



The Honorable Ron DeSantis

Governor DeSantis:

As the Inaugural Secretary of the Florida Lottery, I have always followed closely the enormous success of the Lottery with great pride. With respect, I am writing as a 36-year lottery veteran to share my perspective on Florida HB 629 and respectfully request that you veto the bill. I am currently the President and CEO of the Tennessee Education Lottery, former President and CEO of the Illinois, Georgia and Florida Lotteries and past President of the National Association of State and Provincial Lottery Association (NASPL). In addition, I was recently elected as the President of the World Lottery Association. Due to my long standing tenure in in Global Lottery Leadership, I understand the drivers of the Lottery business, and the need for good causes it supports such as Bright Futures Scholarships, senior programs and Parks & Wildlife, to name just a few.

As you may know, the United States is the largest market in the world for instant scratch-off games, with retail sales reaching \$50 billion in Calendar Year 2018. I believe the \$10 billion for good causes (20%) generated by these retail sales will be substantially hurt if HB 629 is signed into law. The instant scratch-off games have been around for over 45 years and sales of these games continue to grow every year, but more importantly the sales of these games continue to grow funding for good causes every year. In fact, since 1988, the Florida Lottery has generated more than \$35 billion dollars for education, with over 800,000 students receiving a Bright Futures scholarship.

During my Lottery career, my focus has been on how best to continue growing the much needed funding for good causes while doing so with integrity. I am not aware of any North American Lottery that is required to print a warning message on the front of the instant scratch-off games ticket that is required to occupy 10 percent of the ticket real estate, similar to HB 629. This requirement will have a substantial negative impact on the Florida Lottery as well as our industry. I am concerned that devoting 10 percent of the ticket real estate and advertising to this warning message will have the following consequences:

- Substantial negative impact on instant scratch-off game retail sales and a corresponding negative impact on profits and funding for the good causes these sales support.
- The bar code on the front of the instant scratch-off ticket is required to provide multi-level security of the ticket and the ability for the ticket to be confirmed, activated and validated by the retailer network to pay winning tickets. The 10% requirement for the warning message interferes

with this bar code for winning payments or activation and confirmation of the inventory by the retailer network and consequently will impact millions of dollars in sales due to players not receiving their prizes in a timely manner. Moving the barcode to accommodate the warning message also will cause the manufacturer to redesign/format the barcode which costs will be passed on to the Florida Lottery, ultimately negatively impacting the State of Florida's contribution to good causes.

- Substantial negative impact on the aesthetics of the ticket. The play area of the ticket is the core of the appeal of these games to the consumer. Reducing the play area of the ticket will reduce the entertainment and play value of the instant game.
- Burden on retailers. Retailers may not want to carry instant scratch-off tickets due to the negative image this warning message conveys about addiction, making retailer recruitment more difficult.
- Estimated \$235 million reduction in Florida Lottery top line sales resulting in a loss of \$61 million education dollars. In addition, a resulting loss of \$14.1 million retailer commissions (6%). Undoubtedly, the Florida Retailer Associations will voice their concerns over this lost revenue and the \$152 million in lost prize money that will not circulate in the economy, including a large portion that most likely would be circulated within the retailer community.
- The instant scratch-off ticket is a top 5 category item in Florida convenience stores in terms of profit. The warning message will substantially and directly impact their business which again will cause the Florida convenience store community or the National Association of Convenience Stores to reach out to State of Florida stakeholders to voice their concerns about this lost revenue.
- Ultimately, a loss in revenue, top line sales, education benefits, retailer commissions, player prizes will have a huge negative economic impact because it will mean fewer education dollars, fewer dollars for the Lottery to run its billion dollar business and less infrastructure for lottery partners to run their business, including investment.
- If this bill were signed into law it could and will likely have a national industry impact. Our industry would not want Florida to set in motion a trend in legislatures that ultimately leads to a reduction in dollars for lottery beneficiaries, including college scholarships, pre-K funding, healthcare funding, programs that support senior citizens and state budgets.

Governor DeSantis, the Lottery industry has always proactively addressed problem gambling, through including "Playing Responsibly" messaging on tickets and advertising materials as well as directly funding problem gambling organizations. It is my belief the industry, and more importantly the recipients of the good causes such as the Bright Futures scholarships will be hurt if HB629 is signed into law. The Florida Lottery is generating over \$1 billion annually to good causes in Florida and I do not want to see this valuable resource and funding stream damaged by HB 629.

Respectfully,



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