

Thank you for providing me with the recorded testimony of Reps Marcotte and Hubert, and Nathan Lavery from JFO.

There were a number of inaccuracies stated by each of them that I think are important to correct as you consider H631. I am listing these by each person's testimony. A few are answers to questions asked by committee members.

Rep Marcotte:

1. All agents are paid a 5.75% or 6% commission for selling lottery games. This is based on their gross sales, regardless of whether a prize is won or claimed. Only the 1% bonus commission that was established as an agent incentive is not paid when a prize of \$500 or higher is not claimed by the winner.
2. Locations of large prizes won on draw games are known the next day because the lottery notifies all agents when this happens. We do this for prizes of \$10,000 and higher to generate excitement. In FY13 there were 17 of these prizes.
3. The lottery agent advisory discussions were re-established in 2013 but it is not comprised of a fixed group of agents. The lottery holds these meeting in various towns around the state and invites agents from that area. The meetings are quite helpful for us.
4. His store, Jimmy Kwik in Newport, has annual sales of \$154,006 in FY13.

Rep. Hubert:

1. The agents know the location of \$10,000 winning tickets sold because the lottery provides that info to agents the next day. We do not do this for prizes as low as \$500, which is the minimum prize for the 1% bonus commission.
2. There are no taxes withheld from the 1% Bonus Commission payments to vendors, whether it is \$5 or \$30,000.
3. Unpaid bonus commissions are not added to other lottery game's prizes. Any bonus commission not paid becomes net profit and is paid to the Ed. Fund.
4. His store, Middle Road Market in Milton, had FY13 sales of \$231,021 and was paid a commission of \$13,428, or 5.8%.
5. The lottery still has a minimum weekly sales level for agents of \$500. If an owner(s) is eligible to become a lottery agents based on statutes and rules, consumers then decide how much in sales each store will do.
6. Some states pay incentive bonus commissions like Vermont does, and some pay nothing. State rules or statutes dictate this.
7. **NO BONUS COMMISSION IS SUBTRACTED FROM ANY WINNER'S PRIZE (emphasis added). The only subtractions from a winner's prize are the required taxes (prizes over \$6,000) and any child support or restitution due the state. THE BONUS COMMISSION IS A DIRECT REDUCTION IN LOTTERY PROFITS, AND NOT PART OF THE PRIZE STRUCTURE.**

8. The lottery game called "Year End Bonus Raffle" is a completely separate lottery game with its own game rules and prize structure. There is no unclaimed commission or prize money used to pay for this game. It was entirely supported by ticket sales.
9. Lottery prizes ranging from \$500 to \$5,000 can be paid to winners at People's United Bank branch locations. Prizes of \$5,000 and higher must be paid at the lottery office due to required tax withholdings. The bank contacts us so that we can determine if child support or restitution is due by winners, and if so, they are directed to come to the lottery office as well.

N. Lavery:

1. The research required to find the agent locations for bonus eligible prizes is a new cost to the lottery. The notification of agents that we do now for prizes of \$10,000 and higher represents 17 of the 178 bonus eligible prizes won in FY13.
2. The Year End Bonus Raffle is not related to this bonus commission in anyway except if a prize won is over \$500, making the prize bonus-eligible.

I heard the word "commission" used in three separate contexts during these testimonies.

1. Commissions are paid to lottery agents for selling lottery games. 5.75% for some games and 6% for the other games. All agents receive the same percentage, it is the games that earn different amounts.
2. A 1% bonus commission is currently paid to agents for prizes claimed of \$500 and higher. The bonus payment is capped at \$30,000 per lottery rules.
3. The Vermont Lottery is guided by a five member commission. Each member of the commission is paid for their services.

All of these expenses directly reduce lottery profits.

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