

A Lottery For Localities

- “ Background
- “ Proposal
- “ Courses for Action



Background

- “ Virginia Lottery is a **\$1.8 billion** state enterprise.
- “ **Per Virginia Constitution**, Lottery proceeds go to education
 - . Lottery allocations go directly to school systems
- “ **Lottery Sales are ‘untaxed’ at the local level**
 - . Cities, Counties and Towns receive no general fund revenues
- “ **Result: The lottery takes money out of our local economies and the locality tax base.**

Proposed Legislation

- “ **Give Localities a 5% refund on local lottery sales.**
 - . Cities get 100% of that 5% generated from their community
 - . Towns get 60% of 5% generated in their community with 40% going to County
 - . County government gets 100% of lottery sales generated in ‘county’ area only
- “ **All refunds go to general revenue fund for locality’s unrestricted use.**
 - . Pay down debt, fund EMS, projects, general revenue
- “ **Refunds to come from ‘Prize Pool’ allocations only**
- “ **School allocations remain untouched**

Formula

Breakdown	Current Formula	Proposed Formula	Difference	School Allocations Remain Untouched Minimal impact on prize pool
Prize Pool	60.6%	55.6%	-5%	
Retailer Pool	5.6%	5.6%	No change	
Operations	4.9%	4.9%	No change	
Education	28.9%	28.9%	No change	
Locality	0%	5%	+5%	

Key Points

Using 2015 prize pool as example, this plan would reduce the prize pool \$92 million dollars from \$1.166 billion to \$1.073 billion

Money is culled from the top so it will have no impact on sales.

“ Will not deter players who routinely play or play for the advertised prize.

Local Snapshot – A Town

 we're game virginia lottery	OFFICIAL LOTTERY RECORD TOTAL SALES: CERTAIN ZIP CODES CALENDAR YEAR 2015	
	<u>ZIP Code</u>	<u>Total Sales</u>
	23824	\$3,676,892.25
	23922	\$495,168.25
	23930	<u>\$2,035,514.50</u>
	Sum:	\$6,207,575.00

23930 = Town of Crewe

Population: 2,241

Housing Units: 1,215

Median Household Income: \$40,000

Individuals Below Poverty Level: 24%

2015 Lottery Sales: \$2,035,514.50

*Nearly a thousand dollars per resident;
\$1,675 per household*

General Revenue Income if Taxed at 5%

\$101,775.00

Under Proposed Split:

County: 40% - \$40,709.57

Town: 60% - \$61,065.43

Local Snapshot-A County



we're game
virginia lottery

OFFICIAL LOTTERY RECORD TOTAL SALES: CERTAIN ZIP CODES CALENDAR YEAR 2015

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23922	\$495,168.25
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Sum:	\$6,207,575.00

General Revenue Income if Taxed at 5%: **\$310,978.74**

Under Proposed Split:

County: 40% = **\$124,151.49 (+)**

Blackstone: **\$110,306.77 (-)**

Burkeville: **\$15,455.05**

Crewe: **\$61,065.43**

Courses for Action

“ VML and VaCO Support

- . ***Make this a 2017 Legislative Priority***

“ All localities and all citizens benefit

“ City, Towns and County Support

- . Make this a 2017 Legislative Priority

“ Poquoson, Martinsville, Danville, Goochland Co, Sussex Co, Lunenburg Co, Henry Co, Nottoway Co, Giles Co, and others in support or in discussions;

“ several have it on ‘Legislative Agenda’;

“ Alexandria, Petersburg and Fredericksburg Mayors sending to councils.

“ **Giles Co estimates a \$179,000 return on 5%**

- . \$3,592,443 in sales

“ **City of Danville estimates \$1.2m return on 5%**

- . nearly \$28m in sales

Courses for Action

“ Phased Implementation

- . Envision 5% culled from last six months of 2017
- . **First Installment to be paid by 15 January 2018**
 - “ Follow-on payments made quarterly
- . Phased implementation provides Va Lottery more than six months to orchestrate administrative procedures to implement new legislative mandate

“ ***This formula is a starting point for legislative discussions***

- . ***General Assembly works for us and they’ll work with us.***

Questions?

