

Part I – Agency Profile

Agency Overview

The Idaho State Lottery is established by Title 67, Chapter 74, *Idaho Code*, for the purpose of operating the state lottery at the least public expense and the smallest staffing possible. Organizationally, the Idaho Lottery is categorized as a Self-Governing Agency.

The five-members of the Idaho Lottery Commission are appointed by the Governor and confirmed by the Senate for staggered five-year terms. They are responsible for setting policy for the agency and approving all major procurements. Commission members are: Chairman, Mel Fisher (Boise), David Keyes (Sandpoint), Craig Corbett (Grace), Gary Michael (Boise) and Susan Kerrick (Lewiston). Administrative responsibility for the agency rests with the Director, who is appointed by the Governor. The Idaho Lottery Director is Jeffrey R. Anderson.

The agency is organized into four divisions: Administration/Operations, Sales, Marketing and Security. The Security division oversees a warehouse in Boise used for the storage and distribution of Scratch™ tickets. Lottery headquarters are located at 1199 Shoreline Lane in Boise, with forty-seven (47) authorized positions. These position are currently distributed as follows: Lottery Headquarters – 26.6, Warehouse - 2.4, Regional Sales Representatives (located throughout the state) – 14, for a total of forty-three (43) at this time.

Lottery products and their percentage of total sales fall into three play styles; Draw style games (30%), Scratch™ games (59%), and PullTab games (11%). Draw game sales are comprised of seven games: Powerball PowerPlay (58.5%), Mega Millions Megaplier (21.4%), Wild Card (3.3%), Hot Lotto Sizzler (5.2%) Pick 3 (3.1%), Idaho Raffle (4.0%), and Weekly Grand (4.5%). Lottery tickets are sold through 1,189 contracted Lottery retailers statewide. These consist of convenience stores, supermarkets, and other retail locations. Retailers receive 5% of sales as a base commission and may earn additional payments in the form of sales and cashing bonuses. The total for such additional payments is limited to a statewide total of 1% of sales.

Net Lottery profits are returned to the State as an annual dividend. Beginning in 1989, the annual dividend was divided equally between the Department of Education's Public School Building Fund and the State's Permanent Building Fund. The Permanent Building Fund provides maintenance, repair, and capital projects for the State's permanent facilities, mostly college campuses. Historically, the Department of Education used Lottery dividends for school facility improvements. From FY2007 through FY2009, Lottery dividends were used as school facility maintenance match. From FY2010 through FY2013, Lottery dividends were distributed as discretionary dollars. Since FY2014, Lottery dividends are used for maintenance repairs of student-occupied buildings while a portion is used as discretionary dollars. A 2009 statute change to the Lottery proceeds distribution formula fixed Public School and Permanent Building Fund dividends at FY2008 funding levels. When proceeds surpass that mark, ⅔ goes to the building fund, ⅙ to schools and ⅙ to the Bond Levy Equalization Fund. Since 1989, the Lottery has made twenty five annual dividend payments totaling \$649,500,000, with the latest record dividend of \$49,000,000 going to the State in July 2014.

In addition to its lottery responsibilities, Title 67, Chapter 77, *Idaho Code*, grants the Idaho State Lottery the responsibility and authority to license and regulate bingo and raffles conducted by charitable and non-profit organizations within the state. Also, Title 67, Chapter 7409 gives the Idaho Lottery Director responsibility for monitoring Class III gaming on Indian Reservations as may be required by compacts entered into by the state in accordance with state statutory law and pursuant to the Indian Gaming Regulatory Act, 25 U.S.C. section 2701 et seq. and 18 U.S.C. sections 1166-1168.

Core Functions/Idaho Code

The Idaho Lottery is established and regulated by Title 67, Chapter 74, *Idaho Code*. Among other things the chapter defines the duties of the Commission and the Director, establishes the legal age for purchasing and selling lottery tickets, prescribes the uses of lottery proceeds, and places limits on certain agency expenditures.

Title 67, Chapter 77, *Idaho Code*, governs charitable and non-profit bingo and raffles within the state. Section 67-7711, *Idaho Code*, gives the Idaho State Lottery the authority to license organizations conducting bingo games or raffles and to regulate how those games or raffles are conducted.

Appropriation vs. Actual Expenditures

Appropriation	FY 2011	FY 2012	FY 2013	FY 2014	
Lottery	<u>\$10,955,400</u>	<u>\$10,777,600</u>	<u>\$5,274,600</u>	<u>\$5,423,700</u>	*
Total	\$10,955,400	\$10,777,600	\$5,274,600	\$5,423,700	
Expenditures	FY 2011	FY 2012	FY 2013	FY 2014	
Personnel Costs	\$2,371,200	\$2,332,800	\$2,697,600	\$2,665,700	
Operating Expenditures	\$6,965,600	\$8,327,400	\$2,239,300	\$2,252,900	*
Capital Outlay	\$56,100	\$71,000	\$78,000	\$80,500	
Total	\$9,392,900	\$10,731,200	\$5,014,900	\$4,999,100	

*THE IDAHO LEGISLATURE APPROVED
VARIABLE VENDOR FEES TO BE A
CONTINUOUSLY APPROPRIATED EXPENSE
IN FY13

Key Services Provided

Key Services Provided	FY 2011	FY 2012	FY2013	FY 2014
Lottery Sales	\$147,151,608	\$175,827,800	\$197,449,200	\$208,892,594
Total Dividend Declared by Commission	\$37,000,000	\$41,500,000	\$48,200,000	\$49,000,000

Part II – Performance Measures

Performance Measures	FY 2011	FY 2012	FY 2013	FY 2014	Benchmark
1. Total Revenue	\$147,846,600	\$176,543,500	\$198,168,400	\$209,641,400	\$221,150,000
2. Total Operating Expenses	\$111,998,100	\$134,053,300	\$150,592,700	\$162,139,300	\$170,650,000
3. Net Operating Income	\$35,848,500	\$42,490,200	\$47,575,700	\$47,502,100	\$50,500,000

For More Information Contact

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