

CAPITOL RESEARCH

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State Lotteries

Forty-four states operate a state lottery, but how state lottery revenues are used varies across states.

- Wyoming's legalization of a state lottery in March made it the 44th state with such a lottery.
- Hawaii and Utah continue to ban all forms of gambling, while the other four states without lotteries—Alabama, Alaska, Mississippi and Nevada—profit from casinos and other forms of gambling.
- Most states use some of their lottery revenue to fund education, and 17 states mandate that revenue be used exclusively for this purpose.
- Six states and the District of Columbia put lottery revenue in their general fund to be used for any purpose without restrictions.
- At least six states designate some portion of lottery revenues to programs that help people with gambling problems.
- Since implementing their lotteries, the states' distribution of revenue has remained fairly constant. A few states, such as Missouri and Washington, originally allocated revenues to their general funds but have since dedicated all or most of this money to educational funds.

Lottery sales across all states totaled nearly \$69 billion in 2012, with profits of more than \$19 billion.¹

- From the 2011 fiscal year to the 2012 fiscal year, every state operating a state lottery saw an increase in total lottery sales except two; Delaware saw a 3 percent year-over-year decrease and New Mexico saw a 1 percent decrease.
- The average year-over-year change in sales across all states was 8 percent, with California (27 percent) and Idaho (20 percent) seeing the biggest gains.
- Profits from those sales—the revenue states receive from lottery sales—also increased from 2011 to 2012, on average 5.5 percent across all states. All but six states—Indiana, Washington, South Dakota, Delaware, New York and New Mexico—saw profits increase over this period, with profits increasing the most in North Dakota (28.7 percent) and Montana (21.3 percent).
- The percent of profits from lottery sales states receive also varies significantly, ranging from a low of 10.7 percent in Rhode Island to a high of 50.1 percent in Oregon in 2012.



For those states that do not currently have a state lottery, the issue is still debated regularly.

- Those opposed to a state lottery typically argue that the revenue raised is not enough to offset social costs, such as problem gambling and exploitation of the poor, who disproportionately buy lottery tickets.
- Democrats in Alabama have pushed several times for a state lottery to help fund education and keep Alabama money from flowing into other states, such as Georgia, which operates a state lottery. The idea was defeated by popular vote in 1999, and a proposal raised in the 2013 session failed to make it out of committee.
- Alaska, while not in need of extra revenue from the lottery because of oil and other natural resources, also considered a state lottery in the early 2000s, but it was rejected largely on moral grounds.
- Mississippi introduced a bill during the 2013 session to create a state lottery to fund education, but this also failed to make it out of committee. Mississippi faces the same moral opposition as Alabama and Alaska.
- Nevada, although known for gambling, does not have a state lottery, primarily because it would compete with existing gambling industries in the state.

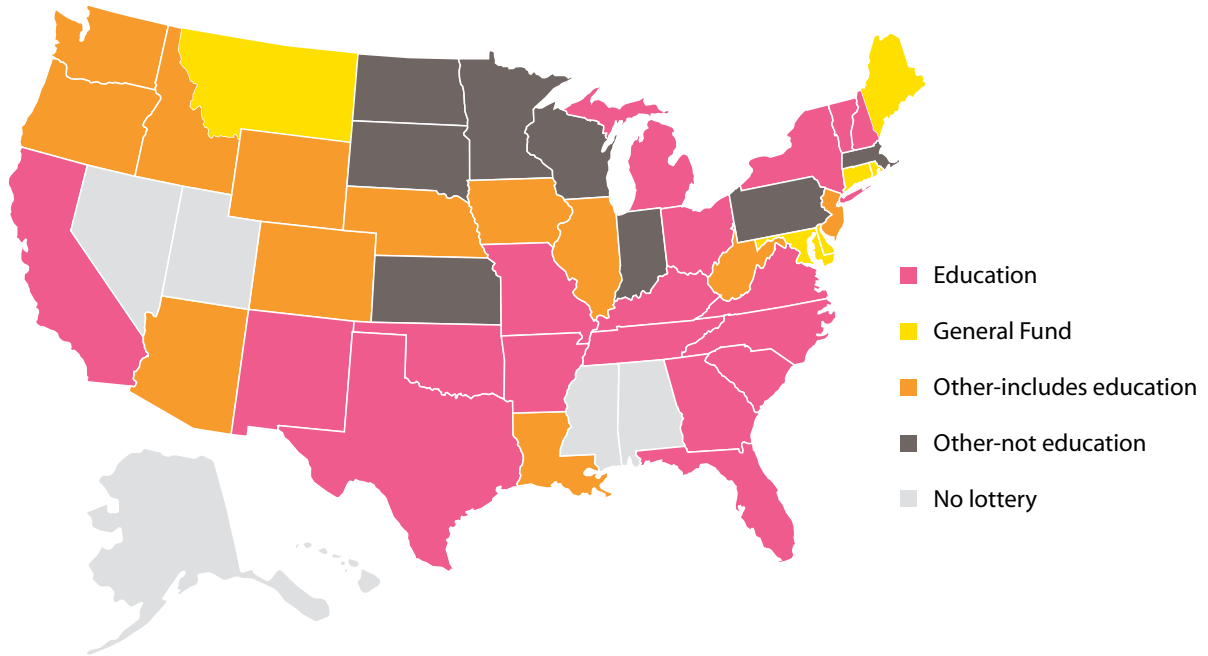


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RESOURCES

National Association of State and Provincial Lotteries, <http://www.naspl.org/index.cfm?fuseaction=content&menuid=17&pageid=1025>

How State Lottery Revenues are Spent



The Breakdown

Education: 18 states
General Fund: 6 states
Other-includes education: 12 states
Other-not education: 8 states
No lottery: 6 states

State Lotteries

State	Year Lottery Approved (a)	FY 2012 Sales (millions) (b)	FY 2012 Profit as a % of Sales (b)	% Change in Sales, 2011-2012 ©	Programs to Which Lottery Funds Are Allocated (a)
Alabama	No state lottery				
Alaska	No state lottery				
Arizona	1980	\$646.68	25%	11%	Economic/Business Development, Education, Health/Welfare, Environment
Arkansas	2008	\$473.10	21%	2%	Academic Challenge scholarships and grants for Arkansas citizens for in-state colleges and universities
California	1984	\$4,371.49	30%	27%	Public Education
Colorado	1983	\$545.30	23%	5%	Great Outdoors Colorado (GOCO) Trust Fund, Conservation Trust Fund, Colorado Division of Parks and Wildlife GOCO funds in excess of \$35 million adjusted for inflation go to Colorado Department of Education and Public School Capital Construction Assistance Fund
Connecticut	1971	\$1,081.70	29%	6%	General Fund
Delaware	1975	\$686.76	40%	-3%	General Fund
D.C.	1982	\$252.15	26%	9%	General Fund
Florida	1986	\$4,449.90	30%	11%	Educational Enhancement Trust Fund
Georgia	1992	\$3,834.70	0.24	7%	HOPE (Helping Outstanding Pupils Educationally) Scholarship and Grant program for Georgia citizens for in-state colleges and universities and pre-kindergarten programs
Hawaii	No state lottery				
Idaho	1986	\$175.84	24%	20%	Department of Education School Building Fund, Department of Administration Permanent Building Fund, Department of Education Bond Levy Equalization Fund
Illinois	1974	\$2,680.14	26%	18%	Common School Fund (for K-12 education), Capital Projects Fund, special causes such as HIV/AIDS, breast cancer, and more
Indiana	1988	\$855.59	25%	8%	Build Indiana Fund, pension and disability funds for retired Hoosier police officers, firefighters, and retired teachers.
Iowa	1985	\$310.85	25%	15%	General Fund, Iowa Veterans Trust Fund, Vision Iowa Program (promotes tourism and builds and repairs schools)
Kansas	1986	\$246.14	29%	1%	Economic Development Initiatives Fund, Juvenile Detention Facilities Fund, Correctional Institutions Building Fund, Problem Gambling Grant Fund, Excess of \$50 million goes to General Fund
Kentucky	1989	\$823.55	26%	7%	Kentucky Educational Excellence Scholarship (KEES) Program, College Access Program, Kentucky Tuition Grants Program
Louisiana	1990	\$429.60	37%	12%	Minimum Foundation Program (K-12 public education), Louisiana Department of Health and Hospitals Office of Behavioral Health (funds problem gambling programs)
Maine	1974	\$228.30	24%	5%	General Fund
Maryland	1973	\$1,989.91	34%	9%	General Fund
Massachusetts	1971	\$4,741.40	18%	7%	Direct local aid to cities and towns
Michigan	1972	\$2,413.46	32%	3%	School Aid Fund

State	Year Lottery Approved (a)	FY 2012 Sales (millions) (b)	FY 2012 Profit as a % of Sales (b)	% Change in Sales, 2011-2012 ©	Programs to Which Lottery Funds Are Allocated (a)
Minnesota	1988	\$520.03	24%	3%	General Fund, Environment and Natural Resources Trust Fund, Game and Fish Fund, Natural Resources Fund
Mississippi	No state lottery				
Missouri	1985	\$1,097.40	26%	10%	Public Education
Montana	1986	\$52.60	25%	14%	General Fund
Nebraska	1992	\$150.61	24%	14%	Education Innovation Fund, Opportunity Grant Fund, Environmental Trust Fund, Nebraska State Fair, Compulsive Gamblers Assistance Fund
Nevada	No state lottery				
New Hampshire	1963	\$254.92	26%	11%	State Education Trust Fund
New Jersey	1969	\$2,758.80	34%	5%	Department of Agriculture, Department of Education, Higher Education Scholarships and Grants, Department of Human Services, Department of Military and Veterans' Affairs
New Mexico	1995	\$133.79	31%	-1%	Lottery Tuition Fund
New York	1966	\$8,439.47	34%	7%	Public Education
North Carolina	2005	\$1,596.69	29%	9%	Public Education
North Dakota	2002	\$26.00	29%	13%	General Fund, Compulsive Gambling Prevention and Treatment Fund, Multi-Jurisdictional Drug Task Force Grant Fund
Ohio	1973	\$2,750.00	28%	6%	Public Education
Oklahoma	2003	\$199.97	35%	1%	Education Lottery Trust Fund
Oregon	1984	\$1,051.50	50%	1%	Public Education, Economic Development, State Parks and Natural Resources, Problem Gambling Treatment
Pennsylvania	1971	\$3,480.90	30%	9%	Programs that benefit older residents
Rhode Island	1973	\$3,532.18	11%	13%	General Fund
South Carolina	2001	\$1,135.65	26%	8%	K-12 Programs, Other Community Education Programs, Higher Education Programs and Scholarships
South Dakota	1987	\$603.19	17%	3%	General Fund, Property Tax Reduction Fund, Capital Construction Fund
Tennessee	2003	\$1,311.00	25%	10%	Education Programs (pre-K, afterschool programs, scholarships and grants for college, and the Energy Efficient Schools Initiative)
Texas	1991	\$4,190.82	28%	10%	Foundation School Fund, Other State Programs (e.g. the Fund for Veterans Assistance)
Utah	No state lottery				
Vermont	1976	\$100.93	22%	6%	Vermont Education Fund
Virginia	1987	\$1,616.00	30%	9%	K-12 Public Education
Washington	1982	\$535.20	26%	5%	WA Opportunity Pathways, Economic Development Account, Problem Gambling Account, stadium debt payments for CenturyLink Field and Safeco Field and the Veterans Innovations Program
West Virginia	1986	\$1,457.53	45%	5%	Schools and Education, Promise Scholarships, West Virginia Tourism, Senior Citizens
Wisconsin	1988	\$547.00	27%	9%	Property Tax Credits
Wyoming	2013	--	--	--	First \$6 million goes to cities and towns, anything over goes to education

a) Source: The Council of State Governments survey of state websites

b) Source: National Association of State and Provincial Lotteries, <http://www.naspl.org/index.cfm?fuseaction=content&menuid=17&pageid=1025>

c) Author's calculations of data from the National Association of State and Provincial Lotteries