

# Issue Briefs

**INTERIM ISSUE BRIEF TITLE:**

*Review Options for New Lottery Games and Game Distribution*

**DATE DUE:** September 1, 2011

**PROJECT NUMBER:** 2012-220

**ISSUE DESCRIPTION and BACKGROUND:**

Senator Diaz de la Portilla requested that the Senate professional staff of the Regulated Industries Committee review of the potential for new games for the Florida Department of Lottery, including fast keno and multi-state games such as Mega Millions. Senator Diaz de la Portilla further requested a review of whether implementing these new games would have an impact on the revenue sharing from the Seminole Indian Compact.

The Florida Department of Lottery (department) is authorized to supervise and conduct the operation of the state lottery under ch. 24, F.S. Currently, the department operates both online games (games where the player picks numbers and the drawing occurs at a later time and location and are

connected to a central computer) and instant games (paper scratch-off tickets). The department conducts the state online games and also has joined the multi-state lottery game Powerball. Players can purchase tickets at one of over 13,000 retailers. Instant tickets can also be purchased from an instant ticket vending machine. Currently, there are approximately 1,500 instant ticket vending machines used across the state.

In 2010, the state entered into a compact with the Seminole Indian Tribe of Florida, granting the Tribe substantial exclusivity on Class III and casino-style gaming in exchange for revenue sharing with the State. The Compact specified that if an expansion of gaming occurs, Tribal payments may be reduced or may cease. However, the Compact also carved out exceptions for certain activities and for limited types of expansion. For example, the Compact provides that games authorized by ch. 24, F.S., as of February 1, 2010, have no impact on revenue sharing from the Tribe. In addition, the operation of “lottery vending machines,” as defined in the compact, has no impact on revenue sharing payments. The department has not implemented the lottery vending machines defined in the compact.

In March 2011, the Office of Program Policy Analysis and Government Accountability (OPPAGA) issued Report 11-12, *Lottery Profits Decline; Options Available to Enhance Transfers to Education*. The OPPAGA report suggested that the department expand the retailer network. One option for such an expansion would be to sell all types of lottery tickets, not just instant tickets, through the use of a lottery vending machine. The OPPAGA report also discussed an expansion of the types of lottery games offered as a way to attract new players and generate more revenue for the department. Some games suggested include fast keno, Mega Millions, video lottery terminals, and higher priced instant ticket games. Throughout the OPPAGA report, the issues of statutory authorization and revenue sharing with the Tribe are raised as potential issues that would need to be addressed for any additional games or new methods for game distribution.

**OBJECTIVE:**

To determine whether there are additional lottery games or distribution mechanisms that are currently authorized under law and permitted under the compact without an impact on revenue sharing payments. If not, the report will determine what impact any expansion would have on the revenue sharing payments and what, if any, legislative action would be necessary for such authorization.

**METHODOLOGY:**

Senate professional staff will review and analyze the OPPAGA report, the Seminole Indian Compact, and ch. 24, F.S., to determine what additional lottery games are currently permitted under ch. 24, F.S., and to determine whether conducting those games would have any impact on the compact. Staff will review the Seminole Indian Compact to determine if there are statutory changes required to implement the specified games in the compact that could be implemented without an impact on state revenue sharing. Staff will contact the Florida Department of Lottery, other state lotteries, and other interested parties to ascertain which, if any, new games are available or of interest to the department for potential expansion.