

# History And Overview Of The Iowa Lottery Authority



Report to:  
Government Oversight Committees  
December 2010



# Iowa Lottery Authority

## Created In 2003

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- **SF 453 of 2003 session authorized Chapter 99G governing the Iowa Lottery Authority.**
- **Bill signed into law on May 30, 2003.**
- **Iowa Lottery became the Iowa Lottery Authority on July 1, 2003. The Authority is an instrumentality of the state, but is not a state agency.**



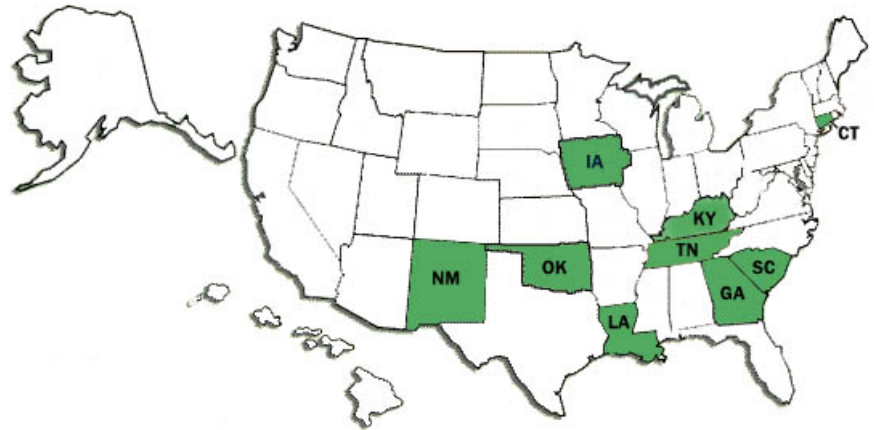
# Iowa Lottery Authority Purpose

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- **Iowa Code Chapter 99G: "... the state should create a public instrumentality of the state in the form of a nonprofit authority known as the Iowa Lottery Authority with comprehensive and extensive powers to operate a state lottery in an entrepreneurial and businesslike manner ..."**
- **"... lottery games shall be operated and managed in a manner that provides continuing entertainment to the public, maximizes revenues and ensures that the lottery is operated with integrity and dignity and free from political influence ..."**

# Proven Model

- Lotteries based on the corporate model operate in Iowa, Connecticut, South Carolina, Georgia, Kentucky, Tennessee, Louisiana, Oklahoma and New Mexico.





# Benefits of Business Structure

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- **Flexible day-to-day business decisions, products brought to market more quickly.**
- **Improved product introduction coordinated with business-practice budgeting determined by Authority management and Authority board.**
- **Custom-tailored job descriptions for better flexibility, speed and control in the hiring for key positions.**
- **Limited borrowing authority that has allowed some equipment purchases and savings in rental costs along with coverage of short-term cash flow anomalies.**
- **CEO to know and report about new trends and business models.**

# Board Transition



- **The Iowa Lottery Board transitioned to the Iowa Lottery Authority Board.**
- **The State Treasurer also was added to the Board.**
- **Among other responsibilities, the Board approves/modifies the lottery budget and the hiring/firing of “key personnel.”**



# Authority Powers

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- Iowa Lottery Authority is self funded, monies of the state cannot be utilized to pay its expenses.
- Lottery Authority has limited powers to buy real estate, borrow money.
- Other issues: competitive bidding, retailer licensing, prizes, legal representation, law enforcement investigations, open records, advertising expenditure limit.



# Personnel Issues

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- Lottery commissioner became Lottery Authority CEO. Appointed by governor and confirmed by Senate, but serves a set four-year term.
- Lottery Authority personnel continue to be public employees.
- With Authority Board approval, CEO may designate some non-contract employees as key personnel. They are exempt from the merit system and report jointly to the CEO and Board.
- All other employees are employed in accordance with Iowa Code Chapters 19A and 20.



# Audits and Reports



- Lottery Authority reports quarterly and annually to the Governor, Auditor and Legislature.
- Authority also reports twice a year to Legislative Oversight Committees. The Authority comes under legislative review, but is not subject to appropriations process.
- Authority is audited annually.
- Lottery Authority proceeds continue to state programs.

# Product Categories



## FY 2010 Results

- Pull-tab tickets: \$20 million
- Lotto (numbers) games: \$92 million
- Instant-scratch tickets: \$143 million



# Business Model Comments

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- **Pull-tabs – Now a mature product.**
- **Scratch Tickets – A growing product category, needs constant innovation.**
- **Lotto – Relatively new, now following scratch-ticket success of price and game differentiation.**

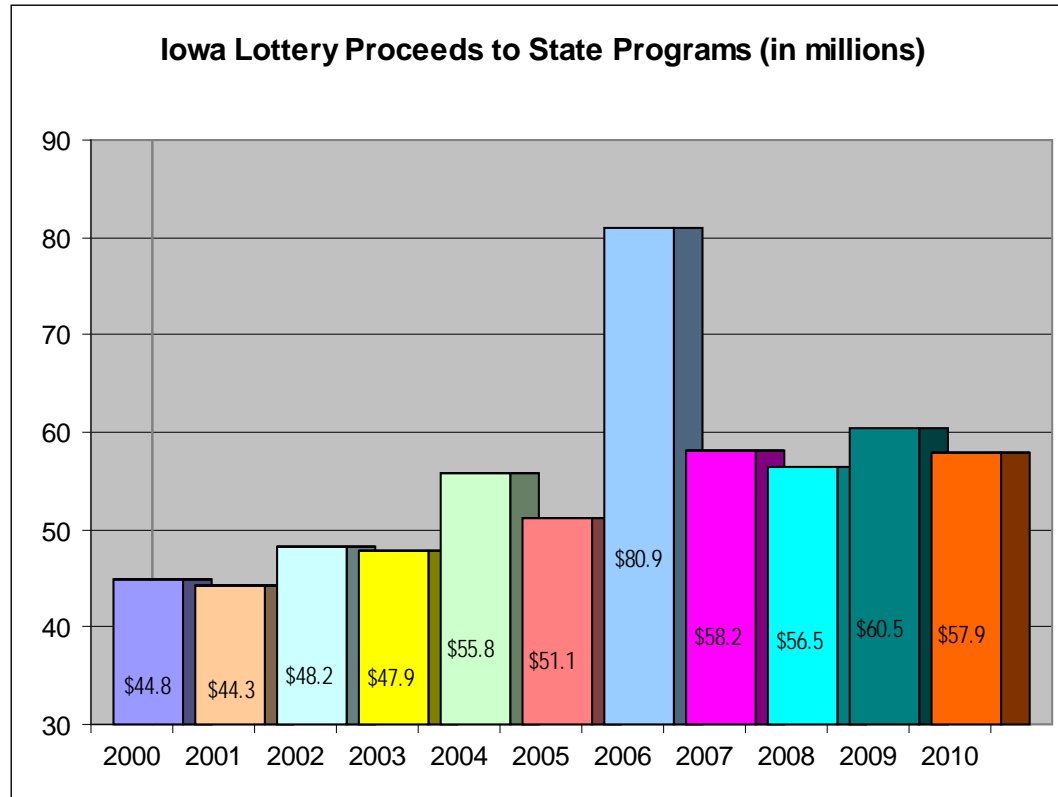


# Social Responsibility

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- The Iowa Lottery is committed to responsible play and addressing the issue of problem gambling.
- Info. about 1-800-BETSOFF is printed on lottery tickets, brochures, point-of-sale materials and other publications.
- Lottery provided more than \$15.7 million to the Iowa Gambling Treatment Fund.
- FY 2010: 31 gamblers (6 percent of all clients) admitted to treatment through Iowa Gambling Treatment Program cited lottery as their primary form of wagering.

# Lottery Authority Proceeds



- Lottery proceeds to state programs have increased substantially since the creation of the Iowa Lottery Authority on July 1, 2003.



# Innovation for growth

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- **Upgraded sales and validation equipment.**
- **Increased security checks and new security tools.**
- **Lotto differentiation expansion.**
- **Electronic delivery - Greener lottery.**
- **New demographic play.**

# How Lottery Authority Proceeds Help The State

