

Senate Bill 363

Sponsored by COMMITTEE ON RULES

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced**.

Modifies disclosure requirements of lottery game retailers.

A BILL FOR AN ACT

Relating to disclosure requirements of lottery game retailers; amending ORS 461.300.

Be It Enacted by the People of the State of Oregon:

SECTION 1. ORS 461.300 is amended to read:

461.300. (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 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, directors and each stockholder **who owns at least 10 percent of the outstanding stock** 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 five percent or more of such securities need be disclosed*].

(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

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted. New sections are in **boldfaced** type.

1 471.175, the officers, directors and each stockholder **who owns at least 10 percent of the out-**
 2 **standing stock** of the parent corporation thereof[; *except that, in the case of stockholders of publicly*
 3 *held equity securities of a publicly traded corporation, only the names and addresses of those known*
 4 *to the corporation to beneficially own five percent or more of such securities need be disclosed].*

5 (E) If the lottery game retailer is a partnership, **limited liability company** or joint venture, all
 6 of the general partners, limited partners, **members and managers of a limited liability company**
 7 or joint venturers.

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

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

20 (H) [If any member, 18 years of age or older, of the immediate family] **If any immediate family**
 21 **member, 18 years of age or older,** of any lottery game retailer, other than a video lottery game
 22 retailer, **or of any person whose name is required to be disclosed under this paragraph** is in-
 23 volved in the lottery game retailer's business in any capacity, then the lottery game retailer shall
 24 identify the immediate family member to the Oregon State Lottery, and shall report the capacity in
 25 which the immediate family member is involved in the lottery game retailer's business **if requested**
 26 **by the director.** Full disclosure of immediate family members working in the business may [only]
 27 be required [as provided in paragraph (c) of this subsection] **only if the director has just cause for**
 28 **believing the immediate family member may be a threat to the fairness, integrity, security**
 29 **or honesty of the lottery.**

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

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

35 [c) *The director may require full disclosure of any immediate family member of any lottery game*
 36 *retailer who is involved in the lottery game retailer's business as if the family member were a lottery*
 37 *game retailer if the director has just cause for believing the family member may be a threat to the in-*
 38 *tegrity, honesty, fairness or security of the lottery and its games.]*

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

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

1 lottery game retailer to the lottery of an initial nonrefundable application fee or an annual fee, or
2 both, to maintain the contract to be a lottery game retailer.

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

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

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

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

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