

KATE BROWN  
SECRETARY OF STATE



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To All Interested Parties:

Secretary of State Kate Brown is responsible for the pre-election review of proposed initiative petitions for compliance with the procedural constitutional requirements established in the Oregon Constitution for initiative petitions. This review will be completed before approving the form of the cover and signature sheets for the purpose of circulating the proposed initiative petition to gather signatures.

The Secretary of State is seeking public input on whether proposed initiative petition (#77), satisfies the procedural constitutional requirements for circulation as a proposed initiative petition. Petition #77 was filed in our office on January 22, 2010, by Matthew K. Rossman and Bruce Studer, for the General Election of November 2, 2010.

Enclosed is a copy of the text of this proposed initiative petition. If you are interested in providing comments on whether the proposed initiative petition meets the procedural constitutional requirements, please write to the secretary at the Elections Division. Your comments, if any, must be received by the Elections Division no later than February 16, 2010, in order for them to be considered in the review.

KATE BROWN  
Secretary of State

BY:

Summer Davis  
Compliance Specialist

Relating to gaming; creating new provisions; amending ORS 320.011, 409.435, 461.100, 461.110, 461.120, 461.150 and 461.190; appropriating money; and limiting expenditures.

**SECTION 1.** Sections 1 to 15 of this 2010 Act and the amendments to ORS 320.011, 409.435, 461.100, 461.110, 461.120, 461.150 and 461.190 by sections 17 to 23 of this 2010 Act shall be known as the Oregon Job Growth, Education and Communities Fund Act.

**SECTION 2.** The Oregon Job Growth, Education and Communities Fund is established separate and distinct from the General Fund. Interest earned by the Oregon Job Growth, Education and Communities Fund shall be credited to the Oregon Job Growth, Education and Communities Fund.

**SECTION 3.** (1) At least once each year, the Oregon State Lottery shall allocate the moneys in the Oregon Job Growth, Education and Communities Fund as follows:

(a) Fifty percent apportioned to each school district as a K-12 Public Education Grant, in the proportion of the school district's State School Fund grant under ORS 327.008, and to be used for classroom instruction expenditures.

(b) Thirty percent apportioned among all thirty-six (36) counties in proportion to each county's respective population at the time of the distribution. One-half of each county's distribution shall go to any city in the county if that city's population is greater than forty-nine thousand as reported in the 2000 United States population census. If a county has more than one city with a population greater than forty-nine thousand as reported in the 2000 United States population census, the cities shall share in the one-half distribution in proportion to the cities' respective populations. If a city having a population greater than forty-nine thousand is located in more than one county, then that city will receive its share from the county having the largest population. Twenty-five percent of each county's net allocation under this subparagraph is designated for and shall be spent on public safety services.

(c) Four percent to the host city in which the destination resort casino described in section 6 of this 2010 Act is located.

**(d) Three percent to the Oregon State Police.**

**(e) Three percent each to the cities that adjoin the host city in which the destination resort casino described in section 6 of this 2010 Act is located.**

**(f) Two percent to the host county in which the destination resort casino described in section 6 of this 2010 Act is located.**

**(g) Two percent to the Problem Gambling Treatment Fund established by ORS 409.435.**

**(2) The allocations to school districts through subsection (1)(a) of this 2010 Act are in addition to and not in lieu of any other payments to school districts. The allocations to counties in subsections (1)(b) and (f) are cumulative and are in addition to and not in lieu of any other payments to counties. The allocations to cities in subsections (1)(b), (c) and (e) may be cumulative and are in addition to and not in lieu of any other payments to cities.**

**(3) As used in this section, "classroom instruction expenditures" means expenditures directly related to classroom instruction, including but not limited to expenditures for:**

- (a) Teacher and instructional staff salaries;**
- (b) Textbooks and other instructional materials and supplies;**
- (c) Classroom computers and technology;**
- (d) Libraries and librarians;**
- (e) Classroom safety and security.**

**(4) As used in this section, "2000 United States population census" means the official United States population census conducted every ten years and described in Article I, Section 2 of the Constitution of the United States.**

**SECTION 4. (1)(a) Not later than the 10th day of each month, the gaming operator licensed under section 6 of this 2010 Act shall pay 25 percent of the adjusted gross revenues from the preceding calendar month to the Oregon State Lottery.**

**(b) Not later than the 15<sup>th</sup> day of each month, the Oregon State Lottery shall pay into the State Treasury all moneys received from the gaming operator in the month. The State Treasurer shall deposit the moneys in the Oregon Job Growth, Education and Communities Fund.**

(c) The moneys in the Oregon Job Growth, Education and Communities Fund are continuously appropriated to the Oregon State Lottery for the allocations required by section 3 of this 2010 Act.

(2) As used in this section, "adjusted gross revenue" means the total of all cash and property, except nonredeemable credits, received from the games authorized under section 7 of this Act at the property identified in section 14 of this 2010 Act, less the amount of cash, cash equivalents, credits and prizes paid to patrons of the games.

**SECTION 5.** (1) As used in sections 4, 6, 7, 8, 9, 10, 12, 13 and 15 of this 2010 Act, "gaming operator" means:

(a) The owner of the property identified in section 14 of this 2010 Act, if the owner is the person operating the games authorized by section 7 of this 2010 Act; or

(b) If the owner is not the person operating the games, then the person that the owner authorizes to operate the games.

(2) As used in sections 8 and 10 of this 2010 Act:

(a) "Gaming area" means the physical locations within the destination resort casino described in section 6 of this 2010 Act where the games authorized by section 7 of this 2010 Act are in operation or where transactions related to the games occur.

(b) "Gaming employee" means:

(A) A person employed in the operation or maintenance of the games authorized by section 7 of this 2010 Act;

(B) A person employed in a gaming area except for a person engaged exclusively in preparing or serving food or beverages;

(C) A person who manages an activity on the property described in section 14 of this 2010 Act that is conducted while games authorized by section 7 of this 2010 Act are in operation; and

(D) Any other person who, in the judgment of the Oregon State Lottery Commission, is so regularly employed to work in a gaming area that licensing the person is in the best interests of the public.

**SECTION 6. (1) The Oregon State Lottery Commission shall issue a 15-year license to the gaming operator to operate the games authorized under section 7 of this Act if the commission determines that the gaming operator:**

- (a) Is of good moral character, honesty and integrity;**
- (b) Has a good prior record, reputation, habits and associations;**
- (c) Has adequate business competence and experience in gaming;**
- (d) Does not pose a threat to the public interest of this State or the effective regulation and control of gaming;**
- (e) Is in all other respects qualified and found suitable, consistent with the policy of the State as reflected by this 2010 Act; and**
- (f) Will, during the term of the license, construct and operate a destination resort casino and make an investment of at least two hundred fifty million dollars (\$250,000,000) in the development of the destination resort casino on or adjacent to the property identified in section 14 of this 2010 Act.**

**(2) The commission shall, at the expiration of a license, renew the license for an additional 15 years if the gaming operator:**

- (a) Retains the qualifications required by subsection (1)(a) of this section; and**
- (b) Will, during the term of the renewed license, operate a destination resort casino on or adjacent to the property identified in section 14 of this 2010 Act.**

**(3) The gaming operator must obtain all necessary building and land use permits for the destination resort casino described in subsections (1) and (2) of this section.**

**(4) The commission shall:**

**(a) Grant or deny the license required by subsection (1) of this section within 60 days of the commission's receipt of the application for the license.**

**(b) Grant or deny the renewed license required by subsection (2) of this section within 60 days of the commission's receipt of the application for the renewed license.**

**(5) If the commission proposes to deny or to refuse to renew the license required by subsections (1) or (2) of this section, the commission shall serve written notice, in the**

manner prescribed for contested case proceedings in ORS 183.415, on the gaming operator, directing the gaming operator to:

(a) Notify the Oregon State Lottery Director within 30 days of the service of the notice if the gaming operator seeks a review of the proposed denial or refusal to renew the license in the manner provided for contested case proceedings in ORS 183.413 to 183.470; and

(b) Set forth in any notification under paragraph (a) of this subsection the gaming operator's reasons why the license should be granted or renewed.

(c) The gaming operator may, at the gaming operator's election, obtain judicial review of the commission's order under ORS 183.482 or 183.484.

**SECTION 7.** (1) The gaming operator licensed under section 6 of this 2010 Act may operate:

(a) Up to 3,500 electronic gaming devices;

(b) Up to 150 table games or other games; and

(c) Keno.

(2) The gaming operator may not offer live animal racing or sports bookmaking.

(3) As used in this section:

(a) "Consideration" means:

(A) A token, coin, bill, ticket or other similar object or thing of value; and

(B) Any other thing of value obtained through the use of any electronic payment system except a credit card or debit card.

(b) "Device" means:

(A) Any mechanical or electrical contrivance, terminal, or machine, regardless of whether the contrivance, terminal, or machine is capable of downloading games from a central server system; and

(B) The associated equipment necessary to conduct the operation of the contrivance, terminal, or machine.

(c) "Electronic gaming device" means a device that, upon payment of consideration, whether by reason of skill or the element of chance or both, may deliver to or entitle the

**person playing or operating the device to receive:**

**(A) Cash;**

**(B) Bills, tickets, tokens or electronic credits to be exchanged for cash;**

**(C) Merchandise; or**

**(D) Any other thing of value.**

**(d) "Other games" means any game of chance other than a table game that the Oregon State Lottery Commission may authorize, including but not limited to, mixed-use platforms, networking and progressive gaming.**

**(e) "Table game" means any house-banked game played with cards, dice, equipment or any device, including but not limited to blackjack, twenty-one, poker, craps, roulette, or any variations of these games approved by the commission.**

**(4) An electronic gaming device may use spinning reels, video displays, or both.**

**(5) An electronic gaming device shall:**

**(a) Theoretically pay out a mathematically demonstrable percentage of all amounts wagered that is not less than 80 percent for each wager available for play on the device.**

**(b) Be certified by an independent entity as accurate and functioning properly.**

**(6) Devices authorized under subsection (1) of this section are specifically exempted from the provisions of 15 U.S.C. § 1172.**

**(7) This 2010 Act neither authorizes nor prohibits the gaming operator from offering games or activities that are lawful under other state laws, including off-race-course mutuel wagering under ORS 462.700 to 462.740.**

**SECTION 8. (1) A gaming employee may not work in a gaming area without a license issued by the Oregon State Lottery Commission.**

**(2) The commission may suspend, revoke or refuse to issue to or to renew the license if the commission determines that the applicant:**

**(a) Does not have a good record of compliance with the gaming laws and rules of this state or of any other state.**

**(b) Has been convicted of a crime involving moral turpitude or of any gambling or gambling-related offense.**

(c) Has violated a rule adopted to implement this 2010 Act.

(d) Should not, in the best interest of the safety, welfare, health, peace and morals of the people of the state, be permitted a license.

(3) The gaming operator may not:

(a) Permit a person under 21 years of age to play the games.

(b) Pay winnings from games to a person under 21 years of age.

**SECTION 9.** (1) Not later than February 1 of every year, the Oregon State Lottery Commission shall submit to the people, the Governor, and the Legislative Assembly a report on the gaming activities carried out under the authority of this 2010 Act in the preceding year and the disbursements from the Oregon Job Growth, Education and Communities Fund in the preceding year.

(2) The commission may require the gaming operator to provide periodic reports on gaming activities, including but not limited to all financial, business, management, and operating records directly related to the gaming activity on the property identified in section 14 of this 2010 Act.

(3) The commission shall obtain independent audits of:

(a) Financial records directly related to the gaming activity on the property identified in section 14 of this 2010 Act; and

(b) Payments by the gaming operator to the Oregon State Lottery for deposit into the fund.

(4) Subject to section 10 of this 2010 Act, the commission may include a summary of the information obtained under subsections (2) and (3) of this section in the report required by subsection (1) of this section.

**SECTION 10.** (1) Except as provided in subsection (2) of this section, the Oregon State Lottery may not disclose a record to the extent that the record:

(a) Was provided by a confidential source or informant and relates to the background of the gaming operator, a gaming employee, an applicant for a license under section 8 of this 2010 Act or the owner of the property identified in section 14 of this 2010 Act.

**(b) Relates to security measures of the Oregon State Lottery, the gaming operator or the owner of the property identified in section 14 of this 2010 Act.**

**(c) Consists of personal history forms or questionnaires, disclosure forms, or financial statements and records of the gaming operator, a gaming employee, an applicant for a license under section 8 of this 2010 Act or the owner of the property identified in section 14 of this 2010 Act unless the information in the forms, questionnaires, statements or records is information required to be made public by the Securities Exchange Act of 1934 or regulations adopted pursuant to that Act.**

**(d) Relates to surveillance and security techniques, procedures, or practices of the Oregon State Lottery, the gaming operator or the owner of the property identified in section 14 of this 2010 Act.**

**(e) Relates to trade secrets or the design of experimental gaming devices and equipment.**

**(f) Consists of proprietary architectural construction, schematic or engineering plans, blueprints, specifications, computer programs or software, or economic or financial calculations that relate to authorized gaming activities on the premises where authorized gaming activities are conducted or to be conducted.**

**(g) Results from or is part of a background investigation of the gaming operator, a gaming employee, an applicant for a license under section 8 of this 2010 Act or the owner of the property identified in section 14 of this 2010 Act.**

**(h) Relates to an investigation into a possible violation of law or rule for which the Oregon State Lottery has not made a final determination to seek civil or criminal penalties.**

**(2) The Oregon State Lottery may disclose records described in subsection (1) of this section:**

**(a) To a law enforcement officer of the United States, this state or of any political subdivision of this state; or**

**(b) With the consent of the person providing the information in the record.**

**SECTION 11. To achieve as much consistency as possible in the regulation of gaming activities among the states that permit gaming activities, when adopting rules to**

implement this 2010 Act, the Oregon State Lottery Commission shall give primary consideration to adopting rules that are consistent with the laws and rules adopted in states that permit gaming.

**SECTION 12.** (1) In addition to any other liability or penalty provided by law, the Oregon State Lottery Commission may impose a civil penalty on the gaming operator licensed under section 6 of this 2010 Act for:

(a) Violation of a term or condition of the license issued under section 6 of this 2010 Act; or

(b) Violation of this 2010 Act or a rule of the commission adopted to implement this 2010 Act.

(2) Before imposing a civil penalty, the commission shall prescribe a reasonable time for elimination of a violation:

(a) Not to exceed 30 days after first notice of a violation; or

(b) In cases where the violation requires more than 30 days to correct, the time that is specified in a plan of correction found acceptable by the commission.

(3) A civil penalty imposed under this section may be remitted or reduced upon the terms and conditions that the commission considers proper and consistent with the public health and safety.

(4) Any civil penalty under this section shall be imposed in the manner provided in ORS 183.745.

(5)(a) After public hearing, the commission by rule shall adopt a schedule establishing the civil penalties that may be imposed under this section.

(b) In imposing a penalty pursuant to the schedule adopted pursuant to this subsection, the commission shall consider the following factors:

(A) The past history of the gaming operator incurring a penalty in taking all feasible steps or procedures necessary or appropriate to correct any violation.

(B) Prior violations by the gaming operator of statutes or rules pertaining to gaming.

**(C) The extent to which the violation poses an immediate threat to the health, safety and well-being of the public.**

**(c) The civil penalty shall not exceed \$50,000 for each violation.**

**(6) All penalties recovered under this section shall be paid into the State Treasury and credited to the General Fund.**

**(7)(a) If the commission determines that the imposition of a civil penalty has been insufficient to cause the gaming operator to remedy a violation, the commission may suspend or revoke the license granted under section 6 of this 2010 Act.**

**(b) Prior to suspending or revoking the license, the commission shall serve written notice in the manner prescribed for contested case proceedings pursuant to ORS 183.415.**

**(c) The gaming operator shall have 20 days from the date of receiving the notice to make written application for a hearing before the commission.**

**(d) The hearing, if requested, shall be conducted as a contested case hearing pursuant to ORS 183.413 to 183.470.**

**(e) Judicial review of an order made after a hearing under this subsection shall be, at the election of the gaming operator, as review of an order in a contested case under ORS 183.482 or as review of an order in other than a contested case under ORS 183.484.**

**SECTION 13. (1) ORS 162.305, 164.377, 166.715, 167.117, 167.122, 167.127, 167.132, 167.137, 167.147, 167.162, 167.164, 167.166, 461.210, 461.215, 461.217, 461.400, 461.445, 461.535, 461.548, 461.725, and 464.250 do not apply to games and gaming authorized by section 7 of this 2010 Act.**

**(2) This 2010 Act does not repeal or modify existing state or local laws on gambling except that state or local laws that would prohibit, deter or punish the games and gaming authorized by section 7 of this 2010 Act do not apply to the games and gaming authorized by section 7 of this 2010 Act.**

**(3) A local government as defined in ORS 174.116 may not adopt or enforce an ordinance, rule or regulation that limits the authority conferred by this 2010 Act.**

**(4) Payments by the gaming operator to the Oregon State Lottery for deposit into the Oregon Job Growth, Education and Communities Fund and to the State Gaming**

Accountability Fund are excluded from Oregon taxable income under ORS chapter 316, 317 or 318.

**SECTION 14.** The games authorized by section 7 of this 2010 Act may be offered only at the location of the former greyhound racing site, historically known as the Multnomah Kennel Club, located generally at 944 NE 223<sup>rd</sup> Avenue, Wood Village, Oregon, 97060, and more specifically described as follows:

A tract of land located in the Northeast and Northwest one-quarters of Section 34 and the Southeast and Southwest one-quarters of Section 27, in Township 1 North, Range 3 East of the Willamette Meridian, in the City of Wood Village, Multnomah County, Oregon, more particularly described as follows:

Commencing at the Southwest corner of the Addison C. Dunbar Donation Land Claim No. 41, said point being at the center line intersection of N.E. Glisan Street and N.E. 223<sup>rd</sup> Avenue; thence North 00°09'30" West along the center line of N.E. 223<sup>rd</sup> Avenue, a distance of 868.27 feet; thence East, a distance of 45.00 feet to a point on the East right of way line of N.E. 223<sup>rd</sup> Avenue, 45.00 feet from the center line thereof, measured perpendicular thereto, said point being the true point of beginning of the tract herein described; thence North 00°09'30" West along said right of way line, a distance of 764.71 feet to a point on the South line of Stanley Avenue (now vacated) as dedicated in the plat of Wymore; thence South 89°51'24" East along said South right of way line, a distance of 931.36 feet to a point that is at the intersection of said right of way line and a line 121.00 feet East of the West line of Tract 12 of the plat of Wymore; thence North 00°08'07" East, parallel with the West line of said tract, a distance of 360.00 feet to the center line of Leroy Avenue (now vacated) as dedicated in the plat of Wymore; thence North 89°51'24" West along said center line, a distance of 6.00 feet to a point that is at the intersection of the center line of said avenue, and a line 115.00 feet East of the West line of Tract 5 of the plat of Wymore; thence North 00°08'07" East, parallel with the West line of said tract, a distance of 335.00 feet to the South right of way line of Arata Road, 25.00 feet from the center line thereof, measured perpendicular thereto; thence South 89°51'24" East, along said right of way line, a distance of 527.08 feet; thence South leaving said right of way line, a distance of 1214.83 feet; thence South 89°59'50" West, a distance of 459.07 feet; thence South 21°57'20" West, a distance of 110.34 feet; thence South 89°49'21" West, a distance of 30.02 feet; thence South 00°00'19" East, a distance of 138.79 feet; thence West, a distance of 921.64 feet to the point of beginning.

**SECTION 15.** (1) Except for the moneys provided by the gaming operator under subsections (3) and (4) of this section, the Oregon State Lottery may not expend public funds for the administration of this 2010 Act.

(2) The State Gaming Accountability Fund is established separate and distinct from the General Fund. Interest earned by the State Gaming Accountability Fund shall be credited to the State Gaming Accountability Fund.

(3) On the later of the effective date of this 2010 Act and the affirmative vote of the electors of the host city under ORS 227.172, the gaming operator shall pay \$1 million to the Oregon State Lottery.

(4)(a) In addition to the payment of adjusted gross revenues required by section 4 of this 2010 Act, not later than March 1 of each year beginning the year after the payment required by subsection (3) of this section, the gaming operator shall pay to the Oregon State Lottery an amount equal to \$2 million increased by the inflation factor.

(b) As used in this subsection:

(A) "Inflation factor" means the percentage (if any) by which the monthly averaged U.S. City Average Consumer Price Index for the 12 consecutive months ending December 31 of the prior calendar year exceeds the monthly averaged index for the 12 consecutive months ending December 31 of the year preceding the prior calendar year.

(B) "U.S. City Average Consumer Price Index" means the U.S. City Average Consumer Price Index for All Urban Consumers (All Items) as published by the Bureau of Labor Statistics of the United States Department of Labor.

(5) The Oregon State Lottery shall pay into the State Treasury all moneys received from the gaming operator under subsections (3) and (4) of this section. The State Treasurer shall deposit the moneys in the State Gaming Accountability Fund.

(6) The moneys in the State Gaming Accountability Fund are continuously appropriated to the Oregon State Lottery for the purpose of administering this 2010 Act.

**SECTION 16.** (1) Notwithstanding any other law, the amount of \$1 million is established for the biennium beginning July 1, 2009, as the maximum limit for payment of the administrative expenses of the Oregon State Lottery from the State Gaming

**Accountability Fund.**

**(2) Notwithstanding any other law, the amount of \$4 million is established for the biennium beginning July 1, 2011, as the maximum limit for payment of the administrative expenses of the Oregon State Lottery from the State Gaming Accountability Fund.**

**SECTION 17.** ORS 320.011 is amended to read:

320.011. (1) An excise tax is imposed upon every person for the privilege of operating an amusement device within this state. The tax shall be imposed as provided in subsection (2) of this section and ORS 320.012.

(2) The tax shall be \$125 for operating an amusement device during the tax year.

(3) If an amusement device is not in operation in each quarter of the tax year, the tax imposed under this section shall be prorated, based on the number of calendar quarters in which the amusement device was operating for one day or more.

(4) The tax imposed by this section is in addition to all other excises, taxes, fees or other charges and shall not be used to reduce amounts otherwise accruing to the State Lottery Fund under contracts or agreements with lottery operators or retailers or in any other manner.

**(5) The tax imposed by this section does not apply to the operation of an electronic gaming device authorized by section 7 of this 2010 Act.**

**SECTION 18.** ORS 409.435 is amended to read:

409.435. (1) There is established in the State Treasury, separate and distinct from the General Fund, the Problem Gambling Treatment Fund. All moneys in the Problem Gambling Treatment Fund are continuously appropriated to the Oregon Health Authority to be expended for programs for the prevention and treatment of gambling addiction and other emotional and behavioral problems related to gambling and for the administration of the programs.

(2) The Problem Gambling Treatment Fund shall consist of:

(a) The net proceeds from the Oregon State Lottery allocated to the fund under ORS 461.549;

(b) Moneys appropriated to the fund by the Legislative Assembly;

**(c) Moneys allocated from the Oregon Job Growth, Education and Communities Fund under section 3 of this 2010 Act; and**

[(c)] (d) Interest earnings on moneys in the [fund] **Problem Gambling Treatment Fund.**

**SECTION 19.** ORS 461.100 is amended to read:

461.100. (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 **and the Oregon Job Growth, Education and Communities Fund Act.** In all decisions, the commission shall take into account the particularly sensitive nature of the lottery **and the games authorized by section 7 of this 2010 Act** and shall act to promote and insure integrity, security, honesty and fairness in the operation and administration of the state lottery **and the games authorized by section 7 of this 2010 Act.**

(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 Standards and Practices 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.

**SECTION 20.** ORS 461.110 is amended to read:

461.110. (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 **and the games authorized by section 7 of this 2010 Act** 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.

**SECTION 21.** ORS 461.120 is amended to read:

461.120. (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 **and the Oregon Job Growth, Education and Communities Fund Act.**

**SECTION 22.** ORS 461.150 is amended to read:

461.150. (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 **and administer the Oregon Job Growth, Education and Communities Fund Act** 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 **and to regulate the games authorized by section 7 of this 2010 Act.** 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 **and the Oregon Job Growth, Education and Communities Fund Act.** 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 the games authorized**

**by section 7 of this 2010 Act, and shall act to promote and insure integrity, security, honesty and fairness of the operation and administration of the state lottery and the games authorized by section 7 of this 2010 Act.**

(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 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 Standards and Practices Commission and shall be subject to the provisions of ORS chapter 244.

**SECTION 23.** ORS 461.190 is amended to read:

461.190. (1) 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:

(a) [t] 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.

(b) **The games authorized by section 7 of this 2010 Act, including but not limited to, an examination of the background of the gaming operator, the owner of the property identified in section 14 of this 2010 Act and licensees and applicants for licenses under**

**section 8 of this 2010 Act.**

(2) 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.

(3) 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 **and the games authorized by section 7 of this 2010 Act**. 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.

(4) **As used in this section, “gaming operator” has the meaning given that term in section 5 of this 2010 Act.**