



we're game

Lottery for Localities Discussion

VML Legislative Committee Meeting
August 24, 2016

Paula Otto, Executive Director
Virginia Lottery
potto@valottery.com

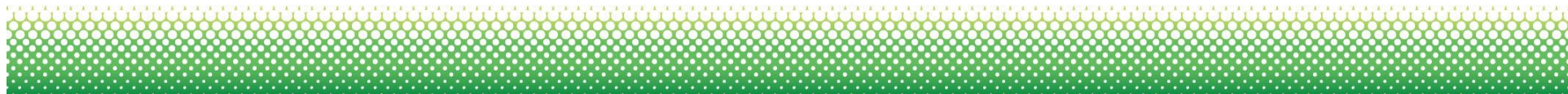




Lottery

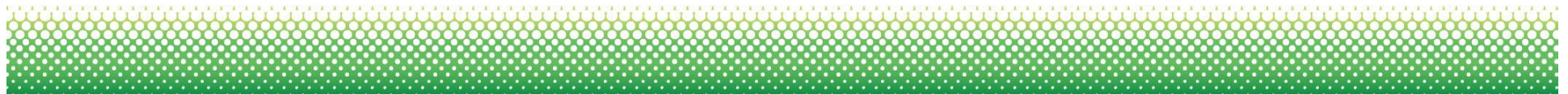
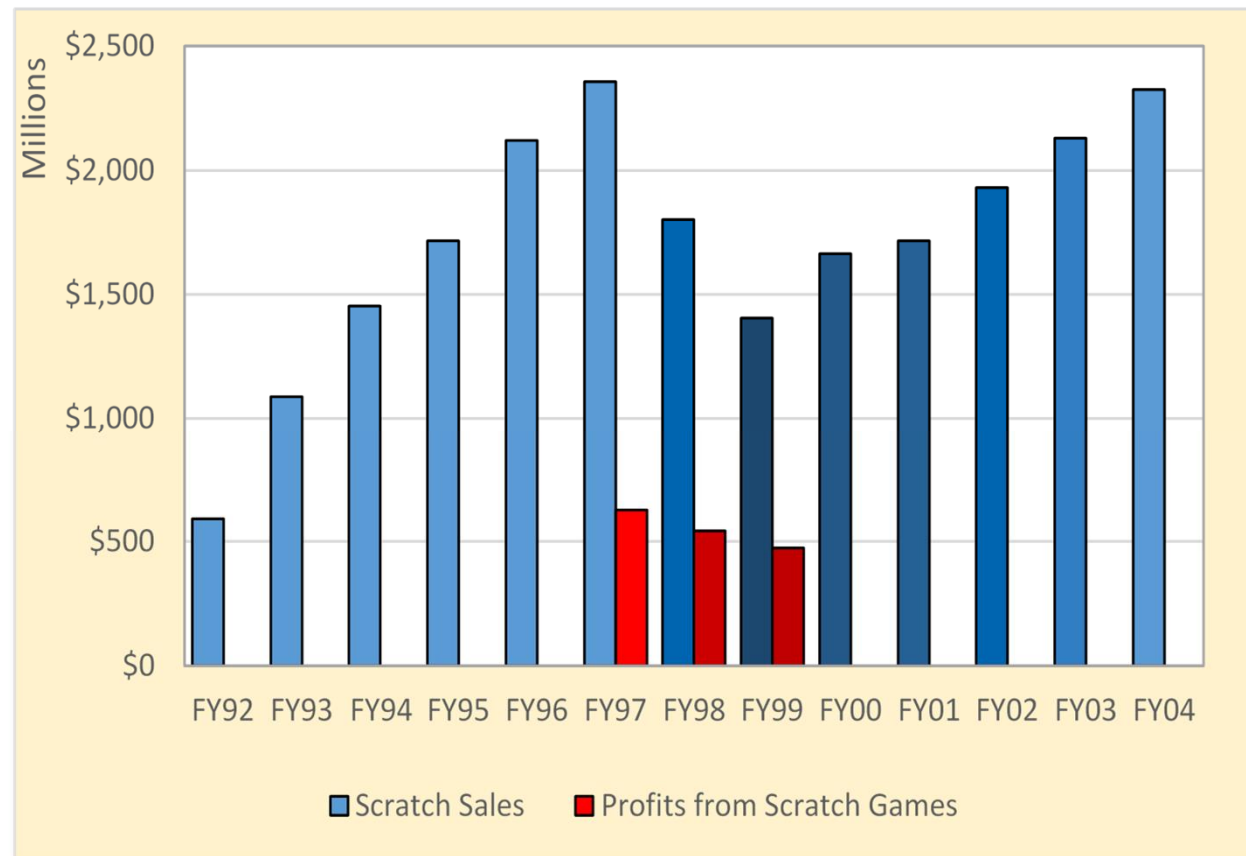
Observations/Concerns

- “ Lottery is not taking a position
- “ Constitution requires all lottery proceeds go to K-12 education
- “ Lottery statute gives 5-member Lottery Board authority to set prizes
- “ Virginia Lottery cannot change prize structure of national games such as Powerball
- “ Virginia’s current prize payout is 60.6%; national average is 62%
- “ Players will feel a 5% decrease, which = 8.3% fewer prizes
- “ Decrease in prize payout could result in 15% decline in sales and profits





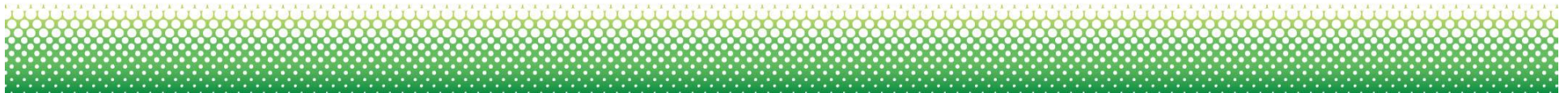
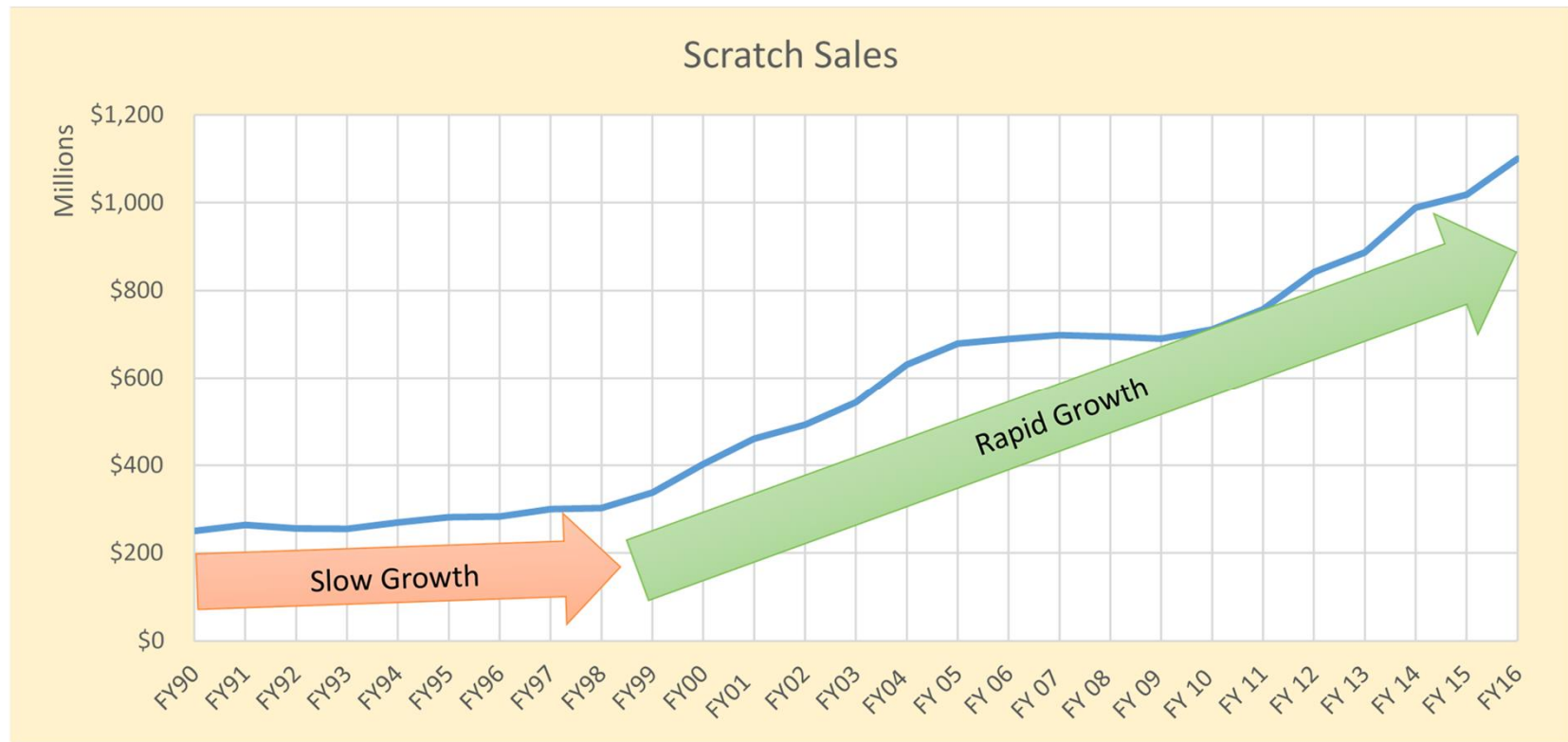
Texas Lottery Example





we're game

Virginia Experience





we're game

Risks

- “ Lottery products are not a necessity, players can choose to stop playing
- “ K-12 funding may drop by hundreds of millions of dollars
- “ Lottery retailers will be impacted statewide
- “ Lottery retailers on Virginia's borders may be impacted dramatically
 - . If players buy their lottery tickets in NC, MD, DC, TN, WV or KY, they will likely also buy gas and other convenience items there too
- “ The payout reduction cannot be disguised and even if it could, we have a duty to fully disclose our prize payouts

