

Part I – Agency Profile

Agency Overview

The Idaho State Lottery was established by citizen initiative in 1988 and is governed 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. *Idaho Code* Title 67, Chapter 7403 specifically states, "...**The lottery shall be operated to produce the maximum amount of net income to benefit the public purposes described in this chapter...**"

Organizationally, the Idaho Lottery is categorized as a Self-Governing Agency.

The Idaho Lottery was created in 1988 by a vote of the people with the promise that proceeds and dividends from the sale of tickets would be used to benefit public education. When the Lottery sold its first ticket in July 1989, the annual dividend was split equally between the Idaho Department of Education's Public School Building Fund Account and the Idaho Department of Administration's Permanent Building Fund. The Department of Education used Lottery dividends for school facility improvements. The Permanent Building Fund projects provided maintenance, repair, and capital projects for the State's permanent facilities, many of which are on college and university campuses. A 2009 statutory change altered the Lottery proceeds distribution formula so three-eighths went to the Public School Building Fund Account, three-eighths to the Permanent Building Fund, and one quarter to the Department of Education's Bond Levy Equalization Fund. During the 2024 legislative session the distribution model was altered again. The new changes ensure Idaho Lottery dividends will continue benefiting public school district facilities and providing property tax relief by paying down voter-approved bonds and levies. The statute change eliminated the Bond Levy Equalization Fund while continuing the Department of Education's five-eighths distribution and three-eighths to the Permanent Building Fund.

Since 1989, the Idaho Lottery has returned more than \$1,273,000,000 for its good causes.

The five-members of the Idaho Lottery Commission are appointed by the Governor and confirmed by the Idaho Senate for staggered five-year terms. They are responsible for setting policy for the agency and approving all major procurements. Commission members include: Chairman Craig Corbett (Grace), Susan Kerrick (Lewiston), Charles 'Skip' Smyser (Parma), Joni Stright (Boise) and Amy Bloem (Coeur d'Alene). Administrative responsibility for the agency rests with the Director, who is appointed by the Governor and confirmed by the Idaho Senate. Jeffrey R. Anderson served as the Lottery Director from 2007 to July 2024, when he retired. No permanent replacement for Director Anderson has been announced at the time this document is published.

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. The agency has 51 authorized positions distributed as follows: Administration/Operations – 15, Sales/Regional Sales Representatives (located throughout the state) – 19, Marketing - 6, Security/Warehouse – 11. As of August 30, 2024, the Lottery has one unfilled IT Support Analyst position for which we are actively interviewing.

Lottery products and their percentage of total sales fall into three play styles; Draw style games (22.8%), Scratch games (57.7%), and PullTab games (19.5%). Draw game sales are comprised of eleven games: *Powerball* (50.4%), *Mega Millions* (26.9%), *Idaho Cash* (2.2%), *Pick 3* (2.4%), *Pick 4* (1.3%), *Idaho \$1,000,000 Raffle* (4.7%), *Weekly Grand* (1.6%) [this game was ended on 6.22.2024], *5 Star Draw* (2.0%), *Lotto America* (2.8%), and *Lucky for Life* (5.7%). Lottery tickets are sold by 1,206 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 by statute §67-7414 to a statewide total of 1% of sales.

The conclusion of Fiscal Year 2024 saw the Idaho Lottery deliver its largest dividend in history, \$84 million, bringing total dividend transfers to \$1.273 billion since beginning operations in 1989. This year's historic dividend

was a result of \$422.8 million in product sales. Sales exceeded plan on the strength of Idaho’s economy and continued population growth.

Scratch™ tickets continue to be a favorite for Lottery players. The Lottery introduced 54 different Scratch games during the fiscal year.

The seventeenth edition of the *Idaho \$1,000,000 Raffle*, launched on October 21, 2024 and sold 450,000 tickets in only 36 days. This version had 200,000 more tickets than previous versions and an additional million dollar prize. This continues to be a very popular game with Lottery players.

In addition to its lottery responsibilities, *Idaho Code*, Title 67, Chapter 77, grants authority to the Idaho Lottery to license and regulate charitable bingo and raffles conducted by charitable and non-profit organizations within the state.

The Director of Lottery Security, a position mandated by *Idaho Code* §67-7410 and reporting to the Lottery Director, is responsible for the security of all Lottery games, fraud prevention, the Warehouse, Charitable Gaming and retailer compliance with the Americans with Disabilities Act (ADA).

Core Functions/Idaho Code

The Idaho Lottery is established and regulated by *Idaho Code*, Title 67, Chapter 74. The chapter defines, among other things, 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.

Idaho Code, Title 67, Chapter 77, governs charitable and non-profit bingo and raffles within the state. Section 67-7711 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.

Revenue and Expenditures

Revenue	FY 2021	FY 2022	FY 2023	FY 2024
Lottery Dedicated Funds	<u>\$372,750,100</u>	<u>\$377,057,800</u>	<u>\$423,197,500</u>	<u>\$423,574,200</u>
Total	\$372,750,100	\$377,057,800	\$423,197,500	\$423,574,200
Expenditures	FY 2021	FY 2022	FY 2023	FY 2024
Appropriated*				
Personnel Costs	\$3,172,800	\$3,350,500	\$4,038,500	\$4,497,400
Operating Expenditures	\$2,040,900	\$2,058,400	\$2,861,500	\$2,818,900
Capital Outlay	\$128,100	\$96,900	\$110,800	\$190,600
Continuously Appropriated				
Prizes	\$252,890,600	\$257,122,300	\$285,564,500	\$285,755,700
Commissions	\$21,912,500	\$22,102,800	\$24,704,200	\$24,002,100
Advertising	\$4,285,900	\$4,031,800	\$4,607,100	\$5,013,600
Tickets	\$7,792,300	\$7,327,500	\$7,518,100	\$7,676,800
Service Provider	<u>\$8,493,100</u>	<u>\$8,601,600</u>	<u>\$9,638,500</u>	<u>\$9,500,900</u>
Total	\$300,716,200	\$304,691,800	\$332,032,400	\$331,949,100

*SPENDING AUTHORITY ONLY. NO GENERAL FUND DOLLARS ARE APPROPRIATED FOR THE OPERATION OF THE LOTTERY

Profile of Cases Managed and/or Key Services Provided

Cases Managed and/or Key Services Provided	FY 2021	FY 2022	FY 2023	FY 2024
Lottery Sales	\$372,022,500	\$376,314,900	\$422,501,000	\$422,855,400
Total Dividend Declared by Commission	\$72,500,000	\$73,000,000	\$82,000,000	\$84,000,000

Licensing Freedom Act

	FY 2021	FY 2022	FY 2023	FY 2024
IDAHO LOTTERY RETAILER LICENSES PROCESSED				
Total Number of Licenses	146	92	74	89
Number of New Applicants Denied Licensure	4	6	3	6
Number of Applicants Refused Continuation of a License	26	26	13	14
Number of Complaints Against Licensees	16	11	6	10
Number of Final Disciplinary Actions Against Licensees	0	0	0	0
CHARITABLE GAMING LICENSES PROCESSED				
Total Number of Licenses	212	161	204	204
Number of New Applicants Denied Licensure	0	0	0	0
Number of Applicants Refused Renewal of a License	0	0	0	0
Number of Complaints Against Licensees	0	1	0	0
Number of Final Disciplinary Actions Against Licensees	0	0	0	0

Part II – Performance Measures

Idaho Code §67-7401 mandates the Idaho Lottery Director to operate the Lottery at the least public expense and the smallest staffing possible. Additionally, *Idaho Code* §67-7403 directs that the Lottery be operated to produce the maximum amount of net income to benefit the public purposes described in the chapter, consonant with the public good. Measuring the performance of the Idaho Lottery is effectively done by monitoring performance to plan as reported in the statement of revenues, expenditures, net income, and internal yardstick criteria. The Director and the Lottery Management Team monitor Peer Benchmark Performance Measures to be in the top quintile among their peer states in the areas of **Sales per Capita**, **Dividends as a Percentage of Sales**, and **Dividend Increase Percentage** and among the lowest quintile for **Administrative Costs as a Percentage of Sales**.

Performance Measure		FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Responsibly increase net revenues						
1. Total Revenue	actual	\$372,750,100	\$377,057,800	\$423,197,500	\$423,574,200	
	target	\$285,500,000	\$359,360,000	\$383,990,000	\$405,000,000	\$418,125,000
2. Net Operating Income	actual	\$72,033,900	\$72,366,000	\$83,044,700	\$84,009,000	
	target	\$56,500,000	\$68,000,000	\$74,000,000	\$79,705,000	\$82,285,000
Rigorously manage costs						
3. Total Operating Expenses	actual	\$300,716,200	\$304,691,800	\$339,667,900	\$339,565,200	
	target	\$229,000,000	\$291,360,000	\$340,152,800	\$325,295,000	\$335,840,000

Peer Benchmark Performance Measures		FY 2021		FY 2022		FY 2023		FY 2024**	
		Peer Group*	Idaho	Peer Group*	Idaho	Peer Group*	Idaho	Peer Group*	Idaho
Sales per capita	actual	\$148.78	\$199.99	\$137.59	\$194.07	148.13	\$215.04		\$212.80
	target		\$153.48		\$185.45		\$195.44		\$203.47
Admin costs as a %tage of sales	actual	6.9%	5.8%	6.6%	5.6%	5.7%	5.6%		5.6%
	target		6.2%		6.2%		6.2%		6.2%
Dividends as a %tage of sales	actual	22.6%	19.5%	23.1%	19.4%	23.7%	19.4%		19.8%
	target		19.8%		19.3%		19.5%		19.5%
Dividend increase %tage	actual	18.4%	30.6%	-3.9%	0.7%	12.6%	12.3%		2.4%
	target		1.8%		1.4%		1.4%		-3.7%

Performance Measure Explanatory Notes

*Peer Group includes states with marketplace and product portfolio similarity, not size of population or sales. This Peer Group includes: Arkansas, Iowa, Kansas, Minnesota, Nebraska, New Mexico and Vermont.

**This is a "previous year" looking Performance Measurement, as statistics for each state are not available at the time this document is published.

For More Information Contact:

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