



Memo

Date:	March 17, 2025
To:	Oregon State Lottery Commissioners
From:	Kris Skaro, rules and policy analyst
Subject:	Commission and Lottery Functions Under State Law

Background:

Lottery recently reviewed the state laws that govern the Lottery to identify the core functions of the Commission and Director. The table of the primary laws we reviewed is attached for your reference. This memo outlines our findings.

Overview of Core Functions of the Commission and the Director:

The Commission's core functions are to authorize games, adopt rules, set policy, and provide guidance and oversight to the Lottery and the Director. The Director's core function is to operate the Lottery "pursuant to the rules, and under the guidance of, the Commission." To facilitate coordination between the Commission and Director, state law requires the Commission and Director to meet "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."

Delegated Authority:

Under [ORS 461.130\(1\)](#), the Commission may delegate any power granted to the Commission to an officer or employee of the Lottery. For example, in [OAR 177-010-0025](#), the Commission authorized the Director to adopt internal operating policies and procedures, hire and oversee Lottery employees, and adopt temporary rules.

Functions Performed by the Lottery:

In documenting Commission and Lottery duties, we have identified some responsibilities that are assigned by statute to the Commission but that, over time, have been carried out by the Lottery on behalf of the Commission, subject to the Commission's oversight. Examples include:

- Prepare and provide financial reports and respond to requests for information¹.
- Engage an independent firm to conduct the biennial security review of the Lottery².
- Contract with the Oregon State Police for security services³.

¹ [ORS 461.100\(10\); 461.140](#)

² [ORS 461.180\(6\)](#)

³ [ORS 461.130\(2\)](#)

- Separately account for and not intermingle certain types of game revenue and expenses⁴.
- Transfer a percentage of video lottery proceeds to the counties⁵.
- Implement a Responsible Gambling Code of Practice and operate the Lottery in compliance with the Code⁶.

This memo serves as documentation that Lottery will continue to carry out these duties on behalf of the Commission, subject to the Commission's guidance and oversight.

Please let Mike know if you have any questions.

⁴ [ORS 461.215\(3\); 461.548](#)

⁵ [ORS 461.547\(1\)](#)

⁶ [ORS 461.200\(1\) and 461.820\(1\) and \(2\)](#)

Lottery Commission and Director Duties
Review of Key Constitutional and Statutory Provisions

Citation	Commission Duty	Notes
Or Const, Art XV, § 4(3)¹	The Commission is “hereby created” and “which shall establish and operate a State Lottery.”	Core Commission function.
Or Const, Art XV, § 4(4)(a)	The Commission is empowered to promulgate rules related to the procedures of the Commission and the operation of the State Lottery...[and]...shall have such additional powers and duties as may be provided by law.	Core Commission function. Delegation on file with Secretary of State authorizes Director to adopt temporary rules. See also OAR 177-010-0025 .
Or Const, Art XV, § 4(4)(c)	The Director shall implement and operate a State Lottery pursuant to the rules, and under the guidance, of the Commission. The State Lottery may operate any game procedure authorized by the commission, except parimutuel racing, social games, and the games commonly known in Oregon as bingo or lotto, whereby prizes are distributed using any existing or future methods among adult persons who have paid for tickets or shares in that game; provided that, in lottery games utilizing computer terminals or other devices, no coins or currency shall ever be dispensed directly to players from such computer terminals or devices.	Core Commission functions are to: adopt rules governing the operation of the Lottery; provide guidance to the Director; and authorize games.
ORS 461.100(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.	Core Commission function.
ORS 461.100(9)	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.	Core Commission function.
ORS 461.100(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	Lottery personnel prepare and provide the financial reports on behalf of the Commission, subject to Commission review and approval of the monthly, quarterly, and annual financial reports.

¹ This table includes some of the laws that describe the authority and duties of the Lottery Commission and Director. This is not intended to be an exhaustive list of all duties and responsibilities. To see all constitutional and statutory provisions applicable to the Lottery, click the links in the citations column.

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	<p>disbursements, expenses, net revenues and all other financial transactions involving state lottery funds.</p> <p>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.</p>	
ORS 461.110(2)(a)	The commission shall adopt rules about who must disclose during the retailer application process.	The Commission has done this in rule; see OAR chapter 177, division 40 .
ORS 461.110(2)(b)	The commission shall adopt rules about who must disclose during the vendor or contractor process.	The Commission has done this in rule; see OAR chapter 177, division 37 .
ORS 461.120(2)	The commission shall, in accordance with ORS chapter 183, adopt and enforce rules to carry out the provisions of this chapter.	Core Commission function. The Commission has delegated temporary rulemaking authority to the Director via delegation of rulemaking authority on file with the Secretary of State and OAR 177-010-0025 .
ORS 461.130(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.	This is the Commission's authority to delegate duties. See, for example, OAR 177-010-0025 .
ORS 461.130(2)	The commission shall contract with the Department of State Police to obtain necessary security services.	The Director contracts with OSP pursuant to contracting rules adopted by the Commission, as well as the Commission approves the Lottery's budget, which includes the OSP contract.
ORS 461.130(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.	Core Commission function. The Commission has delegated authority to conduct investigations in rules that authorize Lottery to (for example) investigate problem tickets.
ORS 461.140	<p>The Oregon State Lottery Commission shall:</p> <ul style="list-style-type: none"> • Prepare and provide an annual report on the state lottery budget to the Governor, the Legislative Fiscal Officer and 	Lottery personnel carry out these functions, subject to Commission approval, including Commission review and approval of all Lottery financial statements.

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	<p>the Legislative Revenue Officer in a manner and within a time frame established by the Legislative Fiscal Officer.</p> <ul style="list-style-type: none"> • Furnish the Legislative Assembly with any further information about the state lottery budget requested by the Legislative Fiscal Officer. • 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. 	
ORS 461.150(1)	The director shall implement and operate a state lottery pursuant to the rules, and under the guidance, of the commission.	Core Director duties; also core Commission duty to provide guidance to the director on the operation of the Lottery.
ORS 461.150(3)	The director shall receive such salary as may be set by the commission with the approval of the Governor...	Core Commission function to approve the director's salary.
ORS 461.150(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.	Core Commission function that they provide general approval over the director's operation of the Lottery.
ORS 461.150(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	Authority delegated to the director in OAR 177-010-0025 .

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	hired. The director may terminate or otherwise discipline persons so hired.	
ORS 461.150(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.	Core Commission function; the Director requests Commission approval of the ADs.
ORS 461.160	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.	Commission has adopted rules; see OAR 177-038-0010(2)(a) .
ORS 461.170	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.	Core Commission function.
ORS 461.180(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.	Core Director duty to provide financial reports to the Commission and others.
ORS 461.180(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	Lottery engages the independent firm subject to contracting rules adopted by the Commission. The biennial security report is provided to the Commission.

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	the operation of the state lottery... Similar studies of security shall be conducted biennially thereafter.	
ORS 461.200(1)	The Oregon State Lottery Commission shall balance its obligation to maximize net revenues with its obligation to serve the public good through the implementation of an Oregon State Lottery Responsible Gambling Code of Practice.	The Commission has approved our Code of Practice and Lottery implements the Code as approved by the Commission.
ORS 461.210	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,	The Commission exercises this authority by adopting game rules. See various divisions in OAR chapter 177 .
ORS 461.215(1)	The Oregon State Lottery Commission may initiate a game or games using video devices...	The Commission exercises this authority by adopting game rules. See various divisions in OAR chapter 177 .
ORS 461.215(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.	See OAR 177-038-0200 that allows Lottery to prefer Oregon vendors when there are “identical bids.”
ORS 461.215(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.	Lottery personnel record and account for the costs and net proceeds of each game, and that information is reported to the Commission monthly.
ORS 461.220(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	The Commission exercises this authority by adopting game rules. See various divisions in OAR chapter 177 .

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	game or other lottery games conducted by the Oregon State Lottery.	
ORS 461.220(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.	The Commission exercises this authority by adopting game rules. See various divisions in OAR chapter 177 . The Lottery makes game information available to the public.
ORS 461.230(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.	The Commission exercises this authority by adopting game rules. See various divisions in OAR chapter 177 .
ORS 461.240(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.	The Commission exercises this authority by adopting game rules. See various divisions in OAR chapter 177 .
ORS 461.240(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.	The Commission exercises this authority by adopting game rules. See OAR 177-050-0020 .
ORS 461.250	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	The Commission exercises this authority by adopting game rules. See various divisions in OAR chapter 177 .
ORS 461.250(4)	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.	The Commission exercises this authority by adopting game rules. See OAR 177-046-0110 ; 177-050-0025 , etc.

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ORS 461.250(7)	The commission may define shorter time periods to claim prizes and for eligibility for entry into drawings involving entries or finalists.	Delegated to the director in OAR 177-010-085(2) .
ORS 461.260	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.	The Commission exercises this authority by adopting game rules. See various divisions in OAR chapter 177 .
ORS 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.	The Commission exercises this authority by adopting game rules. See various divisions in OAR chapter 177 .
ORS 461.300(2)(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	Commission function; not delegated; see OAR 177-040-0001(4) requiring Commission approval of alternative disclosure processes.
ORS 461.300(2)(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.	Delegated to the Lottery; see OAR 177-040-0010 , Personal Criteria Which May Be Grounds for Denial of a Lottery Retailer Contract or a Key Person.
ORS 461.300(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	The Commission has adopted rules to this effect. See OAR 177-040-0310 and 177-040-0320 .

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	commission shall develop the dispute resolution process required by this section in conformity with ORS 183.502	
ORS 461.310	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.	The Commission approves the Retailer Contract and approves changes to the retailer compensation rules, OAR 177-040-0025 and 177-040-0026 ; see also OAR 177-040-0025(4) requiring Commission approval of alternative compensation agreements.
ORS 461.335(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.	Commission function; not delegated.
ORS 461.430(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 provides certain game-related services.	See also OAR 177-038-0250 requiring performance security be delivered to the Lottery per ORS 461.430.
ORS 461.440	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... All contract awards for major procurements shall be approved by the commission.	The Commission has authorized the Director to “conduct procurements as described in” the rules adopted by the Commission in OAR chapter 177, division 38 , and that, “The Director may execute a Contract for a Major Procurement only after the Commission has approved the Award.”
ORS 461.547(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.	Lottery transfers the money on behalf of the Commission.

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ORS 461.548	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.	Lottery performs these duties on behalf of the Commission.
ORS 461.600(3)	The Oregon State Lottery Commission shall establish safeguards to ensure that lottery game retailers comply with the requirements of this section.	The Retailer Contract approved by the Commission prohibits sales to minors.
ORS 461.700(1)	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 Commission has adopted vendor disclosure rules; see division 37 ; the Lottery creates forms for vendors to sign based on the rules.
ORS 461.715(1)	“The Oregon State Lottery Commission, by rule, shall develop procedures whereby” the prize winner is checked for delinquent child support and offsets the prize payment against the owed amount.	The Commission has carried out this duty by adopting OAR 177-010-0090 .
ORS 461.719(2)	“The Oregon State Lottery Commission, by rule, shall develop procedures whereby” the prize winner is checked for overpayments of assistance and offsets the prize payment against the amount owed.	The Commission has carried out this duty by adopting OAR 177-010-0094 .
ORS 461.820(1)	The Oregon State Lottery Commission shall operate the Oregon State Lottery, in compliance with the Oregon State Lottery Responsible Gambling Code of Practice described in ORS 461.200.	The Commission approves our Code of Practice and then the Lottery operates consistent with the code. See also OAR 177-046-0155 .
ORS 461.820(2)	The lottery commission shall: <ul style="list-style-type: none"> • Evaluate the operation of the state lottery annually, using stakeholder interviews, research and analysis of best in class gambling practices and consultations with researchers in the responsible or problem gambling community. • Use a dynamic approach to developing new practices to facilitate responsible gambling and to discourage problem gambling. 	The Commission approves the Code and Lottery carries out these duties. See also OAR 177-046-0155 .

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	<ul style="list-style-type: none"> • Rely on research to inform all areas of responsible gambling and problem gambling resource awareness efforts, providing adequate funding to support high-quality research that is performed by independent researchers and that protects the rights of human subjects. • Engage a wide range of stakeholders in the responsible or problem gambling community to provide input regarding the development of lottery games and game marketing and advertising. • Promote a shared sense of responsibility with lottery game retailers and educate lottery game retailers and retailers' employees about how to provide an environment to facilitate responsible gambling and discourage problem gambling. • Promote a shared sense of responsibility with state lottery employees and educate those employees about how to facilitate awareness of responsible gambling and problem gambling resources for assistance. • Apply evidence-based considerations to the implementation of lottery games and game features to facilitate informed decision-making by lottery players and discourage problem gambling, including the incorporation of features that: <ul style="list-style-type: none"> • Inform lottery players about the game being played; • Provide lottery players with information about the status of their gambling and an opportunity to take a break from gambling; and • Provide lottery players with information about responsible gambling and problem gambling resources. • Integrate messages that promote informed decision-making by lottery players into a variety of broadly 	

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	<p>disseminated communications, including advertising and marketing, about lottery games.</p> <ul style="list-style-type: none">• Use communications, including advertising and marketing, that:• Do not appeal specifically to vulnerable groups, including individuals under 18 years of age; and• Report accurately the odds of winning lottery games.	