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HB

329

HB 329 File Contents

April 18, 1985 Meeting

1) Bill Summary -- Legislative Reporting Service

2) Overview -- Roger Poppe, Committee Aide

3) Sectional Analysis -- Rep. Schultz' office

4) Background on HB 329 -- Rep. Schultz' office

5) Alaska Statutes: AS 23.20.525-26

6) Fiscal Note, analysis, and Position Statement -- Dept. of Labor

HB 328 (cont'd)

Introduced March 27 and referred to Labor & Commerce.

Child Employment

HOUSE BILL NO. 329, by Reps. Shultz and Marrou. Would exclude from the definition of employment in the Alaska Employment Security Act (AS 23.20) "...service performed by a child under the age of 19 who is either in the employ of the child's father or mother or attending school and employed outside required school hours or during school vacation." Note: the law currently reads: "Exclusions from the definition of 'employment.' (a) In this chapter, unless the context otherwise requires, 'employment' does not include... service performed by a child under the age of 18 in the employ of the child's father or mother." The amendment would apply only to service performed after this law takes effect. Provides Act takes effect immediately.

Introduced March 27 and referred to Labor & Commerce, Judiciary.

Criminally & Exploited Children (spec. Trooper unit)

HOUSE BILL NO. 330, by Reps. Cotten, Hanley, Szymanski, Phillips, Taylor, Jenkins, Sund & Cotten. See SB 219, page 392, similar topic. Would establish in the Dept. of Public Safety, Division of State Troopers, a special unit for investigating incidents of missing children and the criminal exploitation of children. Would require the Commissioner of Public Safety to submit annually a report to the Legislature concerning the activities of the special unit. Provides Act takes effect July 1, 1985.

Introduced March 27 and referred to State Affairs, Judiciary, Finance.

Commercial Fishing Gear (2nd degree theft)

HOUSE BILL NO. 331, by Reps. Thompson, Sund and Marrou. See Senate Bill 245, page 472, identical.

Introduced March 27 and referred to the House Special Committee on Fisheries, Judiciary, Finance.

Mobile Home Park Eviction

HOUSE BILL NO. 332, by Reps. Gruenberg, Jenkins, Pourchot and Uehling. See Senate Bill 188, page 336, nearly identical --prohibits the eviction of a mobile home, mobile home park dweller or tenant (Senate version did not include tenant). Remaining language identical.

Introduced March 27 and referred to Judiciary.

Appropriation (special) (Small World)

HOUSE BILL NO. 333, by Rep. Thompson. Makes a special appropriation in the amount of $1,007,975 to the Dept. of Community & Regional Affairs for payment as a grant to Small World, Inc., for construction of a nonprofit developmental daycare and preschool center in Kodiak. Appropriation to be disbursed in accordance with laws governing grants to named recipients. Provides Act takes effect immediately.

Introduced March 27 and referred to Community & Regional Affairs, Finance.

ANALYSIS OF HB 329

Section 1. AS 23.20.526 (a) (4) is amended to include a child under the age 19 and who is either employed by his father or mother or attending school and employed outside required school hours or during school vacation.

Section 2. The amendment to AS 23.20.526 (a) (4) in Sec. 1. of this Act applies to service performed after the effective date of this Act.

Section 3. Act takes effect immediately.

BACKGROUND OF HB 329

YOUNG PEOPLE CONTRIBUTE TO THE UNEMPLOYMENT COMPENSATION PROGRAM WHEREEVER THEY WORK UNLESS THEY ARE WORKING FOR THEIR FOLKS AND ARE UNDER 18.

SOME OF THESE YOUNG PEOPLE PUT THEMSELVES THROUGH SCHOOL BY WORKING PART TIME FOR SOME ONE OTHER THAN THEIR OWN PARENTS. THEY MAKE THEIR CONTRIBUTIONS TO THE UNEMPLOYMENT COMPENSATION PROGRAM BUT THEY DON'T WORK ENOUGH QUARTERS TO BE ABLE TO DRAW ANY BENEFITS. THIS BILL WILL EXEMPT THOSE PEOPLE UP TO THE AGE 19 AND WORKING ON A PART TIME BASIS FROM CONTRIBUTING.

THIS BILL HAS BEEN NEEDED FOR YEARS AND WILL ALLOW MORE TAKE HOME PAY FOR THE PERSON WORKING PART TIME WHO CAN'T DRAW ANY BENEFITS FROM UNEMPLOYMENT COMPENSATION.

STATE OF ALASKA 1985 LEGISLATIVE SESSION

FISCAL NOTE

Revision Date:

REQUEST

Bill/Resolution No.: HB 329

Title: "An Act excluding certain service from... Employment Sec. Act

Sponsor: Schultz and Harrod

Requestor: House Labor & Commerce

Date of Request: 04-01-85

FISCAL DETAIL

Agency Affected: Labor

Program Category Affected: Social Services

BRU, Program or Subprogram(s) Affected: Employment Security

Unemployment Insurance

EXPENDITURES/REVENUES: (Thousands of Dollars)

OPERATING	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 SUPPLIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS						
800 MISCELLANEOUS						
TOT OPERATING	0	0	0	0	0	0
CAPITAL						
REVENUE						

FUNDING: (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	0	0	0	0	0	0

POSITIONS:

FULL-TIME	0	0	0	0	0	0
PART-TIME						
TEMPORARY						

ANALYSIS: Attach a separate page if necessary

Prepared By: John W. Shay, Jr. Phone: 465-2712

Division: Employment Security Date: 04-02-85

Approved by Commissioner: Jim Robison Date: 04-02-85

Agency: Labor

Distribution (by Agency preparing fiscal note):

Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

7/1/84

Bill No. HB No. 329

Date April 17, 1985

Title "An Act excluding certain service from the definition of employment in the Alaska Employment Security Act; and providing for an effective date."

Contact: Harry Sturrock 465-2712
Eileen Plate 465-2700

The Department of Labor opposes the proposed exclusion from UI coverage of individuals under the age of 19 who are attending school, as proposed in HB 329. The current provision excludes individuals under the age of 18 who are engaged in "family" employment. This exclusion is narrow and specific. The proposed amendment in HB 329, by raising the age limit and including school attendees, rules out a much larger class of workers, many of whom we believe should be compensable under the principles of the Unemployment Insurance program.

Not all of these individuals are full-time students with minimal labor force attachment. Many of them actually reverse the normal pattern of school attendance and work --- attending school only a few hours per day or week and working virtually full-time. The proposed amendment would deny these individuals along with full-time students. In addition, many of these younger workers are (or will be) attempting to enter the labor market for the first time, and they will tend to experience longer periods of unemployment while establishing themselves in an occupation. We believe it is consistent with the purpose of the UI program that wage credits be available to these workers during this period.

While we agree that students who are not in the labor market and not attempting to find work when filing UI claims should be denied benefits, current eligibility criteria in the Act are already sufficient to disqualify these individuals (see AS 23.20.378(c). Disqualifying ineligible individuals when they file is by far more equitable than simply denying coverage in advance to a whole class of individuals without regard to what their labor market attachment may be at the time they actually file claims.

Of course, one presumed result of the proposed amendment would be a net tax savings to employers in industries with a significant "student" work force. While no precise statistics are available at this time, the effect can be predicted, and we believe the perceived savings may be illusory.

Each employer is required to pay a federal unemployment tax of 6% (plus a .2% surcharge) on the first $7,000 of wages of each employee. A credit of up to 90% of the basic federal tax (i.e. a credit of 5.4% leaving a net tax plus surcharge of .8%) is available to an employer who pays into an approved state UI trust fund.

POSITION PAPER/Department of Labor

The credit is two tiered: the first tier is the amount of state tax the employer actually pays on his covered employees, and the second tier is the amount the employer would have paid on his covered employees if taxed at the highest state rate. Because both federal and state unemployment taxes are aggregated in figuring the credit, the available credit is dependent on the number of employees covered under state law and the amount of wages paid to them. Employers would continue to be liable for the 6.2% federal tax on the first $7,000 in wages of the affected employees. In order to realize a net tax savings the employer must pay sufficient taxable wages to remaining employees to generate enough federal tax credit to make up for the loss of credit on the affected employees and/or realize sufficient state tax savings after excluding the "student" employees to offset the additional federal tax liability on these employees caused by the loss of the credit. Unless the employer pays yearly wages well in excess of the $7,000 federal tax base on his student employees or has sufficient other highly paid employees to generate "excess" credit, the employer may actually pay an increased total federal/state tax under the proposed exclusion, as described in the example shown on the attached.

During 1984, 1,566 youth, 19 years and younger, were paid unemployment insurance benefits. Although these persons were not students when being paid UI, it is assumed a majority of them earned these wages qualifying them for UI while attending school.

There will also be additional administrative and record keeping problems associated with the proposed exclusion. Employers would be required to verify the age and school attendance of the excluded employees, and both of these factors would vary over time.

Approved

Jim Robison
Commissioner

EXAMPLE

Assumptions: Food Service establishment: 10 employees; 2 management and 8 youth.
Managers earn $30,000 per year and youth earn $7,000 per year.
Current average state UI rate for food service is 2.4%. State UI wage base is $21,800.
FUTA charges for employer is 6.2% of $7,000 (.8% if state law in conformity).

CURRENT LAW

State UI

$21,800 x 2 =	$43,600
$ 7,000 x 8 =	$56,000
Total Covered Wages:	$99,600
UI Rate:	x .024
Total State UI tax pd by employer	$2,390.40

FUTA

Total FUTA wages

10 x $7,000 =	$70,000
FUTA rate (.8%) =	x .008
Total FUTA employer pays:	$ 560.00

State UI Tax	$ 2,390.40
FUTA Tax	$ 560.00
Total Tax pd by Employer	**$ 2,950.40**

PROPOSED LAW

State UI

$21,800 x 2 =	$43,600
UI Rate:	x .024
State UI tax pd by employer	$1,046.40

FUTA

Total FUTA wages

10 x $7,000 =	$70,000
FUTA max. rate =	x .062
FUTA takes	$ 4,340.00
minus credit for 2 covered employees:	
$21,800 x 5.4% =	$-2,354.40
Total FUTA for empl.	$ 1,985.60

State UI Tax	$ 1,046.40
FUTA Tax	$ 1,985.60
Total Tax pd by Employer	$ 3,032.00

STATE OF ALASKA 1986 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date : 01/31/86

REQUEST

Bill/Resolution No. : HB 329
Title : "An Act excluding certain service from ... Employment Security Act"

Sponsor : Schultz & Marrou
Requestor : House Labor & Commerce
Date of Request : 3-1-85

FISCAL DETAIL

Agency Affected : Labor
BRU : Employment Security

Components : Unemployment Insurance

EXPENDITURES/REVENUES : (Thousands of Dollars)

OPERATING	FY 86	FY 87	FY 88	FY 89	FY 90	FY 91
PERSONAL SERVICES						
TRAVEL						
CONTRACTUAL						
SUPPLIES						
EQUIPMENT						
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	Ø	Ø	Ø	Ø	Ø	Ø
CAPITAL						
REVENUE						

FUNDING : (Thousands of Dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						
TOTAL	Ø	Ø	Ø	Ø	Ø	Ø

POSITIONS :

FULL-TIME	Ø	Ø	Ø	Ø	Ø	Ø
PART-TIME						
TEMPORARY						

ANALYSIS : Attach a separate page if necessary

Prepared by : /s/ John W. Shay, Jr. Director
Division : Employment Security
Phone : 465-2712
Date : 02/03/86

Approved by Commissioner : /s/ Jim Robison
Agency : Labor
Date : 02/03/86

Distribution (by Agency preparing fiscal note) :
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10/25/85

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Signature of Camera Operator

9/5/89
Date

02-519 (REV 8/78)

HB

338

R E P L A C E M E N T R E V E N U E S --

a Position Paper in Support of an

A L A S K A N L O T T E R Y

From the Office of:
Representative David W. Thompson
Alaska State Legislature

Prepared by:
Bob D. Thomas

November 1985

SUMMARY

As the state of Alaska faces the very real prospect of long-term declining revenues from its number one revenue source while the demand for state government services continues to increase, exploration of new revenue generation sources is necessary. The notion of lotteries, specifically state operated lotteries, is far from a new idea, and although over one-half of the U.S. population lives in states operating lotteries, misinformation abounds regarding them. Lotteries offer state governments a proven method for enhancing their total level of revenue receipts. Lotteries are not designed to solve all the financial woes of any state but can help diversify a total package of revenue generation programs.

Government sponsored lotteries have been around from the birth of this nation and have become an integral part of 22 state government's financial support system. Lotteries provide state governments with an acceptable, predictable, voluntary form of revenue generation. Projections for revenue generation in Alaska conservatively range from $15 million to $20 million per year.

Lotteries do not prevail on the "poor" or the "less educated" ... every study conducted to date concludes that the above average income and higher than average educated segments of the populations, in states operating lotteries, buy the lions share of lottery products. Lotteries do not increase the incidence of compulsive gambling and do not disrupt the lives of large prize winners. An Alaska lottery would not negatively affect the economies of the states 262 rural communities.

While a politically conservative approach to drafting legislation for authorization of an Alaska lottery is recommended, the experience of states with successful lottery histories and advice of directors of those lotteries should be utilized to maximize the profit potential for this state. The broadest possible latitude must be given the state agency, and board or commission, for operation of the lottery to allow for the flexibility to operate within and adjust to everchanging market conditions.

Recent surveys conclude that the broad cross-section of Alaskan residents would favor the implementation of a state sponsored lottery by two to one margin.

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INTRODUCTION

This report is intended to provide the reader with general information regarding state operated lotteries. Types of customary lottery games are described and the most common questions about lotteries are answered based on validated research completed by numerous state governments and lottery industry organizations over the past twenty years.

Revenue generation in states currently operating lotteries is examined and comparisons are presented to assist the reader analyze those factors affecting projection of revenue that could be expected from an Alaskan lottery. Among those factors examined are the economic and physical, characteristics of the population of our state, marketing area configurations, and tourist impact on Alaska. A projection of probable profits from a lottery is presented based upon most current population figures, tourist influences and conservative expectations of per capita expenditures on lottery products.

State responsibility for the social affects of government sponsored activities must be of paramount concern to all involved in effecting legislation establishing authority for these activities. The social impact from the operation of a state lottery is discussed and the most current research available is presented.

A brief discussion on implementation and operation of a state lottery is presented from recommendations by several recognized authorities with many years of experience in directing state lotteries.

The conclusions of a November 1985 state-wide opinion poll conducted in Alaska are presented for the readers examination.

Part I: LOTTERY BASICS

Nutshell History of Lotteries

Lottery, according to Webster, is "a drawing of lots in which prizes are distributed to the winners among persons buying a chance." The lottery is not an invention of conventional America. Lotteries have been used by kings, emperors and representative governments throughout history to finance building projects or to increase revenues. The first reported government lottery was instituted by Ceasar Augustus to rebuild Rome. In 1612, King James authorized a lottery to help finance the "colonial settlement" which paid the cost of settling Virginia. In 1751 and 1754 Benjamin Franklin helped sponsor a series of "Academic Lotteries" and helped fund the University of Pennsylvania. The Congress of 1776 provided a National Lottery strongly supported by Thomas Jefferson and others of the nation's founding fathers. Some 70 acts were passed by Congress before 1820 authorizing lotteries for the building of schools and roads and other public projects. Lotteries helped erect Harvard, Yale, Brown, Dartmouth, Columbia, Princeton, William and Mary and many of the nations other prestigious academic institutions. Today over 112 countries around the world sponsor government lotteries, including most of Western Europe, Canada, Mexico, and many Central and South American nations. The modern U.S. lottery started in 1964 in New Hampshire.

Thomas Jefferson once said that "Lotteries are a wonderful thing; they tax only the willing." Indeed many states have turned to state-operated lotteries as a means of raising revenue "painlessly." Lotteries are currently legal in the District of Columbia and 22 states - Arizona, California, Colorado, Connecticut, Delaware, Illinois, Maine, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, Washington, and West Virginia; (Puerto Rico and Guam also have lotteries). Well over 50% of the population of the U.S. lives in lottery states.

Types of Lottery Games

Lottery games can be divided into two category - "active" and "passive." Active games are those in which the player participates in the bet by choosing a number or set of numbers. The winning numbers are drawn completely at random, so the player's choice has no bearing on the outcome of the game. However, many players enjoy active games because they can choose numbers that have some significance to them which gives an added dimension of entertainment and interest. Active games currently offered by the U.S. lottery states include three and four digit numbers games and lotto.

Passive games are those in which the player takes no action to determine whether he has won or lost; a ticket is purchased and the outcome is then revealed. Passive games offered in the U.S. include instant

games, traditional "draw" type lottery games and some subscription games.

The games mentioned above are all easy to play, and none involve any skill. Features of the various games can be described as follows.

1. Draw Lotteries
Though rare in the U.S., this was the original lottery game, and remains the main game in overseas lotteries. Players purchase pre-numbered tickets and wait for a weekly drawing, similar to a raffle. Payouts vary among games, but generally start at around $5 and cap off at either $50,000 or in some cases into the hundreds of thousands of dollars and more.

2. The Instant Game
Instant lottery games involve a fixed price for a ticket, usually $1. The ticket normally has a scratch-off spot to reveal whether or not it is a winner. The advantage of this game is no waiting: the player knows immediately whether or not he has won.
Prizes range anywhere from a free ticket up to hundreds of thousands of dollars. Most lotteries hold some type of grand prize drawing for winners of some lower-tier prizes, the winner of that drawing receiving a prize sometimes as high as $1 million or $1,000 a week for life. Most lotteries offer several instant games per year, and grand prize drawings are generally held when a specific game is sold out or otherwise ended.

3. Lotto
A traditional European lottery game in which the player selects four, five or six numbers from a field ranging from 30 to 49, depending on the size of the population of the state.
Payout is parimutuel; i.e. the jackpot is created from money wagered, and the more that people bet, the larger the prize becomes. If no one selects the winning six numbers in any order, the jackpot "rolls over" to the next drawing. If there no winners for a number of weeks the jackpot can become enormous. Prizes can be divided when more than one bet is placed on the same numbers, and many states offer smaller prizes if one chooses most of the correct numbers.

4. Subscription Games
Many lotteries offer subscriptions to their lotto games, allowing the player to select certain numbers, pay a bulk rate, and automatically be issued a ticket for each drawing. The same concept is applied to many draw-type games, and many lotteries offer a stand-alone subscription game that doubles as a weekly draw lottery.

5. Numbers Games
Numbers games have been one of the traditional games of state lotteries since the 1970's The player selects a three- or four-digit number and places a bet on it, normally starting at $.50.
The winning number is drawn at a preset time, and the drawing is usually broadcast on television and/or radio. Drawings are held daily for three-digit games, and anywhere from once a week to daily for four-digit games. All but one numbers game in the U.S. offer a

fixed payout for winning numbers, i.e. the payout ratio does not change when more people bet money. Several options for betting combinations are available to play at a variety of predetermined odds and pay-off formulas. Payouts are determined by the amounts bet.

Questions and Answers about a State Lottery

Are lotteries a good method of raising state revenues?

Not as effective as taxes ... taxation is the most effective way of raising revenues. No responsible person in the industry has ever claimed that lotteries replace broad based taxes. Lotteries are best described as a supplemental revenue source only. Lotteries were never designed to solve tax revenue collection problems - only to assist.

How much revenue will a state lottery produce?

Fiscal year 1985 statistics indicate that total gross lottery sales in the U.S. exceeded $8.8 billion. This means the average annual state lottery gross revenue was about $90.00 per capita. A simplified means of predicting a state's likely gross lottery sales is to multiply this number by a state's total population. On the average, about 35 - 40% of gross lottery sales goes to the state as profits from the lottery. (see Pt. II for complete discussion of revenue projections for Alaska)

Is a state-run lottery the answer to the economic problems currently facing Alaska?

Certainly a state-run lottery is not the answer to all the financial needs of the state. At the same time, in many states the lottery has stabilized some of their problems. Connecticut raised $148,000,000 from its lottery; Pennsylvania, $572,600,000; Michigan, $320,000,000; and little old Rhode Island $18,600,000 in FY 85. All of this revenue is raised voluntarily. Needless to say, there are people who oppose lotteries or gambling in any form. These people are free not to buy tickets.

Are lotteries popular?

Yes. More people participate in state-run lotteries than in any other form of legalized gaming. In present lottery states, 75% of the residents of those states favor the lottery programs. At one time or another 60% of the residents of a lottery state will buy lottery tickets. Recent ballots in four states (California, Oregon, West Virginia, and Missouri) showed an overwhelming acceptance vote (over 60%). Alaskans support the concept of a state operated lottery by a margin of two to one according to a poll completed in November, 1985 by the Dittman Research Corporation of Anchorage (see Pt. V for

complete Dittman Research Corporation report). A survey of voters in AK House District 1 A-B by Rep. Robin Taylor, also completed in November '85, concluded the same level of support for a lottery; 66% of the respondents (from a total of 328) would support a "tightly regulated state operated Lottery Program" in Alaska. Polls taken in other non-lottery states such as Nebraska, Missouri, Florida indicate overwhelming support (two or three to one) for state-run lotteries.

Has any lottery in modern times ever failed ... or failed to show a profit? How are sales doing?

No lottery has ever failed ... or failed to show a profit. Sales are soaring! In 1982 lottery ticket sales exceeded $4.2 billion .. with lottery profits exceeding $1.5 billion. In calendar year 1983, sales exceeded $6.0 billion with profits exceeding $2.4 billion. In 1984, sales hit $6.9 billion, generating $2.8 billion in profits; and in FY 85 gross sales were $8.8 billion providing an estimated $3.8 billion in profits for those states with lotteries.

What do states do with their lottery profits?

Most states put their lottery profits into their general funds. However, some states earmark lottery profits for specific purposes. California, Michigan, New Hampshire, New York and New Jersey use their profits to aid education ... Pennsylvania donates its profits for senior citizen programs ... Massachusetts shares its profits with all the towns and cities in the state ... Colorado earmarks some of its profits for parks and recreation.

What happens to the lottery dollar and how does a lottery affect the economy of the state?

Generally, 45¢ to 50¢ of every dollar is returned to ticket buyers in the form of prizes ... 5¢ to 7¢ of every dollar is paid to local merchants as commissions for selling tickets ... about 5¢ to 10¢ of every dollar is used to pay state lottery employees, rent and utility bills for office and warehouse space, to purchase lottery products from established and experienced vendors, to establish a computer system, and promote the lottery ... and the balance, about 35¢, ends up as the profit for the state. Almost all lottery dollars stay in the state.

Are lotteries difficult to administer?

Absolutely not! Modern-day lotteries have been in existence for 20 years (since 1964) and there certainly isn't any "mystery" concerning their operations. Present lottery states are only too happy to share their experiences and their techniques with new entrants into the lottery field. Most states have lottery commissions overseeing their operation. All lotteries have full-time Directors or Executive

Secretaries ... people with extensive backgrounds in lottery operations. Few problems have arisen in the lottery industry during the past twenty years. When problems have arisen the industry has been quick to react. Recent studies indicate that a majority of ticket buyers believe that lotteries are well run and honest. Lottery staff can run from 50 to 150 depending on the size of the state.
(see Pt. IV for additional discussion regarding lottery operations)

Where are lottery tickets sold?

Most states license retail establishments that are easily accessible to the public such as drug stores, supermarkets, convenience stores, newsstands and package stores. As a rule of thumb one license is granted for each 1,000 of population. As stated previously, these agents usually receive 5% to 7% of their sales as commissions for selling lottery tickets. In granting licenses lottery agencies will investigate each prospective licensee as to past criminal records ... their financial condition ... their ability to serve the public ... and their general fitness to serve as agents.

Aren't lotteries, for the most part, supported by poor people?

Definitely not! Extensive studies of the state-run lotteries indicate that an overwhelming majority of ticket purchasers are in the middle income ranges. Whereas citizens in the low income ranges buy lottery tickets, they buy fewer tickets proportionately than their percentage of the population. (see Pt. III for complete discussion of social impacts of a lottery on Alaska)

Don't lotteries appeal to the under-educated?

Current demographic information obtained from actual prize claim forms filed with the Washington State Lottery (a perfect sampling of lottery ticket purchasers) show that 65.6% of players are high school graduates or better and that those with less than eight years of schooling play the lottery in far less proportion than they represent in the population. This study's conclusion repeats that of every study of lottery participation conducted in the U.S. over the last twenty years. (see Pt III for complete discussion of social impacts of a lottery on Alaska)

How much money does the average citizen spend on lottery tickets per year?

The "per capita" spending on lottery tickets in 1984 was about $72.02. Since only about 60% of a state's population is expected to buy tickets, actual expenditures for tickets is about $120, or about $2 per week.

How about "organized crime" and lotteries?

There is absolutely no evidence of any state lottery being infiltrated by "organized crime." As a matter of fact some lottery Directors believe that state-run lotteries have taken customers away from illegally-run numbers games. A Connecticut study came to the conclusion that the state's legal games had, in fact, impacted illegal wagering in that state. A 1976 report of the National Gambling Commission stated that 11% of all Americans wager illegally. In lottery states that percentage drops to 6% ... almost a 50% decrease in illegal wagering. Modern day lotteries are run by state governments and there are no avenues available for illegal operators to ply their trade. There is no similarity between state-run lotteries and casino gambling or horse racing. The latter two are usually operated by private individuals or corporations that are licensed by the state. (see Pt. II for additional discussion)

What about the social implications of advocating a form of legalized gambling as a method of raising revenue?

People have been known to gamble for thousands of years and will continue to gamble. Most sociological studies (and there are many) have concluded that state-run lotteries are a "harmless" form of legalized gambling. A comprehensive, independent, state-commissioned study completed in 1981 concerning Connecticut's legalized gambling programs gave the state "a clean bill of health" ... "no increase in welfare cases, no increase in bankruptcies, no increase in compulsive gambling, and no increase in unemployment." Newsweek concluded an article on gambling in its March 3, 1980 issue by stating: "The only games that apparently pose no real threat of addiction are state lotteries. That is because they don't have enough action." (again, see Pt. II for further comment on social implications of lotteries)

PART II: ALASKA LOTTERY INCOME

Alaska Compared to Current Lottery States

Consideration of an Alaska state operated lottery always prompts the question of how much profit could the state generate on an annual basis. A responsible answer to this question is dependent on many factors and requires careful consideration. Because lotteries are businesses operated for a profit, they are dependent upon the same factors that affect other businesses. These basic marketing factors must be studied to determine if Alaska has those characteristics indicative of lottery success. To date there has been no in-depth analysis of the characteristics which are generally present in states currently operating successful lotteries and the degree to which these characteristics exist in Alaska. The following discussion provides, for the first time, this analysis.

Since every state lottery has always produced a profit, it could be said that all are successful. However, as Table 1 indicates, some states are more successful than others; that is some states produce both a higher net profit and a higher per capita profit from their lotteries. A review of the marketing conditions of the lottery states quickly reveals why some are more successful than others. These factors are:

1. The economic characteristics of the population of the state,
2. The physical characteristics of the population of the state (age, sex, education level, etc.),
3. The population concentration/dispersion patterns for the state.
4. Unique conditions usually affecting a particular state or region (neighboring state's lotteries, high volume of non-resident traffic, etc.)

Table 1-II lists the 18 states which have operated lotteries for over one year and the income generated for the years 1981-1985. Gross, net and per capita income has been presented from available sources. Because of the tremendous variation in the size of the population of the states listed a comparison of gross or net lottery income does little to help determine which states are successful and which are not. The key measure of just how successful a state has been in operation of its lottery is the per capita profit to the state. A sound per capita measure will also be of most help to project the possibilities for Alaska. As can be seen, Maryland is the most successful and Vermont is the least successful in per capita income of all 18 states.

Those top five states experiencing the most success with lotteries in 1983 thru 1985 were Maryland, New Jersey, Pennsylvania, Connecticut, Colorado ('83), Wash. D.C. ('84 &'85), and Massachusetts ('85). Those states with the least successful record with regard to per capita income were Vermont, Maine, New Hampshire, Arizona, Ohio ('83), Colorado ('84) and Rhode Island ('85). Colorado ranked in the top five for 1983 and in the bottom five states in 1984 and 1985.

Table 1-II

STATES LOTTERY INCOME

State	1981[a] $Mil Gross	1982[b] $Mil Gross	1982[b] $Mil Net	1983[a] $Mil Gross	1983[a] $Mil Net	1983[a] $ Per Capita	1983[a] Rnk*	1984[a] $Mil Gross	1984[a] $Mil Net	1984[a] $ Per Capita	1984[a] Rnk*	1985[c] $Mil Net	1985[c] $ Per Capita	1985[c] Rnk*
AZ				75.0	30.0	11.04	15	60.0	18.0	6.62	15	22.0	8.09	14
CO				208.0	72.8	25.19	4	120.0	40.7	14.08	14	32.0	11.77	13
CT	515.1	169.8	71.0	188.0	75.2	24.20	5	254.4	105.4	33.92	5	148.8	47.88	6
DW	20.1	25.6	9.5	29.8	11.0	18.51	10	33.0	14.0	23.56	9	15.0	25.24	11
DC				54.1	14.2	22.25	7	68.2	21.7	34.00	4	29.7	49.97	3
IL	206.1	334.8	142.9	467.0	214.4	18.76	9	911.9	377.1	33.00	6	517.8	45.31	7
MN	6.4	9.7	2.4	13.7	3.3	2.93	17	16.0	4.5	4.00	17	4.4	3.91	17
MD	385.6	457.4	199.0	462.8	198.5	47.07	1	495.5	209.2	49.61	1	263.7	62.53	1
MA	224.0	279.8	92.5	352.0	97.3	16.33	11	506.1	169.1	29.48	7	284.0	49.50	4
MI	502.3	527.3	205.6	557.6	221.2	23.88	6	620.0	250.0	26.99	8	320.0	34.55	9
NH	11.0	12.4	3.6	13.6	3.7	4.02	16	18.7	5.7	6.19	16	4.3	4.67	15
NJ	417.0	517.8	220.3	690.1	295.0	40.06	2	847.8	359.7	48.84	2	388.0	52.68	2
NY	236.2	424.9	179.8	646.9	262.4	14.94	13	888.7	389.8	22.20	11	615.0	35.03	8
OH	295.9	363.9	144.0	397.7	144.8	13.41	14	603.0	250.0	23.15	10	338.0	31.30	10
PN	427.0	562.2	227.1	885.4	335.4	29.96	3	1,236.0	516.3	43.52	3	572.6	48.26	5
RI	36.2	38.0	13.7	44.0	15.0	15.84	12	52.9	18.4	19.43	12	18.6	4.42	16
VT	2.5	3.8	.9	4.6	1.1	2.15	18	5.1	1.3	2.54	18	1.2	2.35	18
WA				225.0	90.0	21.78	8	164.6	71.0	17.18	13	58.8	14.23	12
Mean	234.7	266.2	108.0	295.3	115.9	19.57		382.9	156.8	24.35		201.9	29.53	
Median	258.8	265.5	114.	445.0	168.3	24.61		620.6	258.8	26.08		286.9	27.52	

* Lottery states ranked by highest per capita income first (#1).

[a] Lottery Journal; Vol. 1, No. 1.
[b] Games and Wagering Business; May 1985.
[c] "USA Today"; 9/12/85.

Table 2-II provides a comparison of Alaska to all states which have lotteries or are in the process of starting lotteries, with regard to income levels and physical characteristics of the populations within these states. These comparisons have been illustrated for those factors generally considered to be indicators of positive characteristics for the operation of a profitable lottery. States are ranked in descend order for each category of economic and physical characteristics of their population. Rankings for Table 2-II have been made from information contained in Tables 3-II and 4-II, for which specific values for rankings can be ascertained.

Columns A-G contain economic comparisons for the 21 states involved in this analysis. The ranking is straight-forward, the state with the highest income figure for each category is ranked first, for each of these columns except for columns D and E. Columns D and E are reversed, with the state with the lowest income figure for this category ranked first. For example, Alaska has the lowest percentage of its population in the $0 to $10,000 household income category. Since lottery participation by the lower income groups is less than their proportion to the population in general the state with the lowest percentage of its population in this group should be ranked first. The same reasoning has been applied to column E.

For all categories of income measures indicating ability to operate a profitable lottery, Alaska ranks first. In addition, those states with a record for operating the most successful lotteries (see Table 1-II) rank with Alaska in the top one-third of states compared in Table 2-II, (Pennsylvania an exception). Those least successful lottery states (see Table 1-II) fall at the opposite end of the spectrum from Alaska.

An analysis of personal, family and household income, comparing Alaska to other lottery states indicates that Alaska should expect to be able to operate a profitable lottery.

Column H compares Alaska and the current lottery states as to how urban their population is. History has shown that state operated lotteries generally are more successful in urban versus rural states. States rank from first, Washington D.C., with a 100% urban population, to last, Vermont, with a 33.8% urban population. The percentage of Alaska population living in urban areas is 64.3%; this is 35.7 percentage points below D.C. and 30.5 percentage points above Vermont.

The rank order in column H is less conclusive than the percentage point differences between the states. This is confirmed by the fact that each of the top five most successful lotteries are represented in the highest, middle and lowest one-third of the order. The closest state (with an income history) to Alaska in its percentage of urban population is the third most successful lottery state Pennsylvania, with 69.3%. Those least successful lottery states, Vermont, Maine and New Hampshire, have the most rural populations by far. Contrary to the belief of many, that we in Alaska live in remote areas, the large majority of our population lives in urban areas, and, according to the Alaska Department of Labor we are becoming more urban each year.

Alaska's population grew by 30% in the 2.25 years between 5/1/80 and 7/1/84 and 90% of that growth was in the Anchorage, Kenai Penn., Mat-Su, Fairbanks, and Juneau Boroughs.[1]

Again, Alaska appears to be in a favorable situation for probable lottery success when considering its percentage of urban population.

Column I of Table 2-II illustrates the ranking of lottery states and Alaska for their population mix of males to females. Numerous studies of lottery players indicate that more males than females play lottery games. (see Pt. III) Alaska leads all states in the number of males to 100 females, with a total of 112 (Table 4-II). A significant point here is that all lottery states, except Washington D.C., have between 90 and 99 males for every 100 females. This large difference between Alaska and other lottery states is a factor in support of being able to implement a successful lottery.

Column J presents a ranking of the percentage of populations over eighteen years of age. Alaska's population is youngest compared to those in lottery states. However, information from Table 4 indicates that the percentage of population eighteen and older for lottery states (excluding DC at 77.5%) ranges from a high of 74.0% (RI) to a low of 70.3% (MI). Alaska's eighteen and older population makes up 67.5% of its total population. Two points need to be made here; first the difference between Alaska's percentage and that of the more normal lottery states is not significantly large; and Alaska, like Washington D.C., is subject to peculiar circumstances. Alaska has the lowest percentage of elderly population in the nation (2.8% compared to a U.S. average of 11.8%[1]), this reduces our percentage of eighteen and older population. This second point is actually a positive characteristic for lottery success in Alaska since the elderly play lotteries in numbers less than their proportion to the total population. Although the total percentage of eighteen and older population is lower than other lottery states, the percentage of age levels that play lotteries the most, is higher than this 67.5% figure. This conclusionWashington D.C. has the highest percentage of female population in the nation due to occupational opportunities there.

Columns K and L of Table 2-II provide a comparison of Alaska and the lottery states regarding the education levels for their populations. Studies of lottery players indicate that the typical player has more education than the average for the total population. (see Part III) Again Alaska ranks first with the highest percentage of its population having more than 12 years of school, and third highest for the percentage of its population with 16 or more years of education.

Alaska's ranking in all of the categories examined in Table 2-II are high and indicate, that from the basis of this information, Alaska would be successful if it implemented a lottery. That is, Alaska could expect to generate for its general fund, a level of revenue per capita on a par with the most successful lotteries now in operation.

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[1] Alaska Department of Labor, Research and Analysis, (Draft) Alaska Population Overview, 1985; Chapt. II.

TABLE 2-II

LOTTERY STATES DEMOGRAPHIC COMPARISONS REGARDING POSITIVE CHARACTERISTICS
FOR OPERATION OF PROFITABLE LOTTERY

Rank	A Personal Income/ Capita	B Median Family Income	C Median Hsehld Income	D % of Hsehld $0-10K	E % of Hsehld $10-20K	F % of Hsehld $30-40K	G % of Hsehld $40K +	H % Pop Urban Areas	I Male/ 100 Female	J % Pop over 18 Yrs Old	K % Pop w/ 12+ Yrs Sch	L % Pop w/ 16+ Yrs Sch
1	AK	AK	AK	AK	AK	AK	AK	DC	AK	DC	AK	DC
2	DC	CT	MD	MI	MD	MD	MD	CA	WA	RI	CO	CO
3	CT	MD	CT	CT	NJ	NJ	CT	NJ	CO	MA	WA	AK
4	NJ	NJ	NJ	NJ	IL	MI	NJ	RI	CA	PN	OR	CT
5	CA	IL	IL	IL	MO	CT	DC	NY	OR	CT	CA	MD
6	IL	MI	MI	CO	CT	IL	CA	AZ	AZ	NY	AZ	MA
7	NY	WA	WA	MI	CA	WA	IL	MA	MI	CA	NH	CA
8	MD	CA	CA	WA	WA	CA	MI	IL	NH	NJ	MA	WA
9	WA	CO	CO	CA	NY	CO	CO	CO	VT	OR	VT	VT
10	CO	MA	DW	NH	MA	OH	DW	MD	MN	WA	CT	NJ
11	MA	OH	OH	DW	DW	MA	NY	CT	IL	MD	MN	NH
12	DW	DW	MA	OH	DC	DW	RI	WA	MD	CO	DW	NY
13	MI	NY	NH	MA	OH	NY	WA	OH	OH	DW	MI	OR
14	PN	OR	PN	PN	CO	OR	MA	MI	CT	NH	MD	DW
15	OH	PN	OR	OR	OR	PN	OR	DW	DW	IL	NJ	AZ
16	RI	NH	NY	AZ	PN	AZ	OH	PN	NJ	VT	DC	IL
17	NH	RI	AZ	NY	RI	NH	AZ	OR	PN	MN	OH	RI
18	OR	DC	RI	DC	AZ	DC	PN	AK	RI	OH	IL	MN
19	AZ	AZ	VT	RI	NH	RI	NH	NH	MA	AZ	NY	MI
20	VT	VT	MN	VT	MN	VT	VT	MN	NY	MI	PN	OH
21	MN	MN	*	MN	VT	MN	MN	VT	DC	AK	RI	PN

* District of Columbia omitted from this column by source; not a state.

Source: TABLE 3-II, & TABLE 4-II.

Column Explanations:

A, B, & C. First ranked (#1) state has highest income for category; last ranked (#21) has lowest income for category of lottery states.

D & E. First ranked (#1) states have lowest percent of households in income category; last ranked (#21) states have highest percent of households in income category.

F & G. First ranked (#1) states have highest percent of households in income category; last ranked (#21) states have lowest percent of households in income category.

H. First ranked state has highest percent of population living in urban areas.

I. First ranked state has the highest number of males per 100 females.

J, K, & L. First ranked states have the highest percent of population in each category.

Table 3-II

INCOME CHARACTERISTICS OF POPULATIONS IN LOTTERY STATES AND ALASKA

	Personal Income 1981				Money Income 1979									
					Household Income									
					Percent Within									
	Total (Mil $)	Per Capita ($)	Trnsfr. Pymnts. (Mil $)	Median Family Income ($)	Less than $10K	$10K to $20K	$20K to $30K	$30K to $40K	$40K to $50K	$50K and Over	Median ($)	Rnk.	Per Capita ($)	Pov. Level Fam. (%)
New England														
Maine	9,662.7	8,530	1,748.2	16,167	34.9	35.7	19.3	6.4	1.9	1.8	13,816	46	5,768	9.8
New Hampshire	9,367.3	10,013	1,208.3	19,723	26.3	33.2	23.6	10.0	3.6	3.4	17,013	21	6,966	6.1
Vermont	4,498.7	8,727	699.3	17,205	31.8	35.7	19.6	7.6	2.7	2.6	14,790	37	6,178	8.9
Massachusetts	64,243.9	11,128	9,423.4	21,166	27.7	28.8	22.5	11.3	4.9	4.7	17,575	19	7,458	7.6
Rhode Island	9,678.0	10,155	1,657.6	19,448	30.7	31.0	21.9	9.4	3.6	3.3	16,097	29	6,897	7.7
Connecticut	40,131.1	12,805	4,410.6	23,149	22.2	27.6	24.1	13.1	6.0	7.0	20,077	4	8,511	6.2
Middle Atlantic														
New York	201,707.2	11,460	30,386.4	20,180	30.4	28.4	20.8	10.6	4.7	5.2	16,647	26	7,498	10.8
New Jersey	90,001.3	12,156	11,460.8	22,906	23.8	26.7	23.0	13.4	6.3	6.7	19,800	6	8,127	7.6
Pennsylvania	123,056.8	10,366	20,583.8	19,995	28.6	30.6	22.9	10.2	4.0	3.7	16,880	22	7,077	7.8
East North Central														
Ohio	111,186.4	10,313	15,978.2	20,909	26.9	29.5	24.0	11.4	4.4	3.8	17,754	15	7,285	8.0
Illinois	132,638.0	11,572	17,003.6	22,746	25.0	26.7	23.5	13.1	5.8	5.9	19,321	7	8,066	8.4
Michigan	99,016.6	10,758	14,244.3	22,107	25.6	26.4	23.5	13.3	5.9	5.3	19,223	8	7,688	8.2
South Atlantic														
Deleware	6,643.5	11,102	836.1	20,817	26.5	29.3	22.7	11.2	5.1	5.1	17,846	13	7,449	8.9
Maryland	48,821.9	11,452	6,332.6	23,112	22.1	27.1	23.1	14.0	6.8	6.9	20,281	3	8,293	7.5
Wash. D.C.	8,522.8	13,509	1,916.2	19,099	30.5	29.4	17.6	9.6	5.2	7.7	16,211	X	8,960	15.1
Mountain														
Colorado	33,257.4	11,216	3,680.6	21,279	25.4	29.9	23.0	11.6	5.1	5.1	18,056	12	7,998	7.4
Arizona	27,285.8	9,765	4,008.1	19,017	28.8	31.3	21.8	10.1	4.1	4.0	16,448	27	7,041	9.5
Pacific														
Washington	47,546.4	11,274	6,521.9	21,696	26.0	28.4	23.6	12.2	5.0	4.7	18,367	9	8,073	7.2
Oregon	26,528.8	10,009	4,042.0	20,027	28.7	30.5	22.3	10.5	4.0	3.9	16,780	24	7,557	7.7
California	289,583.8	11,968	38,308.8	21,537	26.3	28.1	21.5	12.1	5.7	6.4	18,243	10	8,295	8.7
Alaska	5,660.7	13,749	500.2	28,395	18.3	21.2	18.4	15.1	11.3	15.7	25,414	1	10,193	8.6

Source: U.S. Bureau of Census, County & City Data Book, 1983

Table 4-II

PHYSICAL CHARACTERISTICS OF POPULATIONS IN LOTTERY STATES AND ALASKA

	1980								25 Years and Older		
	Land Area (Sq Mi)	Total Persons	Urban (%)	Males Per 100 Females	18 Yrs and Older	Median Age	Total House-holds	College Enroll-ment	Total	Yrs of Sch 12+ (%)	Yrs of Sch 16+ (%)
New England											
Maine	30,995	1,124,660	47.5	94.4	803,273	30.4	395,814	45,764	661,840	68.7	14.4
New Hampshire	8,993	920,610	52.2	95.0	662,528	30.1	323,493	50,344	541,953	72.3	18.2
Vermont	9,273	511,465	33.8	94.9	366,138	29.4	178,325	29,703	295,051	71.0	19.0
Massachusetts	7,824	5,737,037	83.8	90.8	4,246,648	31.2	2,032,717	415,897	3,463,256	72.2	20.0
Rhode Island	1,055	947,154	87.0	91.0	704,303	31.8	338,590	64,128	575,243	61.1	15.4
Connecticut	4,872	3,107,576	78.8	93.1	2,284,657	32.0	1,093,678	177,255	1,900,164	70.3	20.7
Middle Atlantic											
New York	47,377	17,558,072	84.6	90.5	12,870,209	31.9	6,340,429	1,076,133	10,721,012	66.3	17.9
New Jersey	7,468	7,364,823	89.0	92.2	5,373,962	32.2	2,548,594	384,885	4,504,247	67.4	18.3
Pennsylvania	44,888	11,863,895	69.3	91.2	8,740,599	32.1	4,219,606	550,786	7,240,244	64.7	13.6
East North Cent.											
Ohio	41,004	10,797,630	73.3	93.5	7,703,310	29.9	3,833,828	514,101	6,291,667	67.0	13.7
Illinois	55,645	11,426,518	83.3	94.0	8,183,481	29.9	4,045,374	617,759	6,678,759	66.5	16.2
Michigan	56,954	9,262,078	70.7	95.2	6,510,092	28.8	3,195,213	531,671	5,254,040	68.0	14.3
South Atlantic											
Delaware	1,932	594,338	70.6	93.1	427,743	29.8	207,081	34,286	344,657	68.6	17.5
Maryland	9,837	4,216,975	80.3	94.0	3,049,445	30.3	1,460,865	256,872	2,499,096	67.4	20.4
Wash. D.C.	63	638,333	100.0	86.1	494,842	31.1	253,143	59,302	398,653	67.1	27.5
Mountain											
Colorado	103,595	2,889,964	80.6	98.5	2,081,151	28.6	1,061,249	179,073	1,663,891	78.6	23.0
Arizona	113,505	2,718,215	83.8	96.9	1,926,728	29.2	957,032	179,503	1,558,891	72.4	17.4
Pacific											
Washington	66,511	4,132,156	73.5	98.7	2,992,796	29.8	1,540,510	243,004	2,439,417	77.6	19.0
Oregon	96,184	2,633,105	67.9	97.0	1,910,048	30.2	991,593	149,400	1,579,841	75.6	17.9
California	156,299	23,667,902	91.3	97.2	17,278,944	29.9	8,629,866	1,720,087	14,043,986	73.5	19.6
Alaska	570,833	401,851	64.3	112.8	271,106	26.1	131,463	18,778	211,397	82.5	21.1

Source: U.S. Bureau of Census; County & City Data Book, 1983

So far we have only looked at the first two marketing conditions listed above; the economic and physical characteristics of the population of Alaska in relation to other lottery states. The third marketing condition needing examination is how the population of Alaska is concentrated and/or dispersed.

Alaska is unique in its vastness with over one-half million square miles of land, 3.7 times the area of the next largest lottery state, California, and 541 times the size of Rhode Island, the smallest lottery state (excluding DC). However, as we saw in Table 2-II, Alaska is quite urban; twice as urban as Vermont, and only 36% less urban than Wash. D.C. with 100% of its population living in urban areas. When we examine the degree to which the population in Alaska is concentrated we find that there exists similarities with some of the other lottery states. These states are the relatively large western states of Arizona, Colorado, Oregon and Washington. Table 5-II and maps of these states following Table 5-II illustrate this similarity in population concentration in marketing terms.

As Table 5-II illustrates, each of these states has one marketing area which contains approximately one-half of the states total population. This area has been identified as the primary marketing area for that state. In addition, each of these states has from one to three other major marketing areas within the state which, when combined with the primary marketing area, contain approximately 80% of the state's total population. The conclusion made from this comparison is that these states would be reasonable candidates to use as a comparative model to help predict possible revenue levels for an Alaskan lottery.

The three western states with lottery history at this time are Arizona, Colorado and Washington. Of these states the most similar to Alaska is Colorado, with the same pattern of population concentration (one primary marketing area and two additional major marketing areas). Colorado is also a very close match with its percentages of total population in these marketing areas very similar to Alaska's.

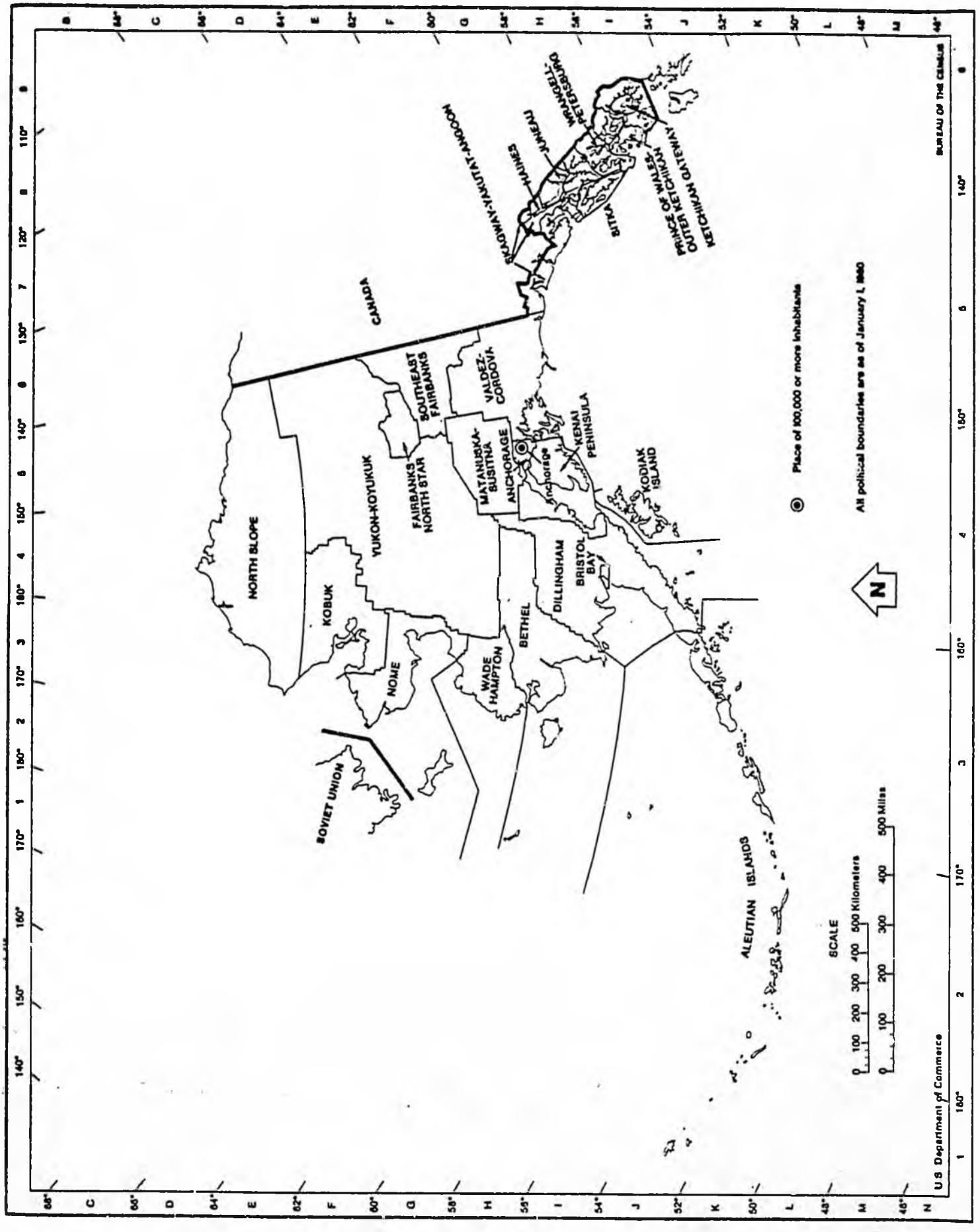
Also included is a map of Vermont, a state often used as an example to compare with Alaska for projections of lottery revenue because its total population size is similar to Alaska's. Three factors should be considered to illustrate why Vermont is not a reliable example for this comparison. Note that although Vermont's population is about the same as Alaska's, there is only one city, Burlington, with over 25,000 people. Also not that 66.2% of Vermont's total population lives in rural settings (Table 4-II); only 35.7% of Alaska's population lives in rural settings (Table 4-II). Vermont lacks the population concentration/s necessary for effective marketing of lottery products. Last, note that Vermont is surrounded by larger lotteries of New Hampshire, Massachusetts, New York and Quebec; Vermont residents have until recently been able to easily access all of these high prize lotteries.

Table 5-II

WESTERN LOTTERY STATES MARKETING AREAS COMPARISON
(1980 U.S. Census Data)

State	County	Total Pop	Prim Mkt Area Pop	PMA % of St	Maj Mkt Area Pop	MMA % of St
AK	Anchorage	174,431				
	Mat-Su	17,816				
	Kenai Pen.	25,282	217,529	54.1		
	Fbnks-NS	53,983				
	Juneau	19,528				
	Ketchikan	11,316				
	Sitka	7,803				
	Wrang-Pet	6,167			316,326	78.7
AZ	Maricopa	1,509,052				
	Pinal	90,918	1,599,970	58.9		
	Pima	531,443			2,131,413	78.4
CO	Denver	492.365				
	Adams	245,944				
	Arapahoe	293,621				
	Douglas	25,153				
	Boulder	189,625				
	Jefferson	371,753	1,622,461	56.1		
	El Paso	309,424				
	Pueblo	125,972				
	Larimar	149,184				
	Weld	123,438			2,330,479	80.6
WA	King	1,269,749				
	Kitsap	147,152				
	Pierce	485,643				
	Snohomish	337,320				
	Thurston	124,264	2,364,128	57.2		
	Clark	192,227				
	Spokane	341,835				
	Yakima	172,508			3,070,698	74.3
OR	Clackamas	241,919				
	Multnomah	562,640				
	Washington	245,808				
	Marion	204,692	1,255,059	47.7		
	Lane	275,226				
	Linn	89,495				
	Benton	68,211				
	Jackson	132,456			1,820,447	69.1

Source: U.S. Census Bureau; County & City Data Book, 1983


CANADA
SOVIET UNION
NORTH SLOPE
KOBUK
NOME
YUKON-KOYUKUK
FAIRBANKS NORTH STAR
SOUTHEAST FAIRBANKS
VALDEZ-CORDOVA
MATANUSKA-SUSITNA
ANCHORAGE
Anchorage
KENAI PENINSULA
KODIAK ISLAND
WADE HAMPTON
BETHEL
DILLINGHAM
BRISTOL BAY
ALEUTIAN ISLANDS
SKAGWAY-YAKUTAT-ANGOON
HAINES
JUNEAU
WRANGELL-PETERSBURG
SITKA
PRINCE OF WALES-OUTER KETCHIKAN
KETCHIKAN GATEWAY
Place of 100,000 or more inhabitants
All political boundaries are as of January 1, 1980
N
SCALE
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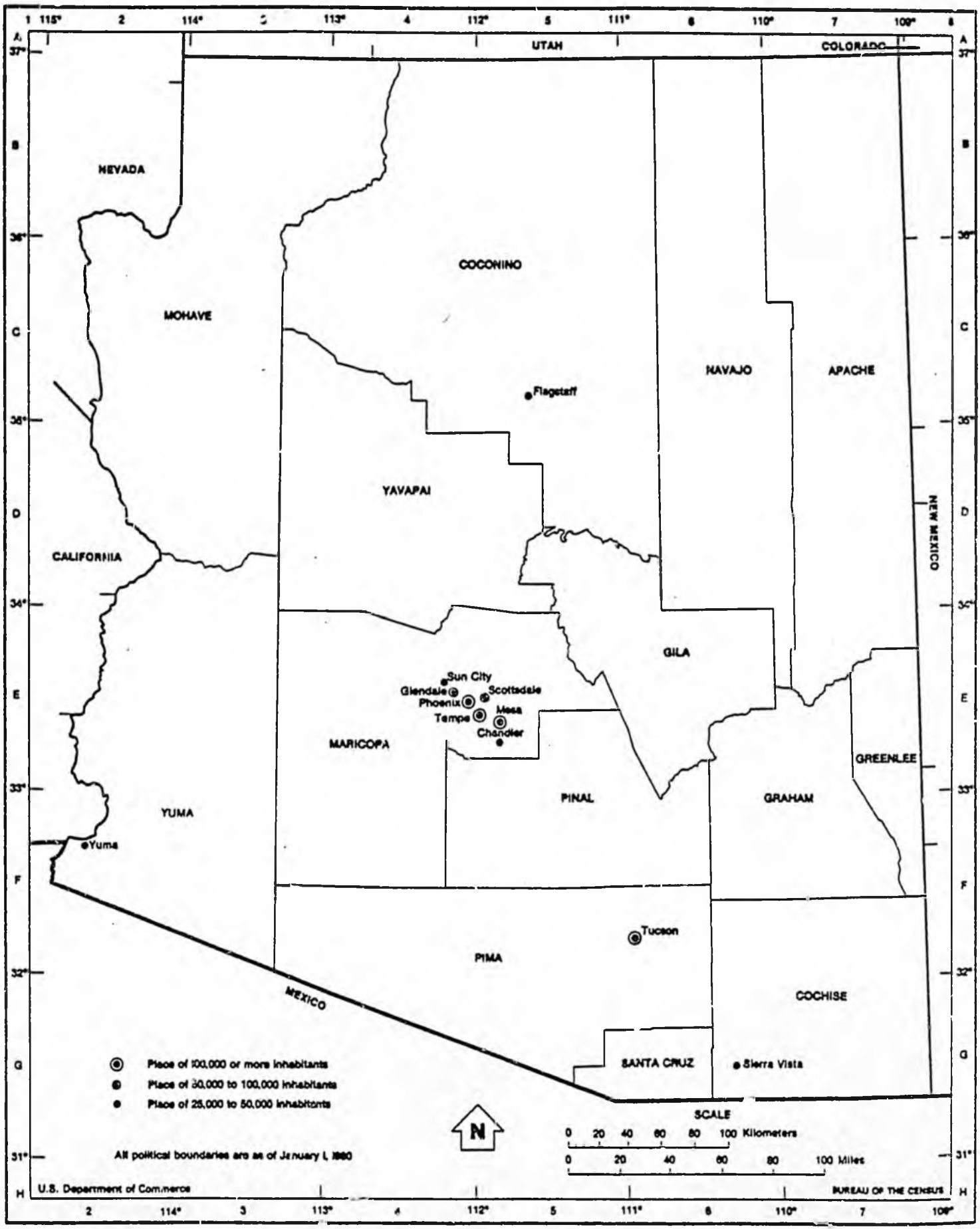
0 100 200 300 400 500 Miles
U.S. Department of Commerce
BUREAU OF THE CENSUS

Arizona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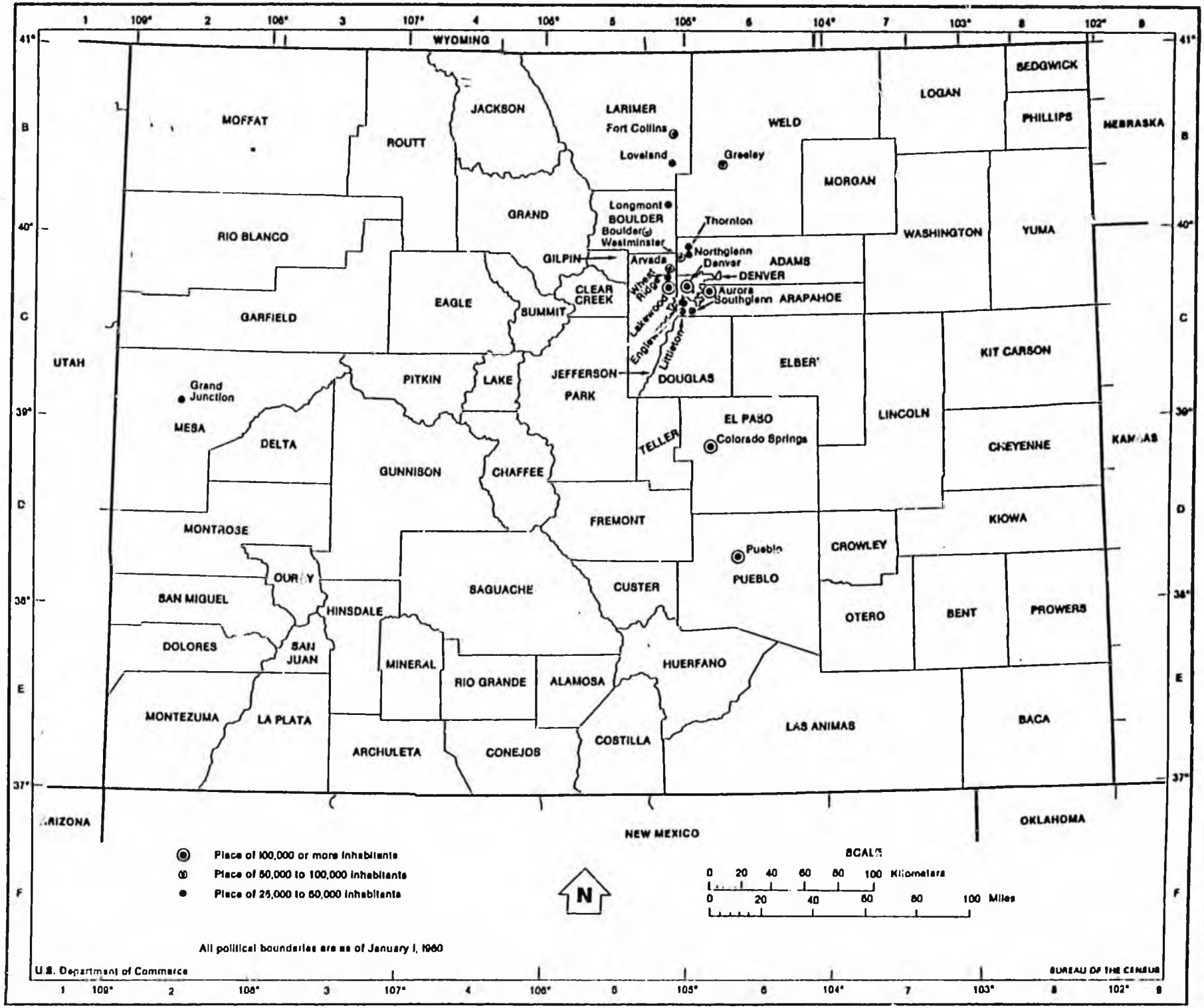
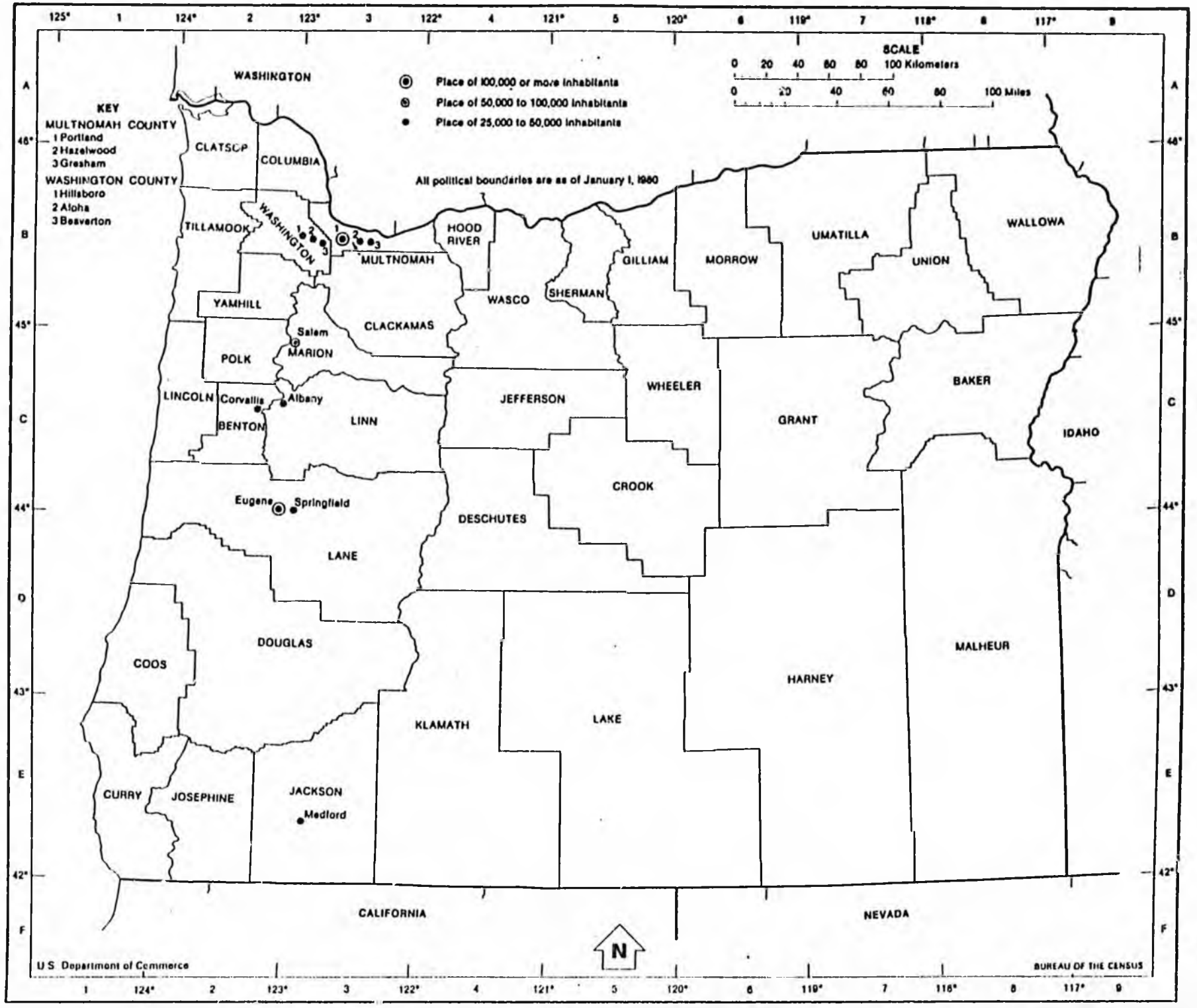
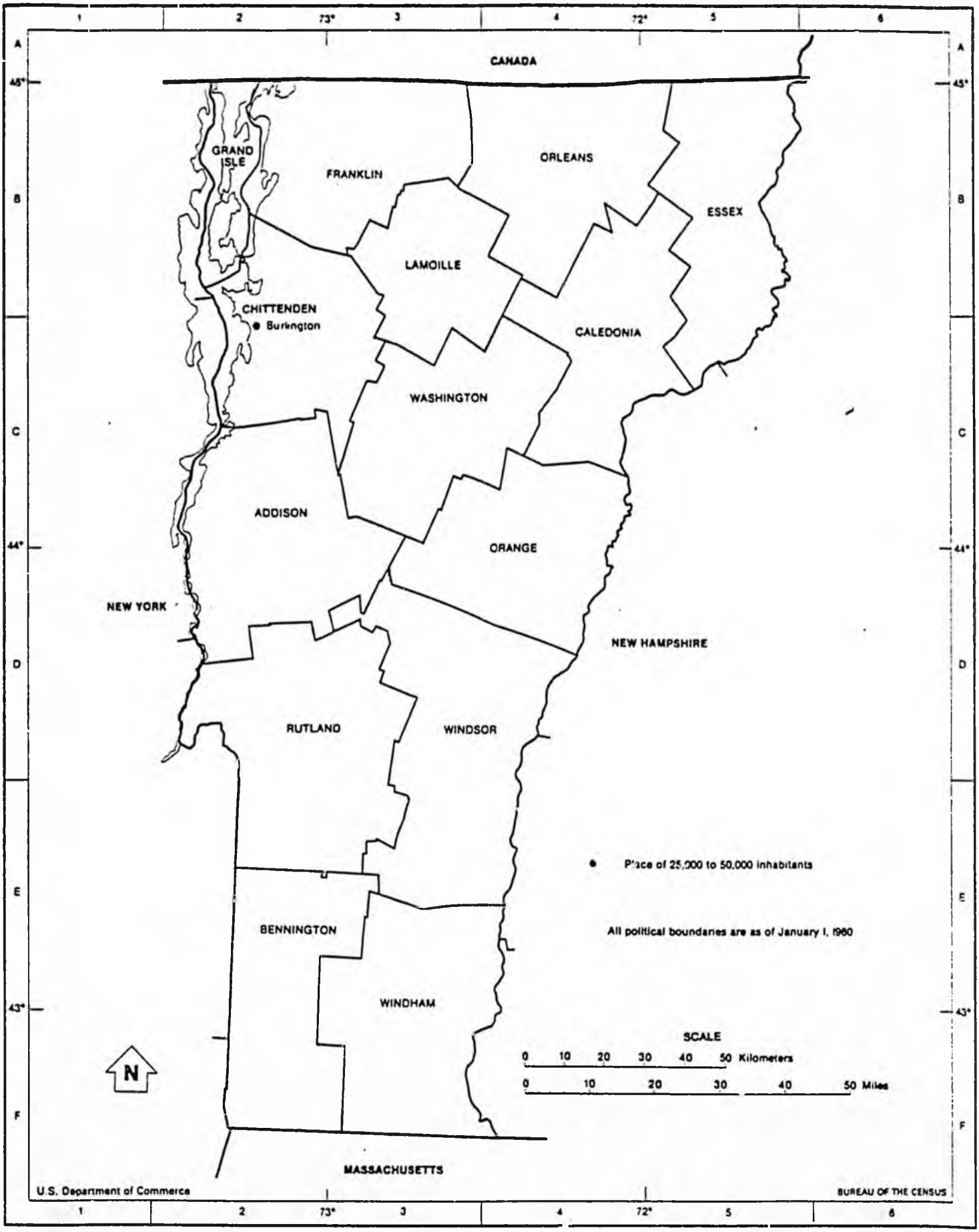
COLORADO
NEVADA
COCONINO
MOHAVE
NAVAJO
APACHE
Flagstaff
YAVAPAI
NEW MEXICO
CALIFORNIA
GILA
Sun City
Glendale
Scottsdale
Phoenix
Mesa
Tempe
Chandler
MARICOPA
GREENLEE
PINAL
GRAHAM
YUMA
Yuma
Tucson
PIMA
COCHISE
MEXICO
SANTA CRUZ
Sierra Vista
Place of 100,000 or more inhabitants
Place of 50,000 to 100,000 inhabitants
Place of 25,000 to 50,000 inhabitants
All political boundaries are as of January 1, 1980
SCALE
0 20 40 60 80 100 Kilometers
0 20 40 60 80 100 Miles
N
U.S. Department of Commerce
BUREAU OF THE CENSUS


WYOMING
NEBRASKA
UTAH
ARIZONA
NEW MEXICO
OKLAHOMA
KANSAS
MOFFAT
ROUTT
JACKSON
LARIMER
Fort Collins
Loveland
Greeley
WELD
LOGAN
SEDGWICK
PHILLIPS
MORGAN
WASHINGTON
YUMA
KIT CARSON
CHEYENNE
KIOWA
CROWLEY
OTERO
BENT
PROWERS
LINCOLN
ELBERT
ADAMS
ARAPAHOE
DENVER
Aurora
Southglenn
Northglenn
Thornton
Arvada
Wheat Ridge
Lakewood
Englewood
Littleton
Denver
BOULDER
Boulder
Longmont
Westminster
GILPIN
CLEAR CREEK
GRAND
SUMMIT
EAGLE
RIO BLANCO
GARFIELD
PITKIN
LAKE
JEFFERSON
DOUGLAS
PARK
EL PASO
Colorado Springs
TELLER
Grand Junction
MESA
DELTA
GUNNISON
CHAFFEE
FREMONT
MONTROSE
Pueblo
PUEBLO
CUSTER
SAGUACHE
OURAY
SAN MIGUEL
HINSDALE
DOLORES
SAN JUAN
MINERAL
RIO GRANDE
ALAMOSA
HUERFANO
MONTEZUMA
LA PLATA
ARCHULETA
CONEJOS
COSTILLA
LAS ANIMAS
BACA
Place of 100,000 or more inhabitants
Place of 50,000 to 100,000 inhabitants
Place of 25,000 to 50,000 inhabitants
N
SCALE
0 20 40 60 80 100 Kilometers
0 20 40 60 80 100 Miles
All political boundaries are as of January 1, 1960
U.S. Department of Commerce
BUREAU OF THE CENSUS


CANADA
WHATCOM
Bellingham
SAN JUAN
SKAGIT
ISLAND
OKANOGAN
FERRY
STEVENS
PEND OREILLE
CLALLAM
SNOHOMISH
Everett
Edmonds
CHELAN
JEFFERSON
KITSAP
Seattle
Bellevue
DOUGLAS
LINCOLN
Spokane
IDAHO
Bremerton
Renton
KING
SPOKANE
MASON
Auburn
GRANT
GRAYS HARBOR
Tacoma
Lakes District
KITTITAS
ADAMS
WHITMAN
Olympia
THURSTON
PIERCE
PACIFIC
LEWIS
Yakima
WAHKIAKUM
GARFIELD
FRANKLIN
COWLITZ
Longview
YAKIMA
COLUMBIA
Richland
Kennewick
WALLA WALLA
ASOTIN
SKAMANIA
BENTON
Walla Walla
KLICKITAT
CLARK
Vancouver
OREGON
Place of 100,000 or more inhabitants
Place of 50,000 to 100,000 inhabitants
Place of 25,000 to 50,000 inhabitants
SCALE
0 20 40 60 80 100 Kilometers
0 20 40 60 80 100 Miles
N
All political boundaries are as of January 1, 1960
U.S. Department of Commerce
BUREAU OF THE CENSUS


KEY
MULTNOMAH COUNTY
1 Portland
2 Hazelwood
3 Gresham
WASHINGTON COUNTY
1 Hillsboro
2 Aloha
3 Beaverton
Place of 100,000 or more inhabitants
Place of 50,000 to 100,000 inhabitants
Place of 25,000 to 50,000 inhabitants
SCALE
0 20 40 60 80 100 Kilometers
0 20 40 60 80 100 Miles
All political boundaries are as of January 1, 1980
WASHINGTON
CLATSOP
COLUMBIA
TILLAMOOK
WASHINGTON
MULTNOMAH
HOOD RIVER
WASCO
SHERMAN
GILLIAM
MORROW
UMATILLA
UNION
WALLOWA
YAMHILL
Salem
MARION
CLACKAMAS
POLK
LINCOLN
Corvallis
Albany
BENTON
LINN
JEFFERSON
WHEELER
GRANT
BAKER
IDAHO
CROOK
Eugene
Springfield
DESCHUTES
LANE
DOUGLAS
COOS
HARNEY
MALHEUR
KLAMATH
LAKE
CURRY
JOSEPHINE
JACKSON
Medford
CALIFORNIA
NEVADA
N
U S Department of Commerce
BUREAU OF THE CENSUS

Oregon


CANADA
GRAND ISLE
FRANKLIN
ORLEANS
ESSEX
LAMOILLE
CHITTENDEN
Burlington
CALEDONIA
WASHINGTON
ADDISON
ORANGE
NEW YORK
NEW HAMPSHIRE
RUTLAND
WINDSOR
BENNINGTON
WINDHAM
MASSACHUSETTS
Place of 25,000 to 50,000 inhabitants
All political boundaries are as of January 1, 1960
SCALE
0 10 20 30 40 50 Kilometers
0 10 20 30 40 50 Miles
N
U.S. Department of Commerce
BUREAU OF THE CENSUS

The fourth, and last, marketing factor listed above was that of unique conditions affecting a particular market. There are several obvious and some not-so-obvious conditions present in some of the currently operating lottery states which impact their sales.

Small states with large populations in the East have an advantage over large less populated states with regard to the physical marketing of their lottery product.

People in the northeastern states have experienced a long history of exposure to illegal lottery type games and are therefore familiar with the concept. They do not have to be educated about how lotteries are played.

Those least successful lottery states of Vermont, Maine, New Hampshire and Rhode Island are surrounded by the neighboring giant lottery states of Pennsylvania, Massachusetts, Connecticut, New York and New Jersey. The convenience of buying lottery tickets from the large lotteries, with large prize structures, is such that many resident players from these smaller states choose to buy out of state. Why spend $1 on a chance to win $500,000, when the same $1 will buy a chance to win several million dollars? This will likely change in the near future with the implementation of the Tri-State Lottery partnership of Maine, Vermont and New Hampshire, and the recent (May '85) reversal in federal law interpretation by the U.S. Postal Service resulting in a ban on subscription lottery sales across state lines.

Alaska is unique in the fact that it experiences a tremendous annual influx of tourists, in comparison to its resident population estimated to reach 533,000 in 1985[2]. This tourist influx is large in the sense of its total volume, 776,600 projected for CY 86[3], and as percentage of the resident population, 147.5%. In addition to the number of tourists, a significant number of airline and cruise ship crews, a total of 6,000[4], are effectively part-time residents of the state. This situation is unique to Alaska, and of the lottery states only Colorado experiences a similar condition, although to a much lesser degree. These additional people would affect lottery sales Alaska in a positive direction.

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[2] Alaska Department of Labor, Research and Analysis, (Draft) Alaska Population Overview, 1985: "If the in balance of migration to Alaska during 1984-85 were to be zero, which seems unlikely, the 1985 population of the state should reach 533,000 due to natural increase alone."

[3] Alaska Department of Commerce and Economic Development, Division of Tourism.

[4] The McDowell Group (cruise ship crews), and telephone survey of major Anchorage hotels (airline crews).

Alaska Compared to Colorado

Information contained so far in this discussion provides a basis for reasonable conclusions regarding a method to estimate probable net revenue for an Alaskan lottery. Although Alaska shares similarities with the most successful lottery states (economic and physical composition of its population), our population size does not reasonably allow for a direct comparison with these states. Likewise, although our population size compares with some of the least successful lottery states, other marketing factors; our degree of urban versus rural population, our degree of population concentration, the lack of accessible neighboring lotteries, and the economic and physical composition of our population; does not allow for a direct comparison with these states.

One lottery state, with a three year lottery income history, does have a number of similar characteristics to Alaska and qualifies as a reasonable model for generating revenue projections. Colorado is similar to Alaska in more aspects than any of the other lottery states.

A review of Table 2-II and the discussion pertaining to it illustrates that Colorado provides a basis for conservative comparisons from a per capita, family and household economic perspective. It provides for a very close comparison from the perspective of educational level of the populations. And when including the information from Table 5-II with columns H, I and J from Table 2-II, Colorado is a good match with Alaska regarding comparisons of the urban nature and population concentration patterns of the two states, as well as the male to female ratio and population over eighteen years of age factors.

Alaska Lottery Income Projections

Using an average of Colorado's last three years per capita net income, $17.01 (Table 1-II), as a probable per capita income for Alaska will give a reasonable, conservative estimate for annual profit from an Alaskan lottery.

A second projection, using an average median per capita income from all lottery states for the last three years, $26.07 (Table 1-II), will provide a second, possibly less conservative and more simplified projection for Alaska.

A population factor of 730,000 for Alaska has been determined to be most useful for computing a probable FY 87 net profit, should Alaska implement a state operated lottery by July, 1986. This population factor is based on the assumption that tourists to the state would play a lottery with much more frequency than the average for the state. Tourists are here to be entertained and they have the money to spend (82% of the visitors to Alaska in 1983 had household incomes over $20,000, 25% over $60,000[4]). However, since tourists are in the state for an average of only 16.8 nights (this represents more than

10.8 million person-nights per year spent in the state)[5] a factor must be based on their short duration here. Therefore, an assigned factor of .25 is used as an approximation of their lottery play, compared to residents with a factor of 1.0. Likewise a factor of .50 is used to approximate the frequency of lottery play by crews from the airlines and cruise ships, who spend about one-fourth of the year in Alaska.

We now have enough information to compute a projection for an annual profit from operation of an Alaskan lottery.

Population Base	Number		Factor		Total
Alaska Total Population (Est. 1985):	533,000	x	1.00	=	533,000
Alaska Tourist Volume (Est. 1986):	776,600	x	.25	=	194,150
Cruise Ship and Airline Crews (1985):	6,000	x	.50	=	3,000
Total Effective Population					730,150

Using this "effective population" figure and the two per capita profit amounts, one from Colorado ($17.01) and the other from a national average ($26.07), an expected range of total net revenue for Alaska can be determined.

1. Alaska Total Effective Population	730,150
Colorado '83-'85 Average Per Capita Profit	x $17.01
Estimated Alaska Net Revenue (low)	$12,419,851
2. Alaska Total Effective Population	730,150
National '83-'85 Average Per Capita Profit	x $26.07
Estimated Alaska Net Revenue (high)	$19,035,011

An Alaska lottery could expect to generate between $12.4 and $19.0 million in FY 87.

This low end estimate, $12.4 million, is a very conservative figure when we consider that it is based on the Colorado lottery which is restricted to only operating instant games. A parallel comparison to this restriction would be to restrict a jewelry store to only selling gold jewelry. There is a large market for gold jewelry, but it's only a percentage of the total market.

The high estimate, $19.0 million, is a fairly realistic estimate, and is only dependent on how freely the enabling legislation for an Alaska lottery allows it to respond to the market.

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[5] Overview, Alaska Traveler Survey and Visitor Industry Analysis 1983; Dept. of Commerce and Economic Development, Div. of Tourism PART

III: SOCIAL IMPACTS OF LOTTERIES

The five questions mosts often asked regarding lotteries social impact are:

1. What affect do state lotteries have on the "poor?"
2. What affect do state lotteries have on the "less educated?"
3. How do lotteries affect the incidence of compulsive gambling?
4. Does winning disrupt the lives of winners of large cash prizes?
5. Do lotteries cause a negative economic drain on rural communities?

Questions 1 and 2:

The most often raised objection to state operated lotteries is that people from lower income households and/or the less educated buy a disproportionate amount of lottery tickets. The implicit suggestion is that a lottery should be prohibited in order to protect the "poor" and "less educated." As a matter of empirical fact, it is simply untrue that the poor and/or less educated buy lottery products disproportionately to their percentage of the population.

Resear. has been conducted in every state with a lottery operating for over one year regarding these questions (#1 & #2), and the conclusion is always the same; the poor and less educated play the lottery to a lesser degree than their proportion of the population.

Some comments from a sampling of the numerous studies conducted follow. Please bear in mind that every statement to follow is based upon statistical evidence, not opinion.

Colorado: Chart 1-III, below, is comprised of two bar graphs. The top graph represents the income group's percentage of the Colorado population. The bottom graph represents an index of lottery participation by the income group. Where the bar is above zero, that group plays the lottery more than their relative proportion in the population, and vice versa.[1]

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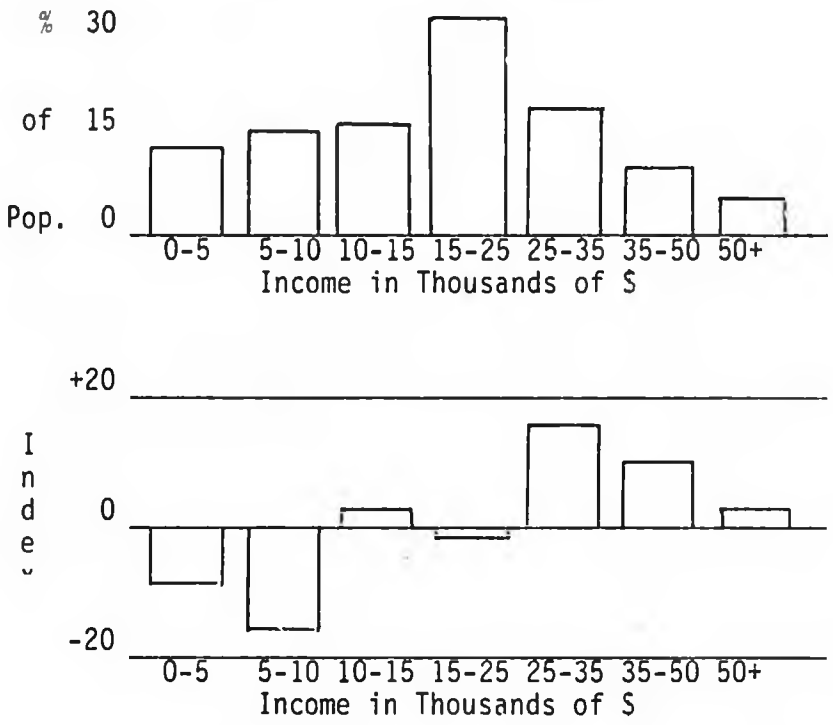
[1] Chart reproduced from "Colorado Lottery Facts", Oct. 1983, included in the Report to the Colorado Legislature by the Lottery, dated Dec. 6, 1983.

Chart 1-III

COLORADO LOTTERY PLAYER



As the chart dramatically shows, the lower income groups play the Colorado Lottery substantially less than their proportion in the population. The Colorado Lottery explained the methodology of their analysis and also commented generally on this issue.

"Analysis of the winners in lottery games is a statistically perfect sampling of the players. During each year, several state lotteries do research on the profile of their players through analysis of winners' age, income, occupation, sex, residence, and lifestyle. Every study conducted in the legal lottery business in North America has shown that the bulk of the lottery tickets are purchased by middle income consumers. Typically, most tickets are bought by persons between the ages of 35 and 54 although the play of the lotteries ranges in age from 18 to over 65. In addition, although the range of players runs from low income to high income, the majority of the tickets are purchased by persons whose household incomes are between $12,000 and $36,000. Research in Colorado indicates that the average education and income of the players are higher than the national average. Even low income players play the lottery from their discretionary income,

low income players play the lottery from their discretionary income, that is to say, even low income persons purchase lottery tickets on a competitive basis with their purchase of candy, movies and softdrinks. An average of 90¢ a week played on the lottery, while being a higher percentage of the discretionary income of a low income person than it is in a middle income person, is still a minor decision..."[2]

The results of the Colorado studies are confirmed by numerous other studies about the income levels of lottery players in other states. For example:

Arizona: An independent study concluded that "the poor are dramatically underrepresented among lottery players."[3]

Deleware; 89% of the buyers of "Daily Numbers" lottery tickets had an annual family income in excess of $10,000. The median family income of players was $19,200 a year, while the median income of non-players was $18,200 a year.[4]

Illinois; People with incomes below $11,000 only participated in lotteries about 75-78% of their percentage of the population.[5]

Maine; Studies "conclusively demonstrate that it is the middle income segment of the population that is the primary market for lotteries... [T]he poor (under $5,000 in income) are extremely underrepresented among lottery players."[6]

Illinois, Michigan, New Jersey, New York, Pennsylvania; An analysis of the household income profiles of over 6.5 million winners established that "the poor participate in the state lottery games at levels disproportionately less than their percentage of the population."[7]

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[2] "Colorado Lottery Fact Sheet", Oct. 1983, p.8, included in Report, op. cit. fn. 1.

[3] "Using Demographics to Increase Lottery Sales", G.E. Shippee, D.J. Schwartzman, K. Reynolds, Public Gaming Magazine, Aug.1983. See also, "Analysis of Sales Data of Lotteries", July 1983, Scientific Games, Inc., cited in Public Gaming Magazine, Dec. 1983, p.29 (hereafter "Analysis"), and Time, May 28, 1984, p.42.

[4] Report by Dr. Keiser, University of Delaware, College of Business and Economics, 1979.

[5] Public Gaming Magazine, Jan. 1982, p.33, Table II.

[6] "Analysis," op.cit., fn. 3.

[7] "The Myth of the Poor Buying Lottery Tickets", by Dr. J.R. Koza, Public Gaming Magazine, Jan 1982, at p.40.

Washington; An analysis of all players in the lottery during the 1983 reporting period indicated the group which played the lottery the least was the under-$10,000 income range.[8]

These are only a sampling of the numerous studies on this issue.

The Louisiana legislature, after conducting an extensive investigation on this issue and an analysis of the numerous available studies, concluded: "The overwhelming majority of studies conducted in this country illustrate that the poor patronize the lottery in numbers proportionately less than their numerical presence in any community."[9]

Similar conclusions have even been admitted by lottery critics. The Berean League of Minnesota, a self-described coalition of concerned Christians, admitted in an extensive paper submitted to the Minnesota legislature, in opposition to pending lottery legislation, that "Poor people do not play the lottery out of proportion to their percentage of the population (the evidence shows that they play less than their percentage of the population)...[N]othing has surfaced to question the accuracy of the studies that the poor play the lottery... less than other segments of the population."[10]

The Illinois, Michigan, New Jersey, New York, & Pennsylvania study took an additional step in the analysis of data collected from its over 6.5 million winners of large prizes. Relative level of sales were studied to determine if there were any correlations between heavy lottery players and household incomes. New York was chosen for this study because its household income profile for lottery game players was most representative of the average of the five states involved. Data for this analysis was collected from seventeen $1 instant games in New York. Areas were designated as having "below-average" sales if the sales index for that zip code averaged 25% or more below the statewide level. An area was designated as having "above-average" sales if the sales index averaged 25% or more above the statewide level. The remaining areas were considered "average." This approach placed about 24 percent of the New York population into above-average sales areas, about 43 percent into average sales areas, and about 33 percent into below-average sales areas.

Having thus divided the state into three distinct categories based on the actual occurrence of recorded lottery winners (and hence players), the household income distribution for the three categories was examined. See Table 1-III for a presentation of this data in the form of indexed numbers.

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[8] Washington State Lottery 1983 Annual Report.

[9] Final Joint Lottery Subcommittee Report, Louisiana Legislature, April 5, 1983, p. 27.

[10] "The Proposed Minnesota Lottery," Report by the Berean League of Minnesota, 1984,pp. 22, 23.

Table 1-III

INDEXED HOUSEHOLD INCOME DISTRIBUTION
(Above-Average, Average & Below-Average Sales Areas of
17 $1 Instant Lottery Games, New York State)

ANNUAL HOUSEHOLD INCOME
(In 1980 Dollars)

	Over $56,000	$34,000- $56,000	$23,000- $33,999	$18,000- $22,999	$11,000- $17,999	$6,700- $10,999	Under $6,700
+ Ave.	105	128	120	99	83	75	75
Average	158	139	109	90	83	75	79
- Ave.	140	94	81	89	111	116	113

The income profile for the areas of the state having above-average sales have a relatively higher representation of high-income households. The same is true for of the areas of the state having average sales. For example; households with an income above the $56,000 (1980 dollars) range have an index value of 158 in the "average sales" level areas. This means that this level income household occurs at a rate 58% higher than in the state as an average.

However, for the areas of the state having below-average sales, the income distribution is bi-modal. It contains the "poor" and it also contains a significant representation of very high income people. The main point, however, is that the lower-income categories are relatively underrepresented in both the average and the above-average sales areas and that the lower-income households are overrepresented only in the below average sales areas.

Thus, using this slightly different perspective, the conclusion is again the same. Namely, that the poor participate in the lottery games at a disproportionate rate as compared to their percentage of the population.[11]

Most analysis and comment from the studies conducted by states operating lotteries include educational levels as well as household income issues. These studies indicate similar conclusions with regard to education levels of those playing lotteries; the less educated play lotteries proportionately less than they are represented in the total population.

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[11] "Myths", Public Gaming Magazine, Dec. 1983, pp. 28-33; and "Roses and Thorns of State Lotteries", by Bill Curry, State Legislatures Magazine, March 1984, p. 31-36.

The Washington State Lottery found that residents with 1 - 3 years of college were overrepresented in lottery play to a degree significantly exceeding that of any other educational group. Based on an index of 100, those in this category reached index levels as high as 141. Conversely, those with eight years of education or less were severely underrepresented, with indices ranging from 68 down to 43.

Final figures for FY 83 in Washington showed residents with 13 - 15 years of education totaling out at an index of 120, with those with eight years of education or less playing at an index rate of 56, the lowest of any category.[12]

A study of six western counties of Washington state by KIRO Broadcasting, Inc. found that 78 percent of the lottery players had 12 or more years of education.

The Arizona Lottery also tested for educational level of its players. In every case, the median educational level of players exceeded that of Arizona residents overall.

Pennsylvania contracted with Research Corporation to use the "low, average and heavy play" procedure described above for New York. They found that in the "heavy play" group - the group showing the most interest in the lottery - only 9.8 percent had less than a high school diploma.[14]

Again, these are only a sampling of survey results all stating the same conclusion - the less educated segments of the population in lottery states play lottery games less than they are represented in the total population of their state.

These conclusions are no surprise to those who view lotteries as a business operated for profit. The tremendous growth in both lottery participation and profit to those states operating them could never be generated by a dependency on the poor and under-educated. This segment of our population simply does not constitute a large enough percentage base to target marketing efforts. The majority of the population in most states lives in middle income households and has a higher than median education level. This is the natural market.

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12 Washington State Lottery, 1983 Annual Report

13 "Using Demographics to Increase Lottery Sales", G.E. Shippee, D.J. Schwartzman, K. Renolds, Public Gaming Magazine, Feb. 1983.

14 Pennsylvania Study for the Bureau of State Lotteries, Opinion Research Corporation, Princeton, NJ, 1981.

Question number 3:
How do lotteries affect the incidence of compulsive gambling?

Studies done thus far have shown the compulsive gambler to be someone who by nature seeks avenues other than state lotteries to satisfy his or her need for gambling; state lotteries do not provide what a compulsive gambler needs for gratification.

Dr. Robert Custer, acting director of mental health for the Veterans Administration in Washington D.C. and medical advisor to the National Council on Compulsive Gambling, has done extensive research into the incidence and treatment of compulsive gambling, and is widely recognized as an expert on the subject. Custer contends that state lotteries do not provide a sufficient outlet for a compulsive gambler to either alleviate withdrawal symptoms or to experience any sustained euphoria generated by most other types of gambling. Custer said that of the compulsive gamblers he has treated at the V.A., 20% have fallen into each of four different categories: addiction to horse race betting, casino games(not casinos in particular, but games associated with them such as craps and card games), illegal sports betting, and stock options and commodities. The remaining 20% is divided among all other forms of gambling, lotteries only amounting to perhaps 2%. Of compulsive gamblers, Custer said lotteries are "not their style," because play is too slow. "The shorter the interval between the time you place your bet and when you collect, the more addictive," adding that, "any game involving a waiting period for the outcome and/or collection of winnings, such as lotteries, does not sustain a compulsive gambler, ..." Two key elements that compulsive gamblers need for satisfaction are some feeling that s/he has an "edge" or privileged information regarding the bet, and that some element of skill plays a part in the outcome. Neither of these exist with state lotteries.

"I think winning is a lot more stimulating than we realize," said Custer. "Particularly winning amounts ranging from a fourth to a half of one's income. That's one of the things about the lottery that I've never been very concerned about, because people don't win big that often. There are a lot of $1 and $2 winners, but very few million dollar winners."

Custer states that no data exists supporting the contention that lotteries increase compulsive gambling.[15]

A study for the New Jersey Lottery, supervised by Dr. Peter Carlton of the New Jersey College of Medicine and Dentistry, reached basically the same conclusions as did Custer's research; no cause-and-effect relationship was established showing lotteries to cause compulsive gambling, the same physiological changes were noted in gamblers as with the V.A. research. These results show that lotteries simply don't offer enough "action" to satisfy the needs of a compulsive gambler. A totally different environment of lottery-playing, as

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15 "Do Lotteries Increase Compulsive Gambling?", The Lottery Journal, Vol. 1, No. 2, p. 22 & 58.

opposed to other types of gaming, exists for state lottery participation. Lottery playing does not require a contained environment with a high degree of social interaction, as is found with other gaming activities. The decision to participate in a lottery game usually is an afterthought from some other activity.

John D. Quinn, Director of the New York State Lottery, and past president of the National Association of State Lotteries says that during his tenure as director of the N.Y. Lottery over 2 billion tickets have been sold and he has not received one phone call or letter saying a wife or husband "had spent the bread or milk money on the lottery."[16]

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[16] "Myths", op.cit., fn. 11, pp 39-41.

Question number 4:
Does winning disrupt the lives of winners of large cash prizes?

The results of a survey by the Ontario Lottery Corporation, updated through November of 1983, indicate that the lifestyles of the overwhelming majority of the lottery's jackpot winners changed little after their windfalls.

This survey of 870 people who won between $7,000 and $1 million in the lottery indicated that the overwhelming majority of the big-money winners kept their jobs and stayed in the same house. Few were bothered by adverse publicity or bothersome requests for donations.

Of the winners responding to the survey, 91.4% of those employed kept their job. Eight of the 25 winners of $500,000 or more continued to work. Most of the winners bank their money, and few indulge in spending sprees. Only 2.2% spent the bulk of their winnings on luxuries. Twenty-five percent bought a new car, and only 22.6% took vacations. More than two-fifths of those winning large prizes, 40.8%, shared their good fortunes with family, friends and charities.

Ninety percent of the winners were not subjected to calls and letters begging for money, and 70% of those who were contacted did not consider the solicitations a problem.

Most of the big winners have not been bothered by media attention. Of those responding to the survey 90.1% said media treatment of their good luck had been fair and courteous.[17]

Surley examples exist which illustrate that lives have been changed by the winning of large amounts of money, some of these changes would be considered positive and some negative. However, the statistics available, when considering broad cross-sections of winners, indicate that the majority of winners are not negatively affected. Ms. Mary Faulk, Director of the Washington State Lottery, puts it very well in her statement, "The lottery by design is open to maximum scrutiny by the public at all times. Our credibility is the first product we sell to the public. Identification of winners is an important responsibility to all our players. We feel that the media has shown responsible constraint in their handling of winners. Our winners have accepted this exposure with grace, because they recognize the public's right to know."

The administration of most lotteries use a prize award structure that makes payments to large winners over an extended time period; i.e., $1,000 per month for life. This is financially advantageous to the state and to the winner, and helps prevent the possible disruption of a winners life with a $1 million dollar check.

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[17] "Lottery Winner Research Indicates Life As Usual", Wendy Horne, Ontario Lottery Corporation.

Question No. 5:
Do lotteries cause an economic drain on rural communities?

This question is asking if it appears likely that a state run lottery will result in the residents of small remote communities spending an amount of their available cash to a degree exceeding the benefits these same communities would receive from the expenditures of lottery profits. Three additional questions must be examined to provide an answer to this concern of economic impact on rural communities:

1. How many communities and what population base is of concern?
2. What spending level for lottery products is likely to occur?
3. What level of benefits will these communities likely receive from the operation of a state lottery?

A conservative analysis, considering "worst case" possibilities for lottery expenditures by rural community residents and reasonable assumptions regarding benefits received from probable state lottery profits, indicates that a state operated lottery would not cause an economic drain on rural communities. In fact, the opposite is true.

For purposes of this discussion the term "rural community" is defined as a community of 2000 or less people. Alaska has a total of 262 communities of this size with a total population of 70,286, or 13.44% of the state's total population (see Table 2-III).

Individual spending on lottery products will be directly proportional to the degree to which residents of these communities would have access to lottery products. This access would only exist through state licensed lottery product retailers. Only qualified "viable businesses" would be issued lottery sales licenses upon application. A "viable business" is defined as one which would likely meet the qualifications established by a state lottery as necessary to be licensed as a lottery product retailer.

The Alaska WIC Program (Special Supplemental Food Program for Women, Infants, and Children) has been selected as a means to identify the number of probable "viable businesses" in rural communities. The WIC program is a state subsidized health and nutrition program for pregnant women, breastfeeding mothers, infants, and young children. The state provides subsidies for foods and other health needs purchases by its participants to the retailers participating in the program. This program has been selected for analysis on the assumption that its retail participants are considered by the state as "viable businesses" meeting WIC's vendor qualifications.

A review of the total number and locations of WIC vendors (see Table 3-III), provides the following items of information. It appears that a community population of more than 100 is necessary to support the operation of a retail store, the most common form of rural business (only 4.55% of communities of less than 100 have WIC qualified vendors). Eighty eight rural communities, comprising .98% of the state's total population or 5100, do not have the population base to support retail enterprises. At least some of the businesses in communities over 100 will not desire to be qualified as lottery

Table 2-III

1984 ALASKA POPULATION ESTIMATES BY COMMUNITY SIZE

A COMMUNITY SIZE	B #	C TOT. POP.	D % of AK	E # WIC	F % SVD.
0 - 50	37	1,266	0.24	0	
51 - 100	51	3,834	0.73	4	7.8
101 - 150	23	2,881	0.55	3	12.5
151 - 200	24	4,087	0.78	7	29.2
201 - 250	23	5,194	0.99	10	43.5
251 - 300	19	5,252	1.00	4	19.1
301 - 400	23	7,883	1.51	10	43.5
401 - 500	23	10,370	1.98	21	91.3
501 - 600	18	9,821	1.88	10	55.6
601 - 700	8	5,242	1.00	7	87.5
701 - 800	2	1,509	0.30	2	100.0
801 - 900	4	3,448	0.66	5	100.0
1,001 - 1,500	4	4,690	0.90	4	100.0
1,501 - 2,000	3	4,809	0.92	1	33.3
2,001 - 2,500	4	9,424	1.80	6	100.0
2,501 - 3,000	2	5,892	1.13	4	100.0
3,001 - 3,500	4	13,066	2.50	6	100.0
3,501 - 4,000	2	7,462	1.43	4	100.0
4,001 - 5,000	1	4,850	0.93	3	100.0
5,001 - 8,000	1	7,611	1.46	3	100.0
9,001 - 15,000	2	21,446	4.10	8	100.0
15,001 - 25,000	2	47,100	9.01	11	100.0
25,001 - 50,000	1	25,791	4.93	4	100.0
50,001 - 75,000	1	62,175	11.89	9	100.0
75,000 - 250,000	1	243,829	46.62	36	100.0
BCSA's (Table 3-III)		4,116	0.78	0	
Total	283	523,048	100.00	180	

Source: Alaska Department of Labor, Research and Analysis; (Draft) Alaska Population Overview, 1985; Table IV.2.

Alaska Department of Health & Social Services; Special Supplementary Food Program for Women, Infants and Children, Vendor List, Sept. 1985.

Column Explanations

A. Self explanatory.
B. Number of communities within the size indicated in column A.
C. Total population of all the communities within that size group.
D. Percent of the total population of Alaska within that size group.
E. Number of WIC vendors serving communities within that size group.
F. Percent of population within that size group served by WIC vendors.

Table 3-III

1984 ALASKA POPULATION ESTIMATES FOR COMMUNITIES OVER 2000

PLACE/S	POPULATION		% of AK.
Anchorage Borough	243,829		
Subtotal		243,829	46.62
Fairbanks Area	62,175*		
(Frbnks., Eielson, College, No. Pole, & Fox)			
Subtotal		306,004	58.50
Palmer-Wasilla	25,791*		
Juneau Bourough	23,729*		
Kenai-Soldotna	23,371*		
Subtotal		378,895	72.45
Kodiak Area	11,024*		
(Kodiak & Kodiak C.G.B.)			
Ketchikan Area	10,422*		
(Ketch., No. Tongas Hwy. & Saxman)			
Subtotal		400,341	76.54
Sitka Borough	7,611		
Subtotal		407,952	78.00
Delta Jct. Area	4,850*		
(Delta Jct., Big Delta & Ft. Greely)			
Subtotal		412,802	78.92
Bethel	3,743*		
Valdez	3,719*		
Homer	3,373		
Petersburg	3,340*		
Nome	3,184*		
Adak	3,169		
Subtotal		433,330	82.85
Barrow	2,969		
Seward	2,923*		
Subtotal		439,222	83.97
Wrangell	2,499*		
Kotzebue	2,485*		
Cordova	2,356*		
Dillingham	2,084*		
Subtotal		448,646	85.78
Remainder	70,286		
(262 places of less than 2000)			
Balance of Census Subareas (BCSA's)**	4,116	523,048	100.00

Source: Alaska Department of Labor, Research and Analysis, (Draft) Alaska Population Overview, 1985; Table IV.1.

* Population in BCSA included.

** Balance of Census Subareas (BCSA) contain those people living outside of defined communities designated as census areas; i.e., those living in the Kodiak area but outside of the Kodiak city limits.

retailers or would not qualify upon application. Therefore, it is safe to conclude that less than 100% of the people living in communities of 2000 and fewer will have access to lottery products on a day-to-day basis. However, a total of 84 WIC vendors ("viable businesses") in 83 rural communities with populations of 101 to 2000 would provide a probable minimum level of access to lottery products for 64.8% of the rural residents.

A maximum level of access to lottery products would exist if each rural community of 100 or more persons contained at least one lottery retailer. This is a possibility that cannot be discounted because the WIC program has not been able to consider service to all rural communities, therefore its vendor list may not contain all "viable businesses" in these areas.

The access to lottery products in rural communities, and thus the probable level of spending on these products, can then be anticipated as likely to be within parameters established by this maximum and minimum. The maximum case represents a situation in which 100% of the population in communities 101 to 2000 residents, or 65,186 people in 174 communities, would have access to a lottery retailer. The minimum case represents a situation in which 64.8% of the rural population, or 42,261 people, those living in 83 communities over 100 and served by the WIC program, would have access to a lottery retailer.

A probable low (maximum access) and high (minimum access) economic impact on rural communities can now be projected from lottery sales using an '83-'85 national per capita profit in lottery states of $26.07 and an assumed state total net revenue of $19,035,011 (from Pt. II, page 28). This impact will be a result of lottery expenditures by residents of these communities compared to the benefits received through expenditures by the state from lottery net profits. For this analysis it will be assumed that state expenditures are made on an equal per capita basis in all communities of the state. That is, a community with 5% of the population receives the benefits of 5% of state government spending.

Conclusion:
Both the "maximum access" and the "minimum access" case would result in a positive economic impact in all of the rural communities in Alaska. This positive impact would range from a low of 5.38% to a high of 62.54% in the 174 communities with populations of from 101 to 2000. That is, for every $1 spent on lottery products which leaves a rural community, between $1.05 and $1.63 would return in the form of state government services and grants from lottery profits. This return does not include the 50% of lottery expenditures remaining in communities from retail sales commissions and prizes. Eighty eight rural communities with populations of less than 100, comprising a total population of 5,100 (0.98% of the state's population), would experience even higher economic benefits, a total of $186,543 or $36.58 per capita, because they would receive the same benefits as others from lottery profits but would not be likely to make expenditures in a customary form of lottery.

The following computations corroborate these conclusions.

	AK Total	Max. Case	Min. Case
Population	730,150	65,186	42,221
Nat. '83-'84 Ave. Per Capita Profit	x 26.07	x 26.07	x 26.07
Net Profit (35% of Gross)	$19,035,011	$1,699,399	$1,101,744
Gross Profit (100%)	$54,385,745	$4,855,425	$3,147,841
Less Prize Payments (45%)	- 24,473,585	- 2,184,941	- 1,416,528
	$29,912,160	$2,670,484	$1,573,920
	$29,912,160	$2,670,484	$1,573,920
Less Commissions (5%)	- 2,719,287	- 242.771	- 157,392
$ Leaving Communities	$27,192,873	$2,427,713	$1,573,930
	$27,192,873	$2,427,713	$1,573,930
Less Admin. Costs (15%)	- 8,157,862	- 728,314	- 472,176
Net Profit to Gen. Fund	$19,035,011	$1,699,399	$1,101,744

Rural communities would realize benefits from a return of lottery profits equal to their percentage of the state population times the state net profit, or;

13.44% x $19,035,011 = $2,558,305

The probable maximum and minimum amount of dollars leaving rural communities is $2,427,713 and $1,573,920, respectively. The differences between the negative and positive cashflow are:

$2,558,305 - $2,427,713 (max.) = $130,592 (low); or a 5.38% gain;

$2,558,305 - $1,573,920 (min.) = $984,385 (high); or a 62.54% gain.

Two assumptions which have been made that led to the above conclusions merit additional comment. First is, the assumption that rural and urban residents would purchase lottery products on an equal per capita ratio. As has been illustrated above, a higher ratio of urban versus rural lottery purchases results in a high return to rural communities in terms of benefits received compared to expenditures made. Marketing strategies based on economy of scale will, in all likelyhood, focus on the urban areas of the state, not rural communities. This will result in lottery products and consumer incentives designed to appeal to urban residents and tourists. This will increase the ratio of lottery purchases outside of rural areas compared to purchases in rural communities to a higher degree than the above illustration assumes. The second assumption is that rural communities and urban communities receive benefits from state government spending on an equal bases. This assumption, again, results in very conservative projections with regard to the probable benefits received by rural communities.

PART IV: IMPLEMENTING AND OPERATING A STATE LOTTERY

Enabling Legislation

The experience of the past twenty years of lottery operation in the U.S., and the experiences of other governments' lottery operations, should be reviewed when considering legislation for an Alaska lottery. Most state lottery laws were drafted when the idea of a state lottery was a novel concept and little or no practical experience was available. The resulting legislation contained burdensome language addressing anxiety which stemmed from illusions based on fear rather than actual causes for concern. While this approach may have been justified ten or more years ago, it should have long since been abandoned and enabling statutes should now be drafted in light of the available record of lottery experience.

The operation of a lottery should be insulated, as far as is possible, from the operation of the political process. The following points have been recommended by Edward J. Powers, past executive director of the New Hampshire Sweepstakes Commission, which started the first lottery in the U.S. in 1964, and a founder and past president of the National Association of State Lotteries.

1. A state lottery should be established in the form of an independent authority (public corporation) rather than as a regular state agency. The authority should have its own identity and be responsible for its decisions. This is best from a public relations as well as from an efficiency viewpoint. It should have the authority to issue and present prize checks. It should be able to employ personnel and to enter into contracts, within established state procedures, and issue its own bid specifications. State purchasing statutes were not written with lotteries in mind, and so are not suited to the peculiar requirements of lottery management.
If an authority form of entity is not achievable, then, a separate commission consisting of members from both the public and private sector overseeing a separate department is preferable to a division within an existing department.
However, it should be noted that a number of state lotteries are currently functioning within another state agency.

2. The lottery agency should be treated like a business as much as possible. This is the only way to maximize revenues. It must have the flexibility to launch new programs and change marketing strategy. It should not be in a budget straightjacket that prevents it from making personnel or policy changes.

3. Full public accountability must be required. Periodic reports of revenue and expenses must be presented to the governor and the legislature. An annual report should be published for the public and the press to review. Some lotteries require that an outside accounting agency conduct periodic audits.

4. Security is paramount in every aspect of the lottery. The draft legislation should provide the framework for the internal controls

that are necessary to deter and prevent subversion both from within and without. Computer technology permits controls today that were unavailable in the past. Most security problems have arisen from employees and this emphasizes the need for close pre-employment screening. There must be cross-checks and frequent unannounced inspections to eliminate temptation.

5. It must be remembered that a state lottery will return close to 40 percent of total gross revenues to the state, after paying all the prizes and expenses. The lottery agency is completely self-supporting. Its initial start-up costs will be paid back to the state within a matter of months. Details as to lottery operation should not be specified in statutes. Legislation should not specify a percentage of prizes to be paid, the amount to be spent on advertising, the percentage allowed for expenses or the minimum amount to be returned in net revenue. State lotteries have proven they are capable of raising substantial net revenue. There is no need to set minimum acceptable levels of net revenue. Similarly, it is counterproductive to mandate the types of lottery games to be operated. These restrictions can seriously impede decision-making. It is best to charge the administrators of the lottery with the responsibility of raising maximum revenue from the program.

Experiences of operating lotteries have identified some areas that should be addressed in enabling legislation that were not, or if addressed were not adequately detailed. For instance, disputed claims should be clearly appealable only through state administrative procedures and should not be treated as civil disputes where contract law applies. Authority to own, operate and maintain separate data processing systems should be given lest a lottery be required to share time thereby compromising the lottery's security. Criminal offender record information should be available for use in licensing decisions. Failure of sales agents to promptly pay proceeds of lottery sales after reasonable demand should be a criminal offense.

In summary, legislation should be drafted using the store of lottery experience developed in the past and not simply be modeled on existing lottery laws adopted when this store of experience was not available. Maximum flexibility should be obtained in the original enactment as once carved in stone laws are hard, if not impossible, to change. The particular areas where governmental restraints are counterproductive should be identified and specifically modified or waived as to lottery operations.[1]

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[1] "Editorial Viewpoint", Public Gaming Magazine, Jan. 1982 and Jan. 1983.

Interim Funding of a Lottery Agency

Any agency formed to implement a state lottery, no matter what the organizational structure is, must be afforded interim funding. An accepted "rule of thumb" in gauging the amount to be appropriated is $1 for each state resident. A minimum recommendation needed in any state, regardless of its population is $1,500,000. The following paragraphs describe the time frames involved in the establishment of the lottery's first game and where the money will be needed.

If a lottery bill became effective on July 1 in any year, as an example, the appointments to the board or commission and the hiring of a full time director might take place within the next 30 to 45 days. If a bid was prepared within the next 30 to 45 days to purchase tickets for the state's first lottery game and then an award was made to a vendor to provide those tickets by mid-October those tickets could be delivered in the state by early or mid-December. While all of the aforementioned is going on, the board or commission will have time to promulgate lottery rules and regulations and the director will be forming the lottery administration ... who in turn will help license the ticket sales agents throughout the state. By the end of December, or six months after the effective date of the legislation, lottery ticket sales should commence. This is a conservative timeline as has been illustrated by Oregon taking only 135 days to become operative after its law was signed.

Based on the scenario described in the previous paragraph, lottery ticket sales will commence around the first of the year with the tickets for the first game "sold out" by the end of February ... or eight months after the effective date of the legislation. At this point in time a "cash flow" (money and profit coming into the agency from the sale of tickets) will have started and the agency will be in a position to return all of the "borrowed money" back to the state. Also, from that point on the agency will be self-sufficient, requiring no additional funding.

The interim funds provided the agency initially will be used to pay rent and utility bills for office and warehouse space ... for payroll costs for the the lottery employees for at least eight months ... to purchase a small computer or lease time on an existing system for the lottery agency's "accountability" programs ... to purchase vehicles for the agency's field staff ... to advertise and promote the first game ... to print all the necessary forms and pamphlets ... and to purchase millions of instant lottery tickets for the first game. Most of the above items must be paid for before the "cash flow" begins.

If a state with a population of 1,000,000 provided its new lottery agency with $1,500,000 in interim funding, for example, chances are that the state will order at least 10,000,000 instant lottery tickets for its first game and based on prior experiences will sell those tickets out in six to eight weeks. Washington State Lottery sold out its first games 50,000,000 tickets in five weeks to a population of 4.1 million. Therefore by the end of February (assuming tickets were placed on sale at the beginning of January) the state will have sold

$10,000,000 worth of tickets and will have realized a profit of $4,000,000. At this point, the $1,500,000 can be returned to the state along with another $1,000,000 to $2,000,000 in profits, with the agency holding on to the balance to carry out its activities with continuing games.

There are two points to remember. First, the longer it takes the state to implement the lottery and its first game, the more dollars would be needed in interim funding. Secondly, if it is the state's desire to have the money "borrowed" by the lottery agency repaid within the same fiscal year, the above scenario sees that occurrence happening with great ease and a good deal of leadway.[3]

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[3] Paul Silvergleid, Consultant and Past Chairman of the Connecticut Gaming Commission, Feb. 1983

Operation of a State Lottery

Most state lotteries are operated in a generally similar way. The majority of the state lotteries are overseen by a Commission (Delaware, Michigan and New York are exceptions). The Commission is responsible for broad policy making decisions, promulgation of appropriate rules and regulations to govern the lottery, and review of proposed contracts between the lottery and outside vendors. The actual day-to-day administration of the lottery is the responsibility of the lottery Director, who is a full time employee and generally has experience in the operation of state lotteries. In turn, the Director will have department heads in such areas as security, administration, marketing, and data processing. There will be a lottery staff of full time employees in each of these areas. Depending on the size of the state, the total number of staff will vary but one can expect between 50 and 150.

Although the lottery is operated by the Director and his staff, lottery tickets are actually sold by licensed agents. These licensed agents are generally retailers such as convenience stores, newsstands, package stores, supermarkets, etc. The Director will accept applications from all those eligible to be licensed agents and, after a background check, the retailers will be licensed and will sell lottery tickets subject to rules and regulations of the Commission. The agents will be compensated for sales of lottery tickets by receiving a commission on such sales. The most common retailers' commission in lottery states is 5%.

After setting up its staff and licensing its agents, the lottery must determine what type of game it will run. There are variety of lottery games available, but the two most common are what are called "instant games" and "on-line games." An instant game is played by the use of tickets which have hidden symbols concealed by a removable covering. The player purchases the ticket, removes the covering, and determines instantly whether he has won a prize and, if so, the amount of the prize. He then redeems his winning ticket in a manner established by the lottery. For small prizes, many states establish a system for the payment of the winning ticket by the licensed agents themselves. Larger prizes are redeemed through claim centers staffed by employees of the lottery. The instant tickets are constructed in such a way so that winning tickets can be validated to prevent any tampering, counterfeiting or fraud.

The on-line numbers games take a variety of forms. A typical game is a 3-digit dail numbers game. In order to run this game, the lottery distributes small computer terminals to its licensed agents which are comparable in size to cash registers. The terminals are connected "on-line" to a large central computer at lottery headquarters. A player selects a 3-digit number ranging from 000 to 999. He then tells the sales agent his selection along with the amount of money he wants to play on that number. The agent enters the number on his terminal (which simultaneously transmits the entry to the central computer) and the terminal issues the player a ticket. That ticket, as with an instant ticket, has various security and validation fea-

tures which protect against any tampering, counterfeiting or fraud. At the end of the day, the lottery randomly draws a three-digit number and the player who has a ticket with that number wins.

Although all aspects of the operation of a lottery are in-state, the lottery will have to purchase its instant tickets or on-line system from one to the established and experienced vendors in the United States. At this time, there are 3 primary instant ticket vendors and three primary "on-line" vendors. The lottery will generally pay such vendors approximately 2 - 3% of the total lottery gross revenues for the purchase of lottery products. That money is the only money which will be spent outside of the state.

Of course, there will be a "lag time" between the date the lottery law becomes effective and the date lottery tickets are first sold. It is during this period that lottery personnel are hired, the lottery administration is established, and the lottery vendor is chosen. Usually, there will be interim funding of the lottery during this "lag time" and that money is invariably repaid within 6 - 8 months of the effective date of the lottery law.[4]

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[4] Robert L. Mote, Esq., Scientific Games, Inc., May, 1983.

Part V: ALASKA LOTTERY SURVEY

The following pages contain excerpts from results of a state-wide survey concerning an Alaskan lottery completed by the Dittman Research Corporation of Alaska. This survey clearly indicates that Alaskans would favor the operation of a state lottery by a two to one margin.

Survey Methodology

During the period of November 1 through November 12, 1985, 502 residents of 51 Alaskan communities were personally contacted by telephone by professional interviewing employees of the Dittman Research Corporation. The views and opinions of the Alaskan residents were recorded on a strictly confidential basis.

Research Design: A random sample was featured which provided that all residents of the communities included had essentially the same chance of being interviewed.

Sample Selection: The Anchorage sample was selected through a computer-generated random digit dialing program. This is particularly important in Anchorage due to a 40% rate of unpublished and unlisted numbers.

The sample in other communities state-wide was randomly selected from current telephone subscribers listed in the most recent directory for each community. In these communities, the percentage of non-listed numbers does not exceed 10%.

Findings

Overall, Alaskans on a state-wide basis support the idea of a lottery by well over a 2:1 margin...

"Some people have suggested it would be a good idea for Alaska to have a state lottery, while others have said it would be a bad idea. What are your views -- do you basically favor or oppose Alaska having a state-wide lottery?"

Favor..... 65%
Oppose..... 29%
Unsure..... 6%

...and the support is basically consistent throughout all geographic regions...

Region	Favor	Oppose
Rural	57%	37%
Central	65%	28%
Southcentral	65%	29%
Anchorage	69%	24%
Southeast	62%	36%

...demographically, upper income residents are slightly more supportive...

Income	Favor	Oppose
Up to $20,000	64%	32%
$20,000 - $40,000	64%	30%
$40,000 - $60,000	65%	30%
$60,000 plus	73%	22%

...and young people are more supportive than older people...

Age	Favor	Oppose
18 - 24 years	84%	13%
25 - 40 years	67%	28%
41 - 55 years	62%	31%
56 years and older	44%	46%

...there is little difference based on gender...

Sex	Favor	Oppose
Male	66%	30%
Female	65%	27%

...and significantly important, the idea of a state-wide lottery has broad appeal across all political boundries...

Party	Favor	Oppose
Democrat	67%	24%
Republican	61%	31%
Non-partisan	67%	30%

Summary:
The support for a state-wide lottery is strong and broad throughout Alaska. Only among residents 56 and over does opposition exceed support, while among other age groups, support exceeds opposition by margins of up to 6;1

Overall, in terms of political and geographic constituencies, support exceeds opposition by approximately 2:1 in each geographic area, and Democrats, Republicans and Non-partisan voters all support the idea of a state-wide lottery by 30% margins or more.[5]

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5 "State-wide Survey Concerning Lottery"; Report to Rep. D. Thompson; Dittman Research Corp., Anchorage, AK; Nov. 1985.

Vehicle Registration (six-month)

HOUSE BILL NO. 337, by Rep. Shultz. Would allow passenger vehicles or motor homes not used for hire, or pick-up trucks or vans not exceeding 6,000 pounds unladen weight and not used for hire to be registered for a six-month period, instead of the yearly registration normally required. Passenger vehicle or motor homes would pay $15 for six months, and pick-ups or vans not exceeding 6,000 pounds would pay $17.50 for six months. Does not provide for effective date (takes effect 90 days after Governor signs bill).

Introduced March 29 and referred to State Affairs, Transportation, Finance.

State Lottery (establishing)

HOUSE BILL NO. 338, by Rep. Thompson. Would set up a state lottery commission within the Dept. of Revenue. The commission would be made up of five members appointed by the Governor. No more than three members could be from the same political party. The commission would, after full and thorough study, establish and operate a state lottery. They would also monitor the operation of the lottery and study and investigate laws pertaining to it.

The commission would be allowed to determine the type of lottery to be conducted, except that they could not use an instant game. They could determine by regulation the price of tickets or shares in the lottery, the number and sizes of prizes, and the manner of selecting winning tickets and payment of prizes. They would also determine the apportionment of the total revenues. The commission would be required to report monthly to the Governor and Legislature on total revenues, prize disbursement and expenses.

Would set up a Division of State Lottery. Outlines duties of the Director, and ticket sale agents. Prohibits assignment of prizes. If a person under the age of 18 wins a prize, only $5,000 in cash may be given to an adult member of the minor's family. The remainder must go in a bank account to the credit of an adult member of the minor's family. Does not provide an effective date (takes effect 90 days after Governor signs bill).

Introduced March 29 and referred to Labor & Commerce, Judiciary, Finance.

Oil & Gas Property Tax Credit Limits

HOUSE BILL NO. 339, by Rep. Marrou. Amends AS 43.56.010 (Oil and Gas Exploration, Production & Pipeline Transportation Property Taxes) by adding a new subsection to read: "(e) If a municipality levies in a tax year more than $175,000,000 under AS 29.53.045 [Municipal Government. Tax on Oil & Gas Production & Pipeline Property] to pay or secure the principal and interest on bonds, the taxpayer's credit or refund under (d) of this section is limited to the percentage of the total taxes levied and collected by the municipality in the tax year for the same purpose that were paid by the taxpayer in the tax year under AS 29.53.045 to pay or secure the principal and interest on bonds, times $175,000,000." Provides Act takes effect July 1, 1985.

Alaska State Legislature

DISTRICT 27:
AKHIOK
CHIGNIK
CHIGNIK LAGOON
CHIGNIK LAKE
CHINIAK
IVANOF BAY
KARLUK
KODIAK
LARSEN BAY
OLD HARBOR
OUZINKIE
PERRYVILLE
PORT LIONS
WOMENS BAY

House of Representatives

REPRESENTATIVE
DAVE THOMPSON
POUCH V
JUNEAU, ALASKA 99811
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P.O. BOX 75
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DT: 4/9/85

TO: House Labor and Commerce Committee

FR: Rep. Dave Thompson DWT

RE: AK State Lottery; HB 338

HB 338 would provide for establishment of state operated lottery intended to generate revenue, augmenting other revenue sources, for the general fund. The bill calls for creation of a division of lottery within the Department of Revenue, and a lottery commission to be appointed by the Govenor. The lottery commission would determine the type(s) of lottery to be conducted, develop regulations for the lottery, plan for apportionment of total lottery generated funds, and monitor lottery activities.

The lottery division would be supervised by a lottery director appointed by the commissioner of revenue. The lottery division will liscense agents, control marketing functions, and maintain records for the state lotery.

The intent of this bill is to establish the framework for the state to pursue the lottery concept as one additional means of revenue generation. Determining the specific form of lottery is not addressed by this legislation, and is not the intent of the sponsor.

HB 338 FILE CONTENTS

April 11, 1985 Thursday

1) Bill Summary -- Legislative Reporting Service

2) Overview -- Roger Poppe, Committee Staff

3 Fiscal Note and Fiscal Analysis -- Dept. of Revenue

4) Memo: Rep. Thompson to Committee, April 9, 85

5) Memo: Theresa Bannister, Legislative Counsel, to Rep. Thompson March 8, 1985

6) "Setting up the California Lottery," California Journal, March, 1985, pp. 96-99

7) Position Statement -- Dept. of Revenue; read by Commissioner Nordale

M E M O R A N D U M

To: All Members, House Labor and Commerce Committee

From: Roger Poppe, Committee Staff

Date: April 11, 1985

Subject: Overview, HB 338

On April 11, 1985, the House Labor and Commerce Committee met in Room 102 Capitol Building to discuss HB 338, establishing a state lottery.

Various bills have been up before the legislature over the years dealing with games of skill and chance, but this is the first legislation introduced dealing with a statewide lottery; hence, a whole new section is being added to the statute. There is no companion legislation in the Senate.

The sponsor conceives of this legislation as an additional means of raising revenue for the state of Alaska, and has been modeled after the lottery statutes in New Jersey. However, there are a lot of issues that need to be looked at in this bill, and if it is to be successful, it may need substantial re-working.

The Legislative Counsel on this bill, Theresa Bannister, has raised a potential policy problem which deals with 05.18.240(e), which excludes people involved in the lottery administration from participating; and whether it should be extended to other persons as well (in California, the legislature is excluded, for example).

The Department of Revenue has a considerable number of objections to the bill in its present form, and Commissioner Nordale will be expressing those in a position statement to the committee.

Conceptually, a state lottery is worthy of consideration, but there are many problems with this bill that need to be resolved. Among the issues the Committee may wish to consider are:

1) Accountability. This is a very large program for it to be totally run by just 5 Commissioners with no checks and balances set up on their authority--a vote of 3 Commissioners could have a tremendous impact.

2) There is no provision in the bill for the Commissioner or Director to be one of the Commission members, which could get into administrative conflicts, with a Director caught in the middle between the Commission and the Departmental Commissioner.

3) the only requirements for Commission membership deal with political party affiliation; but for a new Commission of this complexity and size, other qualifications need to be considered. (In California, the 5 Commission members have to include an accountant and a person with at least 5 years of law enforcement experience).

4) We can't just model this legislation after what is done in another state. For example, the Fiscal Note is so huge because the only way we can create equitable access to tickets is to have a computer terminal (with on-going upkeep) in every village and city in Alaska; otherwise we are asking for a huge problem with bootleg tickets just as we have had with booze;

5) We need to consider the problems of enforcement: currently the Dept. does not even enforce gaming laws in this state, so with the amount of money involved, they would have to create enforcement positions--otherwise, for example, there are no provisions to enforce vendors even turning in their receipts;

6) administrative guidelines in this bill are minimal; the bill needs a lot more work before it is acceptable;

7) with games of chance, non-profit organizations are the beneficiary; with this bill, the state is; but no direction is supplied as to what the revenues may be used for once they are generated;

8) there is no clear reason as to why instant game lotterys are excluded from this bill (page 2, line 26).

9) In California, the administrative costs to run this program run up to 16% of the total program; however, in Alaska, with a huge c computerized network required as the only solution to equal access, this may run much higher, raising the question of whether it is even worth it; and judging from the California experience (see the article in your file) it will generate a whole separate bureaucracy just to run the program.

10) this bill lumps together planning and implementation, which in normal procedures where something new is being established, is done in phases, so we don't end up buying a pig in a poke;

11) the Department had very little time to generate a realistic fiscal note on this issue; the creation of a whole new division is a complex and costly process that should not be gone about quickly or rapidly. On the other hand, the fiscal note may not give an accurate estimation of the revenues generated; but if it does, then this program is clearly not cost effective as presented in the present bill. It also appears that the one-time capitol costs to install he equipment and data lines of $7,400,000 as presented in the fiscal note appear to be added in for every fiscal year after FY86, which doesn't appear to be logical.

HOUSE

COMMITTEE REPORT

JUDICIARY

(7)
Date referred: 1/24/86

FURTHER REFERRALS: FINANCE 2/5

DATE: 2/3/86

The LABOR & COMMERCE Committee has considered SSHB 338

"An Act establishing a state lottery; and providing for an effective date."

and recommends:

[X] do pass

[ ] do not pass

[ ] do pass with attached amendment(s)

[ ] no recommendation

[ ] replace with ______________ [ ] same title

[ ] new title

and recommends ______________

[ ] further referral to the ______________ Committee

and attaches:
[ ] letter of intent
[ ] first fiscal note
[ ] new fiscal note
[ ] zero fiscal note

SIGNING DO PASS:

Mike Navarre
[illegible signature]
[illegible signature]
[illegible signature]

SIGNING OTHER RECOMMENDATIONS:

Mike Navarre
Chairman

STATE OF ALASKA 1985 LEGISLATIVE SESSION
FISCAL NOTE

Revision Date

REQUEST
Bill/Resolution No: HB 338
Title: An Act establishing a state lottery
Sponsor: Thompson
Requestor: House Labor & Commerce Cmte.
Date of Request: April 1, 1985

FISCAL DETAIL
Agency Affected: Revenue
Program Category Affected: General Government
BRU, Program or Subprogram(s) Affected: State Lottery Operating and Data and Word Processing

EXPENDITURES/REVENUES: (Thousands of Dollars)

	FY 85	FY 86	FY 87	FY 88	FY 89	FY 90
OPERATING						
100 PERSONAL SERVICES	-	816.2	873.4	934.6	1,000.1	1,070.2
200 TRAVEL	-	142.8	152.8	163.5	175.0	187.3
300 CONTRACTUAL	-	10,658.9	11,405.1	12,203.5	13,057.8	13,971.9
400 SUPPLIES	-	26.0	7.6	8.2	8.8	9.5
500 EQUIPMENT	-	140.0	-	-	-	-
600 LANDS & STRUCTURES	-	-	-	-	-	-
700 GRANTS, CLAIMS	-	-	-	-	-	-
800 MISCELLANEOUS	-	-	-	-	-	-
TOTAL OPERATING	-	11,784.0	12,439.0	13,309.9	14,241.7	15,238.9
CAPITAL	-	2,500.0	-	-	-	-
REVENUE	-	1,468.0	1,570.8	1,680.8	1,798.5	1,924.5

FUNDING: (Thousands of Dollars)

GENERAL FUND	-	12,816.0	10,868.2	11,629.1	12,443.2	13,314.4
FEDERAL FUNDS	-	-	-	-	-	-
OTHER	-	-	-	-	-	-
TOTAL	-	-	-	-	-	-

POSITIONS:

FULL TIME	-	19	19	19	19	19
PART TIME	-	-	-	-	-	-
TEMPORARY	-	-	-	-	-	-

SOURCE OF FUNDS TO OFFSET FISCAL IMPACT OF BILL:

ANALYSIS: Attach a separate page for analysis.

Prepared By: Sally Smith
Division: Public Services
Phone: 465-2392
Date: April 10, 1985

Approved by Commissioner:
Agency: Department of Revenue
Date: 4/10/85

Distribution (by Agency preparing fiscal note):
Legislative Finance
Legislative Sponsor
Requestor
Office of Management and Budget
Impacted Agency(ies)

LOTTERY DIVISION BRU
Fiscal Note Analysis

Assumptions:

1. This will be an on-line lottery only.
2. Tickets will be on sale state-wide.
3. Gaming computer equipment will be leased for a percentage of the gross sales.
4. The lottery division will consist of four sections: 1) the director's office (includes commission costs); 2) a marketing section; 3) an enforcement section; and 4) an operations section.

The lottery commission would have overall authority over the state lottery. The director of the lottery division would handle administrative implementation of regulations of this chapter and administration of the division. The marketing section would keep pace with ever-changing trends in lottery games and sales, develop new games, estimate activity and revenue for these games, and promote the lottery state-wide. The enforcement section would conduct field work ensuring internal and external control of the lottery. The operations section would handle the receipt of tickets and maintain fiscal accountability for the tickets, prizes and monthly vendor reports.

STATE LOTTERY OPERATING BRU

100 PERSONAL SERVICES

The lottery division would be headed by a director. A Secretary I would be employed in this office to provide administrative and secretarial support to the division.

1	Director	6,817 @ 12 mos.	$ 81,809
1	Secretary I	2,547 @ 12 mos.	30,562

The marketing section would be operating under an Economist III. This section would also employ a publications specialist, a research analyst and a clerk typist III.

1	Economist III	5,187 @ 12 mos.	62,246
1	Publications Specialist III	4,456 @ 12 mos.	53,472
1	Research Analyst II	3,662 @ 12 mos.	43,944
1	Clerk Typist III	2,284 @ 12 mos.	27,408

The enforcement section would operate under an Investigator IV. Three investigators and a clerk typist III would also be employed in this section.

1	Investigator IV	4,866 @ 12 mos.	58,393
2	Investigator III	4,170 @ 24 mos.	100,298
1	Investigator II	3,662 @ 12 mos.	43,944
1	Clerk Typist III	2,284 @ 12 mos.	27,408

The operations section would operate under an Accounting Supervisor III. In addition, this section would employee three accounting technicians, two accounting clerks, a clerk typist III and a clerk III.

1	Accounting Supervisor III	4,283 @ 12 mos.	51,395
1	Accounting Technician III	3,662 @ 12 mos.	43,944
2	Accounting Technician II	3,207 @ 24 mos.	76,978
1	Accounting Clerk III	2,547 @ 12 mos.	30,563
1	Accounting Clerk II	2,415 @ 12 mos.	28,975
1	Clerk Typist III	2,284 @ 12 mos.	27,408
1	Clerk III	2,284 @ 12 mos.	27,402
	Total Annual Wages and Benefits		$ 816,131

200 TRAVEL

In the first year, travel is estimated at $139,020. This travel covers commission travel and monthly meetings, director's travel to other lottery states, conferences and monthly meetings. The accounting supervisor, the marketing supervisor and the investigators would each be using out-of-state travel to attend training seminars and would bring the expertise back to their sections. The marketing supervisor would travel within Alaska to promote the lottery and the enforcement section investigators would travel within Alaska to conduct field investigations and to ensure the integrity of the lottery.

Commission trips	$ 60,400
Director trips	16,000
Marketing trips	5,000
Accounting training trip	1,400
Investigator training/Investigative trips	60,000
Total Travel	$ 142,800

300 CONTRACTUAL

Contractual costs are listed in two separate categories: expenses related to the gaming equipment and expenses related to the setup of the new division.

Gaming Equipment

Computer data lines from the central office to the computer terminals at each vendor's location would be leased from a gaming equipment company. Costs for installation of those lines would be a one-time capital cost.

Computer Data Lines	$ 7,400,000
One-time capital costs	2,500,000

Division Setup

During the first year of operation, advertising costs would total about $500,000. This amount would be reduced in subsequent years of operation.

Office communications	21,000
Copiers	12,000
Printing	35,000
Subscriptions	1,000
Postage	30,000
Messenger Service	2,000
Freight	3,000
Office Space	69,264
Miscellaneous	5,000
Advertisement	500,000
Total Contractual	$10,578,264

400 SUPPLIES

Office supplies costs are estimated at $1.0 per employee for FY86. These costs will decrease in FY87.

Stationery and office supplies	$	19,000
Total Supplies	$	19,000

500 EQUIPMENT

Office equipment and furniture includes desks, chairs, calculators, file cabinets, partitions, bookcases, credenzas, phones, one conference table and one typewriter with a stand. Expenditures for these items will impact FY86 only.

Office equipment and furniture	$	48,907
Total Equipment	$	48,907

Sub-total State Lottery Operating $11,605,102

DATA AND WORD PROCESSING BRU

The following funding would be allocated to data and word processing within the Department of Revenue for the operation of the lottery division.

300 CONTRACTUAL

Funds are requested for Wang archiving work stations and a printer. The vendor reports, marketing information and other information and statistics would be data-captured for analysis and reporting to the commission.

Equipment Lease and Maintenance	$	48,512
Programs		25,000
Program Maintenance		7,000
Total Contractual	$	80,572

400 SUPPLIES

The funds listed here would be used to purchase miscellaneous software and printer paper.

Miscellaneous Supplies	$	7,000
Total Supplies	$	7,000

500 EQUIPMENT

These funds would be used to purchase central processing unit equipment, including one disk drive, a tape drive, a 5574 band printer and air and power conditioners.

Disk and tape drives	$	70,000
5574 printer		12,500
Air and power conditioners		8,500
Total Equipment	$	91,000

Subtotal Data and Word Processing	$178,572
TOTAL OPERATING AND DATA AND WORD PROCESSING	$11,783,674

1. POSITION TITLE	RANGE/STEP	BARG. UNIT	PAGE/LINE	GOV.	APPROV.	DISAPP.
Director	26B	X				

2. TYPE OF POSITION	STAFF MONTHS	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION	ELECTION DISTRICT	LEG.

3. CONTINUATION LEVEL | ADDITION

	4. TYPE OF EXPENDITURE		AMOUNT
	1	2	3
	PERSONAL SERVICES		
5.	Salary	$64,620	
6.	Benefits	10,598	
7.	Supplemental Benefits	3,961	
8.	Fixed Benefits	2,630	
9.	TOTAL PERSONAL SERVICES	01	81,809
10.	Travel	02	16,000
11.	Contractual	03	
12.	Commodities	04	
13.	Equipment	05	
14.	Other		
15.	TOTAL COST		98,809

	RECEIPT CODE	FUNDING SOURCE		
16.		Federal Receipts	1002	
17.		G.F. Match	1003	
18.		General Funds	1004	98,809
19.		I-A Receipts	1005	
20.		Program Receipts	1028	
21.		Other		

FOR BSM USE ONLY
KEY NUMBER __ __ - __ __ - __ __ - __ __ - __ __

JUSTIFICATION

The director will administer the activities of the lottery division and supervise its daily operation, attend monthly commission meetings and act as their secretary. The director will act on advice and recommendations from the commission and will, in turn, advise the commission of division activities and provide statistical reports, information on the progress of the lottery as a revenue-generating enterprise and information on activities in other states. The director will hold press conferences to keep the public informed.

REQUEST FOR NEW POSITION

AGENCY: Revenue

PROGRAM: Revenue Management & Collection

BRU: State Lottery

COMPONENT: Operating

Page 1 of 1

Revised Date

FY 86

1116 (7/82) - 13

1. POSITION TITLE				RANGE/STEP	BARG. UNIT	PAGE/LINE	COV.	APPROV.	DISAPP.
	Secretary I			10B	G				
2. TYPE OF POSITION	STAFF MONTHS	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION	ELECTION DISTRICT	LEG.		
PFT	12				AWA				
3. CONTINUATION LEVEL		ADDITION							

4. TYPE OF EXPENDITURE		AMOUNT
1	2	3
PERSONAL SERVICES		
5. Salary	$22,716	
6. Benefits	3,725	
7. Supplemental Benefits	1,392	
8. Fixed Benefits	2,729	
9. TOTAL PERSONAL SERVICES	01	30,562
10. Travel	02	
11. Contractual	03	
12. Commodities	04	
13. Equipment	05	
14. Other		
15. TOTAL COST		30,562

	RECEIPT CODE	FUNDING SOURCE	
16.		Federal Receipts 1002	
17.		G.F. Match 1003	
18.		General Funds 1004	30,562
19.		I-A Receipts 1005	
20.		Program Receipts 1028	
21.		Other	

FOR B&M USE ONLY
KEY NUMBER __ __ - __ __ - __ __ - __ __ - __ __

JUSTIFICATION

The secretary will provide clerical and administrative support to the division. Duties will include typing, filing, making travel arrangements, processing personnel documents, acting as receptionist, and responding to general public inquiries.

REQUEST FOR NEW POSITION

AGENCY Revenue

PROGRAM Revenue Mangement & Collection

BRU State Lottery

COMPONENT Operating

Page 1 of 1

Revised Date

FY 86

1.	POSITION TITLE: Investigator IV				RANGE/STEP: 20B	BARG. UNIT: S	PAGE/LINE	COV.	APPROV.	DISAPP.
2.	TYPE OF POSITION: PFT	STAFF MONTHS: 12	R/P NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION: AWA	ELECTION DISTRICT	LEG.		
3.	CONTINUATION LEVEL		ADDITION							

4.	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
	PERSONAL SERVICES		
5.	Salary	$45,312	
6.	Benefits	7,431	
7.	Supplemental Benefits	2,778	
8.	Fixed Benefits	2,872	
9.	TOTAL PERSONAL SERVICES 01		58,393
10.	Travel 02		10,160
11.	Contractual 03		
12.	Commodities 04		
13.	Equipment 05		
14.	Other		
15.	TOTAL COST		68,553

	RECEIPT CODE	FUNDING SOURCE		
16.		Federal Receipts	1002	
17.		C.F. Match	1003	
18.		General Funds	1004	68,533
19.		I-A Receipts	1005	
20.		Program Receipts	1028	
21.		Other		

FOR BSM USE ONLY
KEY NUMBER ___ - ___ - ___ - ___ - ___

JUSTIFICATION

The investigator IV will manage the enforcement section and supervise its daily operation to ensure problems are resolved in a timely fashion and the enforcement effort is on-going. This person will set priorities for investigations and will analyze the effectiveness of the effort to provide recommendations for change to the director.

REQUEST FOR NEW POSITION

AGENCY: Revenue

PROGRAM: Revenue Management & Collection

BRU: State Lottery

COMPONENT: Operating

Page 1 of 1

Revised Date

FY 86

01 1136 (7/82) - 13

	POSITION TITLE				RANGE/STEP	BARG. UNIT	PAGE/LINE	COV.	APPROV.	DISAPP.
1.	Investigator III				18B	G				
2.	TYPE OF POSITION	STAFF MONTHS	RP NUMBER	PCN NUMBER	BRU PRIORITY	LOCATION	ELECTION DISTRICT	LEG.		
	PFT	24				AWA				
3.	CONTINUATION LEVEL		ADDITION							

4.	TYPE OF EXPENDITURE		AMOUNT
	1	2	3
	PERSONAL SERVICES		
5.	Salary	$77,400	
6.	Benefits	12,694	
7.	Supplemental Benefits	4,746	
8.	Fixed Benefits	5,458	
9.	TOTAL PERSONAL SERVICES	01	100,298
10.	Travel	02	24,400
11.	Contractual	03	
12.	Commodities	04	
13.	Equipment	05	
14.	Other		
15.	TOTAL COST		124,698

	RECEIPT CODE	FUNDING SOURCE		
16.		Federal Receipts	1002	
17.		G.F. Match	1003	
18.		General Funds	1004	124,698
19.		I-A Receipts	1005	
20.		Program Receipts	1028	
21.		Other		

FOR BSM USE ONLY
KEY NUMBER __ __ - __ __ - __ __ - __ __ - __ __

JUSTIFICATION

The investigator III's will concentrate their effort on field investigations of lottery vendors and the internal security of the lottery. This will entail background, criminal and business investigations to ensure the integrity of the lottery and the confidence of the public.

REQUEST FOR NEW POSITION

AGENCY Revenue

PROGRAM Revenue Management & Collection

BRU State Lottery

COMPONENT Operating

Revised Date

FY 86