

## Legislative Prep Worksheet - LOTTO

### 1. Overview

#### **Profits**

- (1) FY15 \$112 million in sales, \$22.8 million in profits.
- (2) FY16 \$115 million in sales, \$23.1 million in profits.

#### **Staff Retirement:**

- (1) 21 lottery staff total with one retirement. Greg stressed that they are very understaffed anyway, but per federal regulation no one employee should get too many “keys” when dealing with gaming. Not replacing the one retirement position could compromise the integrity of lotto in general.

#### **Legislative Issues:**

- 1) House is not friendly to lottery in general, Senate is good.
- 2) Last year lottery marketing budget was cut from \$800k to \$650k. Usually only \$650k is used so this wasn't as bad as it seems, however further cuts could jeopardize profits.
- 3) Last year no lottery in bars, however statute has this taking effect July, 2016 so there is still time to repeal. The 25 game consoles in bars, which the new law is aimed at prohibiting, are doing very well. The question for us is how much do we want to push a repeal of the bar prohibition, if at all? It would start in the Senate.
- 4) Break open ticket sales total anywhere from \$80 million to \$200 million and have nothing to do with our lottery and aren't regulated in any way. Profits are required to be donated to a non-profit chosen by the bar/fraternal organization but there is no regulatory oversight or audits.
- 5) Some legislators may move to get a higher commission for agents who currently receive six percent of profits.

#### **Discussion of online gaming:**

- 1) Eventually online gambling will start to take away profits from traditional gaming.
- 2) Michigan has a state-run online gaming infrastructure.