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Report: Revenue from Oregon Lottery scores low numbers



Jason Silverstein, Statesman Journal (Salem, OR)
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Officials at the Oregon Lottery must be crossing their fingers for a fast recovery.

Sales from Oregon's state-run video lottery machines plummeted after the Great Recession and have not recovered at the pace economists had hoped, according to a [new report from the Oregon Office of Economic Analysis](#).

The report, released Thursday, shows that between 2008 and 2010, weekly lottery sales sank from more than \$17 million to less than \$13 million. Since then, sales have hovered around \$14 million.

"With the improving economy, we've seen it getting back up to where we used to be," said Josh Lehner, who authored the report. "The big issue is that we saw such a massive decline in lottery revenue and it's been slow to pick up."

Oregon is one of the few states to have a state-run system of video lottery terminals, which are basically digital slot machines. There are about 12,000 terminals spread across nearly 3,000 retailers in the state.

In one sense, the recent losses put Oregon in the same spot as lotteries nationwide, since revenues in most of the United States had a post-Recession plunge.

Still, the report shows that Oregon's lotto numbers are slightly better than many parts of the country. For instance, Oregon's slow recovery is still stronger than that of Clark County, Nevada, the home of Las Vegas.

"The places with lots of competition have slower markets," Lehner said. "We're doing a bit better because there is little direct competition from tribal casinos."

Even so, Lehner said, "it's pretty likely that gambling spending in the near future will remain slow."

The study finds a few factors behind the lotto losses. First is personal incomes: When American wages were hit hard in the recession, many saw gambling as a less enticing investment.

There is also a generational problem: Baby boomers are showing less interest in the lottery, and millennials have not picked up their pace.

The report also says the Oregon Lottery in particular was hurt by the state's indoor smoking ban in 2009, which cut back on the time people spent hanging around bars and restaurants with lotto machines.

Lehner said the state of the Oregon Lottery is "an indicator of our economy overall," since it is one of the largest sources of state revenue. In the most recent fiscal year, the lottery added about \$547 million to Oregon's general fund. Those funds are constitutionally obligated to support state projects, with most of the money going to public education, economic development and state parks. Meanwhile, 1 percent is used to treat gambling problems.

Since the lottery was established 30 years ago, during a recession, many Oregon politicians have begrudgingly accepted it as a necessity for economic development.

The Oregon Lottery also has some critics outside the state, such as Les Bernal, president of the Washington D.C.-based group Stop Predatory Gambling.

"There is no lottery in America that cheats and exploits its citizens more aggressively than the Oregon Lottery," said Bernal, who often focuses on the Oregon Lottery when giving talks against gambling. "The fact that it's recovering just shows how out of control it is."

In [an editorial board meeting held by the Statesman Journal this week](#), Gov. John Kitzhaber and his Republican challenger Dennis Richardson both said they are uncomfortable with the lottery, but neither detailed an alternative plan for such large funds.

Oregon Lottery director Jack Roberts said he considered the report "a wake up call" for the lottery's struggles. He said that, in effort to reclaim lost lotto interest, the organization soon plans to replace many of its terminals with more modern machines.

"We can't just sit back and expect the lottery to operate on its own," Roberts said. "We need to be hitting the market more aggressively."

He also the Oregon Lottery plans to release a "code of conduct" later this month to help gambling addicts.

He said he believed concerns about over-reliance on the lottery are "legitimate," but added, "As a citizen and a voter, I say, 'Fine, show me where else the revenue will come from.'"

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