

Lottery Support For Iowa Businesses And Iowa's Economy



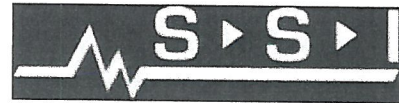
Big jackpots and prize winners may be what generate headlines, but in addition to providing a secure source of entertainment to players statewide, the Iowa Lottery has enjoyed making a positive difference in the Iowa economy for 28 years.

The lottery appreciates the diversity of Iowa's marketplace and is proud to provide an economic development boost in the form of millions of dollars in annual commissions to the nearly 2,400 businesses statewide that sell its products. In addition, the lottery purchases millions of dollars in goods and services in Iowa each year through publicly vetted bids and contracts.

Add in the millions of dollars won by lottery players each year and the millions more raised by the lottery for state causes and the lottery's significant impact on Iowa becomes clear.

In the lottery's most recent financial year, nearly 70 percent of Iowa Lottery expenditures for goods and services went to businesses in Iowa.

There have been some big success stories through the years for Iowa companies that do business with the lottery. Schafer Systems Inc. in Adair consulted with the Iowa Lottery more than 25 years ago when it wanted to design ticket dispensers for lotteries. A successful business sprang from that initial concept and today, Schafer Systems is a leading supplier of ticket dispensers to the lottery industry.



Likewise, the Iowa Lottery has printed its pull-tab tickets with American Games Inc. in Council Bluffs, a leading supplier in the pull-tab industry, since that product made its Iowa debut in 1987. The lottery also has had advertising contracts for 22 years with West Des Moines-based Strategic America.



In some instances, however, it simply isn't possible for the lottery to make a purchase in Iowa. For example, the printing of instant-scratch tickets for the U.S. lottery market is only done by three companies in the world, none of which are located in Iowa.

That also is the case for the companies that supply sales and validations terminals and communications systems to lotteries. Only a few companies in the world have the expertise to supply such secure systems, and none of them are located in Iowa. The lottery's contract for its terminals and communications system is with Scientific Games International in Alpharetta, Ga. However, one of the requirements in the lottery's contract is that the company have an office in Iowa. The Scientific Games office in Urbandale employs 31, so a portion of the money that the lottery spends with that company stays in Iowa.

FY 2012 QUICK FACTS

PRIZES: The lottery's single largest return to the Iowa economy is in prizes to its players – money that is then available to circulate back through Iowa businesses. In fiscal year 2012, prizes to players totaled \$182.4 million.

STATE PROCEEDS: Iowa programs benefited from \$88.6 million in total lottery returns to the state, including \$78.7 million in proceeds and \$9.9 million in withholding from prizes in FY 2012. Today, lottery proceeds in Iowa have three main purposes: They provide support for veterans; help for a variety of significant projects through the state General Fund; and backing for the Vision Iowa program, which was implemented to create tourism destinations and community attractions in the state and build and repair schools.

SALES COMMISSIONS: Retailers across the state received more than \$20.1 million in commissions from the lottery in FY 2012 for their daily work selling lottery tickets. Lottery tickets today are sold at nearly 2,400 locations in Iowa, including convenience stores, gas stations, grocery stores and bars.

LOTTERY PURCHASES FROM IOWA BUSINESSES: In FY 2012, the Iowa lottery also purchased nearly \$10 million in other goods and services from 146 businesses statewide.