

A Proposal to Create an Alaska State Lottery Corporation



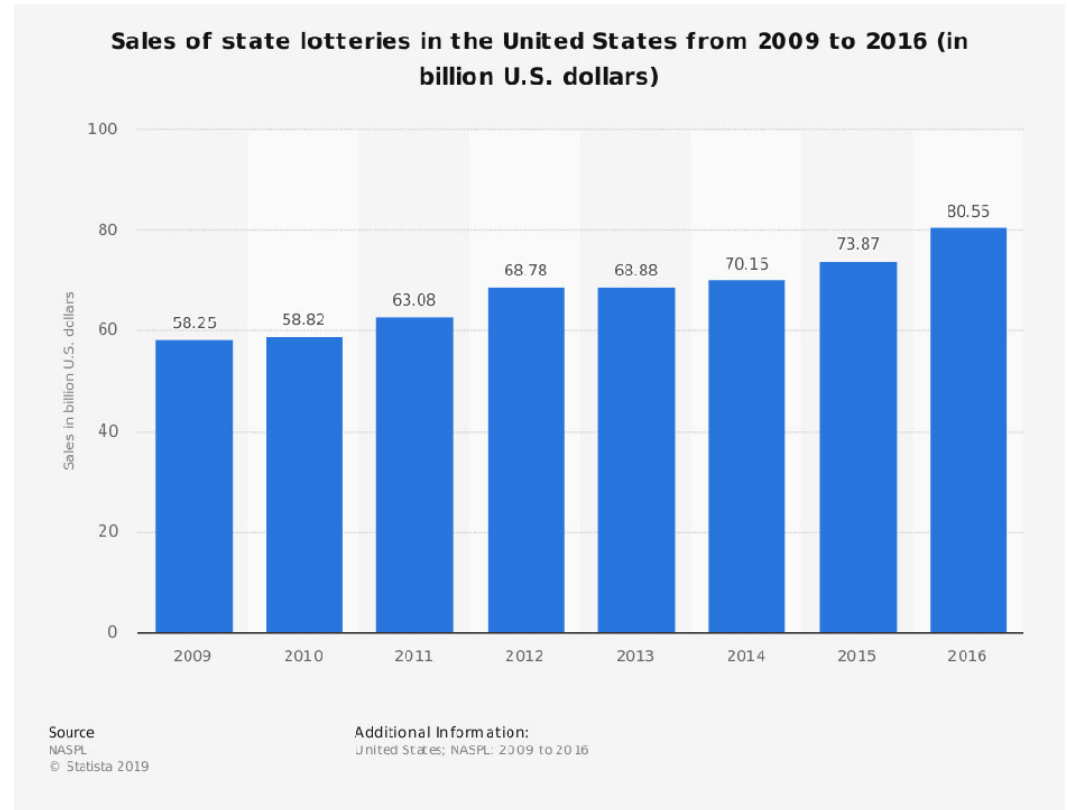
Lottery History

- New Hampshire 1964
- Instant Scratch-Off Tickets 1970
- Multi-State Draw Games
 - Powerball 1988
 - Mega Millions 1996
- 45 States Currently Operate Lotteries



Lotteries Are A Significant Revenue Source

- Total National Sales \$85.6 Billion in 2018
- Total Revenues Returned to States \$23.4 Billion in 2018



No Longer Just Your Grandfather's Lottery!

Traditional Games – 2018 Revenues in \$Billions

- Power Ball, Mega Millions **\$8.3**
– All States
- Other Draw Games **\$15.5** - All States
- Instant Scratch-Offs **\$49.6** – All States Except ND and WY
- Total Traditional **\$73.4**
- Total All Games **\$85.6**

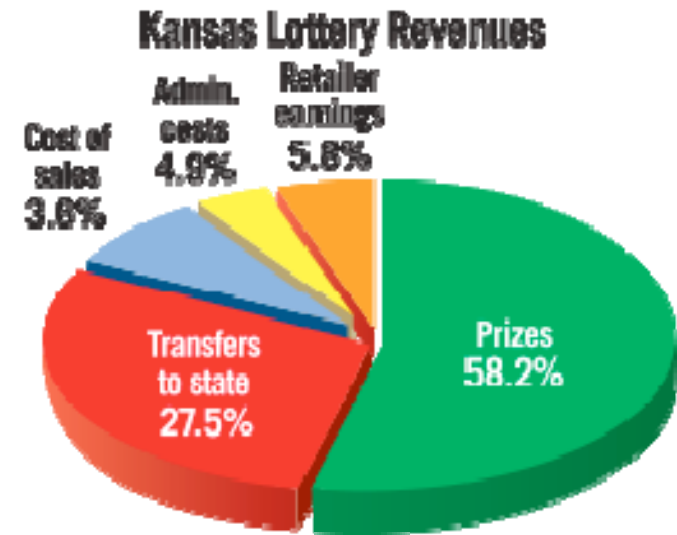
New Games – 2018 Revenues in \$Billions

- Monitor Games Like Keno **\$4.4**
– 19 States Plus DC
- Video Lottery Terminals **\$6.9** – 8 States: DE, MD, NY, OH, OR, RI, SD, WV



Revenue Breakdown Example

- Prize Money 60%
- Retailer Commissions 6%
- Gaming Contractor 10%
- Administration 4%
- Transfer to General Fund 20%



How Are States Like Alaska Doing – 2018 Results

Revenues in \$Million/State Share \$Million/% Return

- Wyoming \$28.70/\$5.0/17.45%
- North Dakota \$31.30/\$8.0/25.6%
- South Dakota \$278.80/\$124.7/44.7%
- Montana \$56.6/\$10.7/18.9%
- Maine \$294.10/\$63.0/21.4%
- Idaho \$265.10/\$53.5/20.2%



Potential Revenues For Alaska

- With Draw Games Only - \$6.5 Million
- Add Instant Scratch-Off Tickets - \$35 Million
- Add Video Lottery Terminals and Monitor Games - \$135 Million

-DOR estimates based on similar states, adjusted for population.



Senate Bill 188

- New Alaska State Lottery Corporation
- Directors Appointed by the Governor
- Broad Authority
 - Select Games
 - Promulgate Regulations
 - Choose Retailers and Contractors



Possible Implementation Schedule

- Legislative Approval this Session
- Board Directors Appointed Summer 2020
- Executive Director Hired by Fall 2020
- Organization Year FY 21 Including:
 - Hire Consultant and Gaming Contractor
 - Appoint Retailers
 - Background Checks
- FY 22 Break Even
- FY23 Transfers to the General Fund



Appropriations – Potential Request

- FY 21 - \$3 Million Capital Appropriation Request with Additional Authority to Borrow Funds
- FY22 – Break Even
- FY 23 and Beyond – Payments to the State General Fund

