

NATIONAL COUNCIL OF LEGISLATORS FROM GAMING STATES
COMMITTEE ON LOTTERIES
SCOTTSDALE, ARIZONA
JANUARY 9, 2009
MINUTES

The Committee on Lotteries of the National Council of Legislators from Gaming States (NCLGS) met at the Hotel Valley Ho in Scottsdale, Arizona, on Friday, January 9, 2009, at 9:00 a.m.

Representative James Buskey from Alabama, acting chair of the Committee, presided.

Other members of the Committee present were:

Sen. Tom Harmon, CA
Rep. Kevin Ryan, CT

Other legislators present were:

Rep. Mac Gipson, AL
Rep. Pebblin Warren, AL
Rep. John Viola, DE
Sen. John Sparks, OK

Others present were:

Susan Nolan, Nolan Associates, NCLGS Executive Director
Nicholas Brozean, Nolan Associates, NCLGS Assistant Legislative Coordinator

MINUTES

The Committee voted unanimously to accept, as submitted, the minutes of its June 13, 2008, meeting in Napa, California.

LOTTERY INITIATIVES IN THE STATES

Clint Harris, executive director of the Minnesota State Lottery and representing the North American Association of State & Provincial Lotteries (NASPL), reported that a newly passed constitutional amendment had made Arkansas that 43rd state with a lottery. Rep. Buskey said that Alabama was among the non-lottery states, and he and Rep. Gipson commented on the complexities of the Alabama gaming system.

Mr. Harris reported that Florida had joined Powerball and that Maryland had authorized racinos. He described state video lottery activity as “static.” He said that ten states and the District of Columbia allow fast-draw Keno.

Mr. Harris said that player-protection initiatives in Canada had prompted several U.S. states to consider similar policies to ensure that players receive the prizes owed them. He then overviewed recent Minnesota activity to curb lottery scams.

Mr. Harris noted that lotteries often are asked to help fund problem gambling initiatives but said that lotteries increasingly are taking more active roles, including participating on state problem gambling

councils. He said the Minnesota lottery, as well as lotteries in several other states, had joined a Swiss organization that required participants to develop a responsible gaming program based on certifications and core principles.

REPORT ON IMPACT OF ECONOMY ON LOTTERY SALES

Ed Van Petten, executive director of the Kansas Lottery, reported that despite the economic downturn, some states had witnessed increased sales of instant lottery products, which he said were less profitable than Lotto games. Mr. Van Petten spoke to profit margins and other issues related to the Kansas lottery.

Mr. Van Petten said that sales of Mega Millions and Powerball had declined. He described lottery products as “entertainment” and said that people cut back in times of economic stress—despite some theories, he said, that hard times prompt people to buy more lottery tickets. He then addressed issues regarding marketing of lottery products and initiatives in Kansas to promote retail sales.

UPDATE ON NEW PRODUCTS AND MARKETING TECHNIQUES

Mr. Harris commented that vendors who develop interactive games were engaging players creatively, and as an example he described how the Minnesota State Lottery was encouraging use of a Minnesota Hold 'Em interactive Web site.

Mr. Harris reported on issues related to a 2006 *Unlawful Internet Gambling Enforcement Act*. Among other things, he said the law allowed state lotteries to offer credit card-based Internet games within their borders. He addressed issues regarding credit card companies that block use of their cards for these state lottery sites.

Mr. Harris then spoke to issues regarding VIP clubs, including high-priced tickets, national chains as lottery retailers, standard-setting, vending machines, ticket checkers, and video monitors at checkout.

In response to a question from Rep. Buskey, Mr. Harris commented on the ability of state lotteries to track increases and decreases in sales.

REPORT ON EQUITABLE AND EFFICIENT PRIZE STRUCTURES

Mr. Harris overviewed a connection between lower prize payouts and lottery sales, including experiences in Texas and Florida.

UPDATE ON LOTTERY PRIVATIZATION

Mr. Harris reported on a recent decision by the New Jersey attorney general that prevented the state from turning its lottery operations over to a private entity. He outlined ways in which a state might securitize its lottery—similar, he said, to issuing a revenue-backed municipal bond. He then touched on issues regarding social responsibility.

ADJOURNMENT

There being no further business, the meeting adjourned at 10:15 a.m.

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