



VLT Equipment Management Proposed Rule Changes

Kris Skaro, rules and policy analyst

April 21, 2023

Proposed Changes

01

Repeal the Pause.

02

Establish
Quarterly Waitlist
Process for Video
Applications.

03

Increase the
Weekly Sales
Requirement for
VLTs.

04

Increase Video
Contract
Application
Requirements.

05

Limit Use of
Temporary
Contracts.



Repeal Pause and Establish Waitlist.

- Repeal the pause on processing applications that went into effect 12/19/21.
- Establish a waitlist. Applicants can join online.
- Each quarter, the Director will determine the number of Video Lottery contract applications that will be processed.
 - Based on inventory and whether contracts will maximize revenue commensurate with the public good.
- Lottery will process applications in the order received or may prioritize based on sales history/potential or geographic location.
- Exemptions (same as pause):
 - Tribally owned businesses
 - Some Video contract applications like sale of business, change of ownership.



Increase Weekly Sales Requirement

- Currently \$2,667 dollars played per week per terminal.
 - This amount has not been increased in well over a decade.
- Proposed to increase to \$10,000 average dollars played per week per terminal.
 - Allows Lottery to maximize revenue without expanding our footprint.
- Average retailer had \$26,576 in dollars played per VLT per week in 2022.
 - ~88% of current retailers meet the \$10,000 requirement.
 - ~12% of 250 of current retailers do not.
- Lottery will do a phased review of sales performance and inventory needs to determine when removals will occur.
- Impact on retailers that lose a VLT varies but most play (77%) migrates to remaining VLTs.
 - Lottery doesn't not remove a VLT from a retailer if the retailer only has one VLT.



Increase Video Contract Application Requirement

- Applicant must be open and operating for at least nine months before starting an application.
- Waiver available for current retailers:
 - Who have two or more locations for at least two years.
 - Whose new location will have the same ownership and business model as other locations.
 - Lottery has no FISH concerns.



Limit on Temporary Contracts

- Temporary contracts won't be used for new Video installations.
 - Prevent Lottery from installing VLTs at a location that is not ultimately approved for a regular contract.
- Will still be used for traditional contracts and some types of Video, such as sale of business, change of ownership, and the like.



What's Next?

- Lottery is currently contacting interested parties (including all current Video Lottery retailers) to explain the changes, answer questions, and take public comment.
 - Comments can be sent to lottery.adminrules@lottery.Oregon.gov until 5/31/23 at 5 p.m.
 - Lottery will take comment at a virtual hearing on Teams on 5/16/23 at 10 a.m.
 - Commission will receive a summary of all comment received in June.
- Lottery will present final recommended rules to Commission in June.
- If approved, rules take effect July 1, 2023.