

Lottery monitor games lucrative, controversial

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LITTLE ROCK — State lottery officials may decide soon whether to try to boost revenue by adding video monitor games, a controversial type of game that has proven to be a huge moneymaker in other states but has also been accused by critics of encouraging irresponsible gambling.

In the 15 states that have monitor lottery games, players use interactive video monitors to pick numbers and see quickly whether they have won a prize. Unlike games like Powerball and Mega Millions, which have drawings twice a week, monitor game drawings are held, via random number generator, every four or five minutes.

The idea of adding the games in Arkansas has been discussed occasionally since the lottery launched in 2009, but it received renewed attention this summer when state Lottery Commission member Dianne Lamberth of Batesville asked the commission to take a fresh look at monitor games as the state lottery, which took in \$97 million in fiscal 2011-12 and struggled to reach \$90 million by the end of last fiscal year on June 30.

Some commissioners said at the time they were concerned about whether the games would go beyond what voters approved in 2008 when they approved a constitutional amendment to create a lottery to fund college scholarships.

In October, Attorney General Dustin McDaniel said in an advisory opinion that he could find no state law prohibiting monitor games. McDaniel said it was up to the Lottery Commission to decide whether to allow the games.

Last week, executives with Intralot, the Athens, Greece-based company that serves as Arkansas' vendor for lottery draw games — a different vendor handles scratch-off tickets — testified before the legislative oversight committee on the lottery that adding monitor games would make bars and taverns more likely to become lottery retailers and would boost lottery revenue by an estimated \$18 million a year.

Monitor games have made a major difference for states like Oregon, which began selling lottery tickets in 1985 and added monitor games in 1992. In the 2013 fiscal year, the Oregon Lottery sold \$1.1 billion in tickets, with \$737.3 million, or about 69 percent, coming from monitor games.

"They do all the heavy lifting," said Chuck Baumann, spokesman for the Oregon Lottery.

Monitor games also injected new life into Oregon's lottery. In fiscal 1991, ticket sales totaled \$147 million, but in fiscal 1992, as the monitor games began rolling out, sales jumped to \$269 million, and the following year sales totaled \$432 million.

Baumann said the Legislature approved adding monitor games because similar games were already in use at many locations, illegally.

"In the bars and taverns around Oregon, there were essentially games that were like slot machines," he said. "Essentially they were illegal gaming devices. But they were so widespread, and the retail locations relied upon them so heavily, that the Legislature, rather than just saying, 'We've got to shut this place down and take away these games,' (said) 'Let's make the games legal, put them under the jurisdiction of the Oregon Lottery, and then the state can reap some of the benefits.'"

Oregon uses lottery profits to fund public education and other government services.

From 1992 to 2005, Oregon's monitor games were variations of poker, but in May 2005 it introduced "line games" which feature graphics imitating the spinning wheels of a slot machine. The lottery has to compete with nine tribal casinos across the state that offer slot machines, Baumann said.

Players embraced the line games, pushing lottery sales from \$943 million in fiscal 2005 to \$1.1 billion in 2006.

Intralot has proposed creating a monitor game in Arkansas that would resemble bingo, not a slot machine. But critics say all lottery monitor games are essentially state-sponsored slot machines.

"Slot machines, they call them video gambling machines, are by far the most addictive and predatory form of government-sponsored gambling," said Les Bernal, director of the Washington-based group Stop Predatory Gambling.

Bernal said the games are addictive because they can be played repeatedly at a fast pace. Players also typically bet "credits" rather than dollar amounts, which he said disguises how much money a player may be losing.

"The machine is designed to get you to behave irresponsibly," he said.

The Oregonian newspaper reported last month that consultants hired by the Oregon Lottery conducted a survey in 2011 and found that players' main reason for ending a session at a video poker or slot machine was "running out of money."

Baumann acknowledged that addiction to the games is a concern. He said the machines have clocks so players don't lose track of time, and they allow players to toggle back and forth between credits and dollar amounts so they don't lose track of how much money they're betting.

Also, the Oregon Legislature has mandated that 1 percent of lottery profits must go to treatment for gambling addiction, Baumann said. The lottery spends more than \$1 million a year on public service announcements on getting help for problem gambling, he said.

The Arkansas Legislature has mandated that \$250,000 in unclaimed lottery prize money go to treatment of problem gambling each year.

Gov. Mike Beebe is among those who oppose adding monitor games in Arkansas.

"You open a new venue, a new mechanism, that wasn't contemplated," Beebe told the Arkansas News Bureau last week.

Jerry Cox, president of the Christian conservative Family Council, said adding monitor games "provides a way for people to be even more addicted to playing the lottery."

But some say that if the games can generate more money for scholarships, they are worth considering. Since Arkansas' lottery launched, legislators have twice reduced scholarship amounts to keep the program solvent — a move they would be happy not to have to make again.

"I think it has a niche," said Rep. Mark Perry, D-Jacksonville, co-chairman of the legislative oversight committee on the lottery. "It could create a lot of work, but also a lot of opportunity for additional revenue for scholarships."