

NEWS RELEASE

Office of Performance Evaluations
Idaho Legislature
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FOR IMMEDIATE RELEASE

Date: February 13, 2012

FOR MORE INFORMATION:

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Meeting Location: Capitol Auditorium
Meeting Time: 4:30 p.m.

(BOISE) In a report released to the Joint Legislative Oversight Committee this afternoon, the Office of Performance Evaluations concludes that the Idaho Lottery has kept its administrative cost at approximately 6% of revenue during the past five years, well below the statutory cap of 15%. In addition to its administrative cost, the Lottery pays retailers a commission of 6% of revenue and spends approximately 2% on advertising.

An average of 25 cents from every lottery dollar played is distributed to Idaho's public schools and the state's permanent building fund, and about 61 cents is used for prizes. In fiscal year 2011, the Lottery generated more than \$147.8 million in revenue, and of that amount, \$37 million was distributed to Idaho's public schools and the Idaho Permanent Building Fund.

Most lottery winners have been from southwest Idaho, but the largest dollar amounts were won in north and southeast Idaho. These two regions had 22 of the 27 game winning millionaires between July 2008 and June 2011.

Evaluators found that Idahoans 18 years and older spend approximately \$126 each year on lottery games, whereas residents in Washington and Montana spend \$98 and \$59 respectively. Utah, Wyoming, and Nevada do not have state lotteries. Oregon has a state lottery, but it was not included in a comparison with Idaho because Oregon offers games that are not legal in Idaho.

The office found that a section of Idaho Code needs revising to define which expenses should be applied to the Lottery's advertising cost cap of 3.5% of revenue. Currently, the Lottery includes all contracted advertising costs, but it does not include more than \$435,000 annually in personnel and operating costs from its in-house marketing division. The office recommends the Legislature determine whether the intent of the statute was to include in-house costs.

Nonprofit organizations with a charitable purpose may conduct bingo games and raffles to generate revenue for a charitable purpose. These nonprofits are regulated by the Idaho State Lottery, and in fiscal year 2011, 196 nonprofits conducted charitable gaming and self-reported allocating \$3.7 million to charitable purposes. These nonprofits, however, face some statutory burdens that could be modernized, including increasing the prize amounts for raffles by the rate of inflation. Evaluators make five recommendations to improve and clarify regulations.

The report contains formal responses from the Governor, the Idaho State Lottery Commission, and the Idaho State Lottery. The entire report is available on the Office of Performance Evaluations' website at www.idaho.gov/ope.

Performance audits or evaluations are an essential function of legislative oversight to ensure that taxpayer dollars are spent efficiently and in accordance with Idaho law. At the end of 2011 legislative session, the Joint Legislative Oversight Committee unanimously voted to direct the Office of Performance Evaluations to conduct this study. The eight-member committee is equally divided between the two political parties and the two chambers of the Legislature. Senator Elliot Werk and Representative Clifford Bayer co-chair the committee.