

An Interesting New Law Passed by the Oregon Legislature Impacts the State Taxation of Lottery Winnings

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Oregon House Bill 3115 ("HB 3115") was sponsored by Representatives John Lively (D) and Kimberly Wallan (R). It was co-sponsored by Representatives Tom Anderson (D), David Gomberg (D) and Nathan Sosa (D).

[HB 3115](#) was introduced in the Oregon House of Representatives ("House") on January 13, 2025. It passed the House on March 17, 2025. The legislation was introduced in the Oregon Senate ("Senate") on March 18, 2025. It passed in the Senate on April 29, 2025. The bill was signed by the Speaker of the House and the President of the Senate on May 1, 2025. Governor Kotek signed HB 3115 on May 8, 2025. The bill becomes law 91 days following adjournment *sine die* (i.e., the final adjournment of the legislative session).

This unique piece of legislation is aimed at ensuring the integrity of the Oregon Lottery is maintained. To achieve that goal, the bill does three things:

1. To prevent fraudulent activities and exploitation of the lottery system, it strictly prohibits the transfer for consideration of winning lottery tickets.
2. For lottery tickets transferred for consideration in violation of the law for tax years beginning on January 1, 2026, to the extent the consideration paid for the ticket is deductible for federal income tax purposes, it must be added back to income for Oregon income tax purposes.
3. The name and address of lottery winners are exempt from disclosure as public records and may not be disclosed without authorization of the winner.

In part, HB 3115 seeks to prevent a practice commonly called "discounting" from occurring. In general, discounting occurs when lottery winners sell their tickets for less than full value to avoid having to travel to the lottery headquarters to claim the winnings and/or when the lottery winners are trying to hide their winnings from the tax authorities and/or creditors. Additionally, HB 3115 allows lottery winners anonymity. Together, these provisions of the bill are designed to help protect lottery winners from scammers and other people with nefarious motivations.

Nobody can deny that the motivation behind HB 3115 is good. Protecting unsuspecting

lottery winners from scammers who attempt to buy their winning lottery tickets for less than the amount of the purse is commendable. The twist added by lawmakers of taxing culprits who violate the law (i.e., buying a winning lottery ticket from the true winner for presumably less than the purse) on the full amount of the winnings (i.e., denying the culprit's cost as a deduction) is simply genius! They have put teeth into this worthy law that should help regulators obtain compliance.

While HB 3115 may never apply to most taxpayers, it is a noteworthy new law for which lawmakers deserve applause. Their approach to ensuring compliance is unique and will hopefully be effective.

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