriate provision is made in the order to satisfy the obligations giving rise to the hold; and

(d) The proposed assignment and court order shall not require the commission to divide any prize payment so that portions of a single prize payment must be made to more than three persons at a time.

(5) After receipt of a certified copy of a court order granted under this section, the commission shall acknowledge in writing to both the assignor and the assignee the agreement of the commission to make the prize payments in accordance with the provisions of the order. The commission shall thereafter make the prize payments in accordance with the order.

(6) No modification or amendment to any assignment authorized by this section, and no additional or subsequent assignment of any prize, shall be valid or binding on the commission unless the modification, amendment or assignment is authorized by a separate judicial order issued in compliance with this section. [1995 c.478 §2]

461.257 Judicial order suspending voluntary assignment laws upon finding of adverse tax consequences for all prize winners. Notwithstanding ORS 461.250 (8) or 461.253, if it is ever determined that prize winners who do not seek to assign their prize payments are subject to immediate income taxes on the prize payments just as if those prize winners had so assigned their prizes, the Oregon State Lottery Commission may intervene in a proceeding commenced under ORS 461.253 in order to raise the issue of adverse tax consequences in the proceeding. If the court determines that ORS 461.250 (8) and 461.253 or the issuance of an order approving an assignment of prize payments subjects prize winners who do not seek assignment of prize payments to immediate income taxes on their prize payments, the

court shall refuse to authorize an assignment and shall issue an order that ORS 461.250 (8) and 461.253 are suspended and are of no force or effect so long as such determination and adverse tax consequences are in effect. An order issued by a court under this section shall suspend ORS 461.250 (8) and 461.253 throughout this state. An order issued under this section shall be final and shall remain in effect unless or until overturned or modified by a subsequent court order or the order of a reviewing court. [1995 c.478 §5; 2003 c.58 §6]

Note: 461.257 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 461 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

461.260 Distribution of tickets and shares; rules. Upon recommendation of the Director of the Oregon State Lottery, the commission shall adopt rules specifying the manner of distribution, dissemination or sale of lottery tickets or shares to lottery game retailers or directly to the public, and the incentives, if any, for Oregon State Lottery employees, if any, engaged in such activities. [1985 c.2 §4(7); 1985 c.302 §4(7); 1985 c.458 §1(7); 1985 c.520 §1(7)]

LOTTERY GAME RETAILERS

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

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

(b) Except when the director recommends, and the commission concludes, that it is reasonable and prudent to waive disclosure requirements under this section and that to do so will not jeopardize the fairness, integrity, security and honesty of the lottery, prior to the execution of any contract with a lottery game retailer, the lottery game retailer shall disclose to the lottery the names and addresses of the following:

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

(B) If the lottery game retailer is a trust, the trustee and all persons entitled to receive income or benefit from the trust.

(C) If the lottery game retailer is an association but not a private club as described in ORS 471.175, the members, officers and directors.

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

(E) If the lottery game retailer is a partnership, joint venture or limited liability company, all of the general partners, limited partners, joint venturers, members of a limited liability company whose investment commitment or membership interest is 10 percent or more, and managers of a limited liability company.

(F) If the parent company, general partner, limited partner, joint venturer, stockholder, member or manager of a limited liability company is itself a corporation, trust, association, subsidiary, partnership, joint venture or limited liability company, then the director may require that all of the information required by this paragraph be disclosed for such other entity as if it were itself a lottery game retailer to the end that full disclosure of ultimate ownership be achieved.

(G) If any member, 18 years of age or older, of the immediate family of any video lottery game retailer, or any member, 18 years of age or older, of the immediate family of any individual whose name is required to be disclosed under this paragraph, is involved in the video lottery game retailer's business in any capacity, then all of the information required in this paragraph shall be disclosed for such immediate family member as if the family member were a video lottery game retailer.

(H) If any immediate family member, 18 years of age or older, of any lottery game retailer, other than a video lottery game retailer, or of any person whose name is required to be disclosed under this paragraph

is involved in the lottery game retailer's business in any capacity, then the lottery game retailer shall identify the immediate family member to the Oregon State Lottery, and shall report the capacity in which the immediate family member is involved in the lottery game retailer's business if requested by the director. Full disclosure of immediate family members working in the business may be required only if the director has just cause for believing the immediate family member may be a threat to the fairness, integrity, security or honesty of the lottery.

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

(J) Any other person required by rule of the commission.

(c) Any person required to disclose information under paragraph (b) of this subsection shall disclose additional information for retail contract approval that the director determines to be appropriate.

(d) The commission may refuse to grant a lottery game retail contract to any lottery game retailer or any natural person whose name is required to be disclosed under paragraph (b) of this subsection, who has been convicted of violating any of the gambling laws of this state, general or local, or has been convicted at any time of any crime. The lottery may require payment by each lottery game retailer to the lottery of an initial nonrefundable application fee or an annual fee, or both, to maintain the contract to be a lottery game retailer.

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

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

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

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

(6) The commission shall adopt by rule an alternative dispute resolution process for disputes arising from a contract with a lottery game retailer that must be included in every contract between the commission and lottery game retailers. The commission shall develop the dispute resolution process required by this section in conformity with ORS 183.502. [1985 c.2 §5(1) to (4); 1985 c.302 §5(1) to (4); 1995 c.728 §1; 1997 c.483 §§1,2; 1999 c.351 §17; 2003 c.58 §2; 2005 c.166 §1; 2005 c.267 §1]

461.310 Compensation for retailers. Upon recommendation of the Director of the Oregon State Lottery, the commission shall determine the compensation to be paid to lottery game retailers for their sales of lottery tickets or shares. Until the commission shall otherwise determine, the compensation paid to lottery game retailers shall be five percent of the retail price of the tickets or shares plus an incentive bonus of one percent based on attainment of sales volume or other objectives specified by the director for each lottery game. In cases of a lottery game retailer whose rental payments for premises are contractually computed in whole or in part, on the basis of a percentage of retail sales, and where such computation of retail sales is not explicitly defined to include sales of tickets or shares in a state-operated lottery, the compensation received by the lottery game retailer from the Oregon State Lottery shall be deemed to be the amount of the retail sale for the purposes of such contractual computation. [1985 c.2 §5(5); 1985 c.302 §5(5)]

461.330 Display of certificate of authority; bond or letter of credit; payments for tickets or shares. (1) No lottery tickets or shares shall be sold by a lottery game retailer unless the lottery game retailer has on display on the premises a certificate of authority signed by the Director of the Oregon State Lottery to sell lottery tickets or shares.

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

(3) No payment by lottery game retailers to the lottery for tickets or shares shall be in cash. All such payments shall be in the form of a check, bank draft, electronic fund transfer or other recorded financial instrument as determined by the director. [1985 c.2 §5(7) to (9); 1985 c.302 §5(7) to (9); 1991 c.331 §66; 1997 c.631 §476]

461.335 Temporary letter of authority; grounds for revocation. (1) The Oregon State Lottery Commission may grant a temporary letter of authority for a period not to exceed 90 days on change of ownership applications for certificates of authority granted under this chapter if the applicant pays the fee prescribed by the commission for a temporary letter of authority. A temporary letter of authority issued under this section does not constitute a lottery game retail contract for the purposes of ORS 461.300.

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

(3) A person subject to subsection (2) of this section shall be given an interview under the direction of the commission if the person requests an interview prior to revocation of a temporary letter of authority. However, the proceedings are not a contested case under ORS chapter 183. [2001 c.150 §2]

LOTTERY VENDORS AND CONTRACTORS

461.400 Procurements. Notwithstanding other provisions of law, the Director of the Oregon State Lottery may purchase or lease such goods or services as are necessary for effectuating the purposes of this chapter. The commission may not contract with any private party or nongovernmental entity for the operation and administration of the Oregon State Lottery established by this chapter. However, the foregoing shall not preclude procurements which integrate functions such as lottery game design, supply of goods and services, advertising and public relations. In all procurement decisions, the director and Oregon State Lottery Commission shall take into account the particularly sensitive nature of the state lottery, shall consider the lottery's potential contribution to the development of and citizen's access to the state's telecommunications infrastructure, and shall act to promote and insure integrity, security, honesty and fairness in the operation and administration of the state lottery and the objective of raising net revenues for the benefit of the public purpose described in section 4, Article XV of the Constitution of the State of Oregon. [1985 c.2 §6(1); 1985 c.302 §6(1); 1991 c.962 §11]

461.410 Vendor disclosure for major procurements. (1) In order to allow an evaluation by the Oregon State Lottery of the competence, integrity, background, character and nature of the true ownership and control of lottery vendors, any person who submits a bid, proposal or offer as part of a procurement for a contract for the printing of tickets used in any lottery game, any goods or services involving the receiving or recording of number selection in any lottery game, or any goods or services involving the determination of winners in any lottery game, which are hereby referred to as major procurements, shall first disclose at the time of submitting such bid, proposal or offer to the state lottery all of the following items:

(a) A disclosure of the lottery vendor's name and address and, as applicable, the name and address of the following:

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

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

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

(D) If the vendor is a subsidiary, the officers, directors and each stockholder of the parent corporation thereof; except that, in the case of stockholders of publicly held equity securities of a publicly traded corporation, only the names and addresses of those known to the corporation to beneficially own

15 percent or more of such securities need be disclosed.

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

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

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

(H) If the vendor subcontracts any substantial portion of the work to be performed to a subcontractor, then all of the information required in this section shall be disclosed for such subcontractor as if it were itself a vendor.

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

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

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

(d) A disclosure of all the states and jurisdictions in which each control person has applied for, has sought renewal of, has received, has been denied, has pending or has had revoked a gaming license of any kind, and the disposition of such in each such state or jurisdiction. If any gaming license has been revoked or has not been renewed or any gaming license application has been either denied or is pending and has remained pending for more than six months, all of the facts and circumstances underlying this failure to receive such a license must be disclosed.

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

(f) A disclosure of the details of any bankruptcy, insolvency, reorganization or any pending litigation of each control person.

(g) A disclosure for each control person who is a natural person of employment, residence, education and military history since the age of 18 years, and any federal, state or local elective position ever held by such person.

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

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

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

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

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

(2) No contract for a major procurement with any vendor who has not complied with the disclosure requirements described in this section for each of its control persons shall be entered into or be enforceable. Any contract with any lottery contractor who does not comply with such requirements for periodically updating such disclosures from each of its control persons during the tenure of such contract as may be specified in such contract may be terminated by the commission. [1985 c.2 §6(2); 1985 c.302 §6(2)(a) to (m)]

461.420 Contract with vendor convicted of crime prohibited. No contract for a major procurement with any lottery vendor shall be entered into if any control person of that lottery vendor has been convicted of a crime, unless, after investigation, the finding of the commission determines that the crime bears no relationship to the lottery vendor's ability to perform honestly in carrying out the contract. [1985 c.2 §6(2)(m); 1985 c.302 §6(2)(n)]

461.430 Contractor required to comply with applicable laws; performance bond. (1) A lottery contractor shall perform its contract consistent with the laws of this state, federal law, and laws of the state or states in which the lottery contractor, in whole or in part, performs services or produces goods required by the contract.

(2) At the time specified in the contract, a lottery contractor shall post performance security with the Oregon State Lottery Commission in a form and an amount acceptable to the commission and issued by a surety, financial institution, insurer, escrow agent or other person acceptable to the commission if the lottery contractor:

(a) Prints tickets used in a lottery game;

(b) Provides goods or performs services involving the receipt or recording of number selections in a lottery game; or

(c) Provides goods or performs services involving the determination of winners in a lottery game. [1985 c.2 §6(3),(4); 1985 c.302 §6(3),(4); 1989 c.418 §1; 2009 c.185 §1]

461.440 Commission's authority to contract; rules. Subject to rules adopted by the commission, the Director of the Oregon State Lottery may enter into all contracts necessary to accomplish the purposes of this chapter. The rules shall cover contracts for materials, supplies, equipment, services and professional services and to the extent that is reasonable shall follow the public policy of open competitive procurement. The commission shall also consider security, competence, experience, timely performance and maximization of net revenues in developing rules governing procurement actions. All contract awards for major procurements shall be approved by the commission. [1985 c.2 §6(5); 1985 c.302 §6(5)]

461.445 Policy on payment to contractors. In establishing its schedule of payments to contractors, the Oregon State Lottery Commission shall undertake to develop a system that maximizes the net revenue to the state for the public purpose consistent with providing a reasonable rate of return for contractors. [1991 c.962 §12]

Note: 461.445 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 461 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

LOTTERY FINANCES

461.500 Lottery to be self-supporting; allocation of revenues. (1) Except for such moneys as are necessary to temporarily fund the start-up of the state-operated lottery established by the Constitution of the State of Oregon and this chapter, the Oregon State Lottery shall operate as a self-supporting revenue-raising agency of state government and no appropriations, loans or other transfers of state funds shall be made to it.

(2) At least 84 percent of the total annual revenues from the sale of state lottery tickets or shares shall be returned to the public in the form of prizes and net revenues benefiting the public purpose described in section 4, Article XV of the Constitution of the State of Oregon. At least 50 percent of the total annual revenues shall be returned to the public in the form of prizes as described in this chapter. All unclaimed prize money shall remain the property of the commission and shall be allocated to the benefit of the public purpose. No more than 16 percent of the total annual revenues shall be allocated for payment of expenses of the state lottery as described in this chapter. To the extent that expenses, including the contingency reserve, of the state lottery are less than 16 percent of the total annual revenues as described in this chapter, any surplus funds shall also be allocated to the benefit of the public purpose. [1985 c.2 §1(4),(5); 1985 c.302 §1(4),(5)]

461.510 State Lottery Fund; types of disbursements. (1) All money payable to the commission shall be deposited in a fund known as the State Lottery Fund. The State Lottery Fund shall receive all proceeds from the sale of lottery tickets or shares, the temporary loan for initial start-up costs and all other moneys credited to the Oregon State Lottery from any other lottery-related source. The State Lottery Fund is continuously appropriated for the purpose of administering and operating the commission and the state lottery.

(2) Disbursements shall be made from the State Lottery Fund for any of the following purposes:

(a) The payment of prizes to the holders of valid winning lottery tickets or shares;

(b) Expenses of the commission and the state lottery;

(c) Repayment of any funds advanced from the temporary loan for initial start-up costs and the interest on any such funds advanced; and

(d) Transfer of funds from the State Lottery Fund to the benefit of the public purpose described in section 4, Article XV of the Constitution of the State of Oregon.

(3) As nearly as practical, at least 50 percent of the total projected revenue, computed on a year-round basis, accruing from the sales of all state lottery tickets or shares shall be apportioned for payment of prizes.

(4) Expenses of the state lottery shall include all costs incurred in the operation and administration of the state lottery and all costs resulting from any contracts entered

into for the purchase or lease of goods or services required by the commission including, but not limited to, the costs of supplies, materials, tickets, independent audit services, independent studies, data transmission, advertising, promotion, incentives, public relations, communications, compensation paid to lottery game retailers, bonding for lottery game retailers, printing, distribution of tickets and shares, reimbursing other governmental entities for services provided to the state lottery, transfers to a contingency reserve, and for any other goods and services necessary for effectuating the purposes of this chapter. No more than 16 percent of the total annual revenues accruing from the sale of all lottery tickets and shares from all lottery games shall be allocated for the payment of the expenses of the state lottery. The commission shall determine the amount necessary for a reasonable contingency reserve within the amount allocated for payment of expenses.

(5) The state lottery shall pay all prizes and all of its expenses out of the revenues it receives from the sale of tickets and shares to the public and turn over the net proceeds therefrom to a fund to be established by the Legislative Assembly from which the Legislative Assembly shall make appropriations for the benefit of the public purpose described in section 4, Article XV of the Constitution of the State of Oregon.

(6) Moneys in the State Lottery Fund may be invested as provided in ORS 293.701 to 293.820. Interest earned by the fund shall be credited to the fund. [1985 c.2 §7(1) to (5); 1985 c.302 §7(1) to (5); 1987 c.268 §2; 1989 c.966 §52; 2009 c.821 §30b]

461.520 Establishment of checking accounts and petty cash fund. (1) The Director of the Oregon State Lottery is authorized to establish in the State Treasury checking accounts as may be required to disburse by check the payment of any disbursement authorized by ORS 461.510 (2) from the State Lottery Fund as well as any transfer to the State Lottery Fund as may be required.

(2) Notwithstanding the provisions of ORS 461.510 (1), the director is authorized to direct the deposit of any and all moneys payable to the commission to the credit of any checking account in the State Treasury created for processing State Lottery Fund moneys.

(3) The commission is authorized to establish a petty cash fund in an amount not to exceed $1,000 from any funds made available to the commission. The petty cash fund shall operate in accordance with the procedures defined in ORS 293.180. [1985 c.302 §7(6)]

461.530 Oregon State Lottery Fund. There is hereby created within the General Fund the Oregon State Lottery Fund which is continuously appropriated for the purpose of administering and operating the commission and the Oregon State Lottery. [1985 c.2 §1(6); 1985 c.302 §1(6)]

461.535 Intercollegiate Athletic Fund. The Intercollegiate Athletic Fund is created separate and distinct from the General Fund. The fund shall consist of revenues credited to the Sports Lottery Account under ORS 461.543 (4) and any other revenues available to the fund. [1989 c.828 §1; 1991 c.461 §81; 1991 c.962 §3; 2005 c.810 §1]

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

(a) Creating jobs;

(b) Furthering economic development in Oregon; or

(c) Financing public education.

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

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

(b) The school capital matching subaccount created within the Education Stability Fund, as provided by ORS 461.558.

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

(a) "Creating jobs" includes, but is not limited to:

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

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

(C) Assisting with work transition to new jobs in Oregon; or

(D) Training or retraining workers.

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

(A) Prekindergartens;

(B) Elementary and secondary schools;

(C) Community colleges;

(D) Higher education;

(E) Continuing education;

(F) Workforce training and education programs; or

(G) Financial assistance to Oregon students.

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

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

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

(C) Services or financial assistance for facilities, physical environments or development projects, as defined in ORS 285B.410, that benefit Oregon's economy. [1985 c.302 §7(7); 1995 c.12 §7; 2002 s.s.3 c.6 §18; 2005 c.835 §27; 2009 c.872 §3]

461.543 Sports Lottery Account; distribution of revenues. (1) Except as otherwise specified in subsection (5) of this section, the Sports Lottery Account is continuously appropriated to and shall be used by the State Board of Higher Education to fund sports programs at state institutions of higher education. Seventy percent of the revenues in the fund shall be used to fund nonrevenue producing sports and 30 percent shall be used for revenue producing sports. Of the total amount available in the fund, at least 50 percent shall be made available for women's athletics.

(2) The State Board of Higher Education shall allocate moneys in the Sports Lottery Account among the institutions of higher education under its jurisdiction giving due consideration to:

(a) The athletic conference to which the institution belongs and the relative costs of competing in that conference.

(b) The level of effort being made by the institution to generate funds and support from private sources.

(3) As used in subsections (1) to (3) of this section, "revenue producing sport" is a sport that produces net revenue over expenditures during a calendar year or if its season extends into two calendar years, produces net revenue over expenditures during the season.

(4) An amount equal to one percent of the moneys transferred to the Administrative Services Economic Development Fund from the State Lottery Fund shall be allocated from the Administrative Services Economic Development Fund to the Sports Lottery Account.

(5) The amounts received by the Sports Lottery Account shall be allocated as follows:

(a) Eighty-eight percent for the purposes specified in subsections (1) to (3) of this section, but not to exceed $8 million annually, adjusted annually pursuant to the Consumer Price Index, as defined in ORS 327.006.

(b) Twelve percent for the purpose of scholarships, to be distributed equally between scholarships based on academic merit and scholarships based on need, as determined by rule of the State Board of Higher Education, but not to exceed $1,090,909 annually.

(c) All additional money to the Oregon Student Assistance Commission for the Oregon Opportunity Grant program under ORS 348.260. [1989 c.828 §§2,4(3) and (4); 1991 c.461 §82; 1991 c.780 §28; 1999 c.704 §25; 1999 c.1070 §16; 2005 c.810 §2]

461.544 Use of proceeds of video lottery games. All net proceeds from video lottery games shall be allocated to the Administrative Services Economic Development Fund. [1991 c.461 §§1,78; 1993 c.18 §118; 1995 c.814 §9]

Note: 461.544 to 461.549, 461.555, 461.725 and 461.740 were enacted into law by the Legislative Assembly but were not added to or made a part of ORS chapter 461 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

461.545 [1989 c.828 §7; repealed by 1991 c.461 §79 and 1991 c.962 §15]

461.546 [1991 c.962 §2a; 1993 c.18 §119; repealed by 1995 c.814 §4]

461.547 Distribution of certain video lottery revenues to counties for economic development. (1) The Oregon State Lottery Commission shall transfer an amount equal to 2.5 percent of the net receipts from video lottery games allocated to the Administrative Services Economic Development Fund to counties for economic development activities. Ninety percent of the moneys shall be distributed to each county in proportion to the gross receipts from video lottery games from each county. Ten percent of the moneys shall be distributed in equal amounts to each county.

(2) As used in this section:

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

(b) "Net receipts from video lottery games" means the amount of money that is received from the operation of video lottery games after the payment of prizes but prior to any other payment. [1991 c.461 §94; 1993 c.18 §118a; 2003 c.734 §§10,10a; 2007 c.51 §1]

Note: See note under 461.544.

Note: Section 36, chapter 885, Oregon Laws 2009, provides:

Sec. 36. Notwithstanding ORS 461.547, for the biennium beginning July 1, 2009, the amount that would otherwise be transferred to counties under ORS 461.547 each fiscal quarter shall be reduced by $625,000 each quarter, and that amount shall be transferred to the Administrative Services Economic Development Fund. [2009 c.885 §36]

461.548 Video lottery proceeds to be treated separately from other lottery proceeds. Notwithstanding any other provision of law, the Oregon State Lottery Commission shall meet the constitutional requirements for prizes and administrative costs separately for video and all other lottery games. The lottery commission shall not intermingle the results of video lottery games for the purpose of calculating the allowable limit on administrative expenses of other lottery games. [1991 c.962 §14]

Note: See note under 461.544.

461.549 Use of video lottery proceeds for treatment of gambling-related behavioral problems. (1) The Legislative Assembly finds that emotional and behavioral problems related to gambling may impose additional costs on state government and on the state economy, such as additional mental health expenditures, increased law enforcement costs and lost economic output. The use of a portion of the net receipts from video lottery games to pay the costs of preventing and treating emotional and behavioral problems related to gambling promotes the creation of jobs and this state's economic development by offsetting and treating the negative economic consequences of such behavior.

(2) In each fiscal quarter, commencing with the fiscal quarter beginning July 1, 2001, there is allocated from the Administrative Services Economic Development Fund to the Problem Gambling Treatment Fund established by ORS 409.435 an amount of not less than one percent of the moneys transferred from the State Lottery Fund to the Administrative Services Economic Development Fund during that fiscal quarter. [1995 c.814 §1; 1999 c.985 §1]

Note: See note under 461.544.

461.550 Expenditure limitation not applicable to lottery. All expenditures from the State Lottery Fund or the fund established by the Legislative Assembly to disburse net lottery proceeds are exempt from any state expenditure limitation. [1985 c.302 §8(8)]

461.555 Capital Construction Trust Fund; sources; uses. (1) There is established in the State Treasury a Capital Construction Trust Fund separate and distinct from the General Fund. Interest on the fund shall accrue to the fund.

(2) The fund shall consist of amounts allocated to it from the Administrative Services Economic Development Fund.

(3) The fund is to be used to meet capital construction costs. [1991 c.461 §77]

Note: See note under 461.544.

461.558 Lottery ending balance. (1) As used in this section, "lottery ending balance" means an amount that equals the difference between:

(a) The amount of moneys available for allocation in the Administrative Services Economic Development Fund during a biennium; and

(b) The amount of allocations made from the fund during the biennium, including any amounts appropriated to the Oregon Department of Administrative Services under ORS 291.285 to maintain accountability of the fund.

(2) As soon as practicable after the end of each biennium, the lottery ending balance shall be transferred to the school capital matching subaccount created within the Education Stability Fund by section 4 (8), Article XV of the Oregon Constitution. [2009 c.872 §1]

Note: Section 2, chapter 872, Oregon Laws 2009, provides:

Sec. 2. Section 1 of this 2009 Act [461.558] applies to biennia beginning on or after July 1, 2009. [2009 c.872 §2]

Note: 461.558 was enacted into law by the Legislative Assembly but was not added to or made a part of ORS chapter 461 or any series therein by legislative action. See Preface to Oregon Revised Statutes for further explanation.

461.560 Taxation of sales and prizes. (1) No state or local taxes shall be imposed upon the sale of lottery tickets or shares of the Oregon State Lottery established by this chapter or any prize awarded by the state lottery established by this chapter that does not exceed $600. A prize awarded by the state lottery that is greater than $600 shall be subject to tax under ORS chapters 314 to 318 and any other applicable state or local tax. For purposes of this section, "prize awarded by the state lottery" includes a prize awarded by a multistate lottery association of which the Oregon State Lottery is a member if the ticket upon which the prize is awarded was sold in this state.

(2) A city, county or other political subdivision in this state may not impose, by charter provision or ordinance, or collect a tax that is imposed on lottery game retailers only and that is measured by or based upon the amount of the commissions or other compensation received by lottery game retailers for selling tickets or shares in lottery games. However, if a city, county or other political subdivision levies or imposes

generally on a nondiscriminatory basis throughout the jurisdiction of the taxing authority an income, gross income or gross receipts tax, as otherwise provided by law, such tax may be levied or imposed upon lottery game retailers. [1985 c.2 §8(1); 1985 c.302 §8(1); 1995 c.95 §1; 1997 c.849 §1; 1999 c.143 §6]

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

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

(3) The Oregon State Lottery Commission shall establish safeguards to ensure that lottery game retailers comply with the requirements of this section. [1985 c.2 §5(6); 1985 c.302 §5(6); 2003 c.58 §3]

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461.700 Additional disclosure requirements; costs of investigation. (1) Any person required to submit disclosure information under this chapter, in addition to the requirements specifically listed in this chapter, shall also submit for each individual the true name, as well any other name used, date of birth, place of birth, Social Security number, current residence address, and residence address for the last 10 years, current marital status including how long, spouse's name, address, date of birth and Social Security number. The person required to disclose must submit an individual sworn statement as to any criminal convictions and the nature thereof. The sworn statement must also contain authorization for the Attorney General and the Assistant Director for Security to confirm with the Oregon Department of Revenue and the United States Internal Revenue Service the truthfulness of the sworn statement with regard to tax matters. The commission shall develop a disclosure form which identifies the information required to be disclosed, including a certification that the information provided is correct. The form shall be sworn and bear the warning that the applicant bears responsibility for excessive investigation costs and that the providing of false information constitutes the crime of false swearing under ORS 162.075 which is a Class A misdemeanor.

(2) If the costs of investigation of any applicant exceeds the usual costs of such investigations, the applicant shall be billed for the excessive costs. The payment thereof shall be credited to the State Lottery Fund as a reimbursement of administrative costs. [1985 c.302 §14]

461.710 [Formerly 284.430; renumbered 280.518 in 1991]

461.715 Holding of certain lottery prizes for child support; rules; procedure. (1) The Oregon State Lottery Commission, by rule, shall develop procedures whereby:

(a) Before paying any portion of a lottery prize in excess of $600, the lottery commission shall check the name and Social Security number of the person entitled to payment against a computer database containing the names and Social Security numbers of obligors who are delinquent in paying child support obligations.

(b) When the person is listed in the database, the lottery commission shall:

(A) Place a 30-day hold on any payment to the person;

(B) Inform the person of the hold; and

(C) Notify the Division of Child Support of the Department of Justice that a delinquent obligor has won a lottery prize or is entitled to payment on a lottery prize.

(c) If a garnishment proceeding is initiated within the 30-day hold period, the lottery commission shall continue to hold any payment to the person pending disposition of the proceeding.

(d) If a garnishment proceeding is not initiated within the 30-day hold period, the lottery commission shall make payment on the prize to the person at the end of the 30-day hold period or when the division notifies the lottery commission that a garnishment proceeding will not be initiated, whichever is sooner.

(2) The lottery commission shall establish and operate a data match system using automated data exchanges with the division that identifies delinquent child support obligors. Any information necessary to identify delinquent obligors and hold a payment on a prize shall be available to the lottery commission through the data match system.

(3) The Department of Justice and the Oregon State Lottery Commission shall enter into an agreement regarding the procedures required by subsections (1) and (2) of this section. [1991 c.613 §§6,7; 2001 c.455 §25; 2003 c.73 §69]

461.720 [1985 c.829 §1; 1987 c.506 §27; renumbered 171.845 in 1991]

461.725 Enforcement officers to enforce prohibition on gray machines. Out of the funds available to the Oregon State Lottery Commission to meet the administrative expenses of the Oregon State Lottery, the lottery commission shall employ or contract for at least three undercover enforcement officers to enforce the prohibition on gray machines imposed by ORS 162.305, 164.377, 166.715, 167.117, 167.164, 167.166,

461.210, 461.215, 461.217, 461.400, 461.445, 461.535, 461.548, 461.725 and 464.250. [1991 c.962 §18; 1995 c.814 §3]

Note: See note under 461.544.

461.730 [1989 c.909 §49; renumbered 447.255 in 1991]

461.740 Policy on hiring by firms receiving lottery-funded benefits. (1) It is the policy of the State of Oregon that any firm receiving benefit from state lottery-funded programs should undertake a good faith effort to hire and retain as employees low-income individuals who have received job training assistance from publicly funded job training providers.

(2) The Oregon Business Development Department may require any firm receiving benefit from state lottery-funded programs the department administers to enter into a first-source hiring agreement with publicly funded job training providers.

(3) Publicly funded job training providers shall coordinate their services and establish an agreement outlining the process by which they will respond to firms receiving benefit. This agreement shall be submitted to the department for its review and approval.

(4) As used in this section:

(a) "Firm receiving benefit" means any business that benefits directly or substantially from any program financed by state lottery funds and is certified as such a firm by the state agency that administers the lottery-funded program.

(b) "First-source hiring agreement" means an agreement between a firm receiving benefits and a publicly funded job training provider whereby the job provider refers qualified candidates to the firm for new jobs and job openings, excluding professional, managerial, technical and seasonal positions which the Director of the Oregon Business Development Department determines cannot be filled by persons likely to be referred by publicly funded job training providers.

(c) "Publicly funded job training provider" includes, but is not limited to, community colleges, service providers under the federal Workforce Investment Act Title I-B (29 U.S.C. 2801 et seq.) and other similar programs. [1989 c.778 §1; 1991 c.105 §1; 2001 c.684 §28]

Note: See note under 461.544.