## DEPARTMENT OF LIQUOR AND LOTTERY TASK FORCE

VERMONT LOTTERY COMMISSION OVERVIEW

## AGENDA

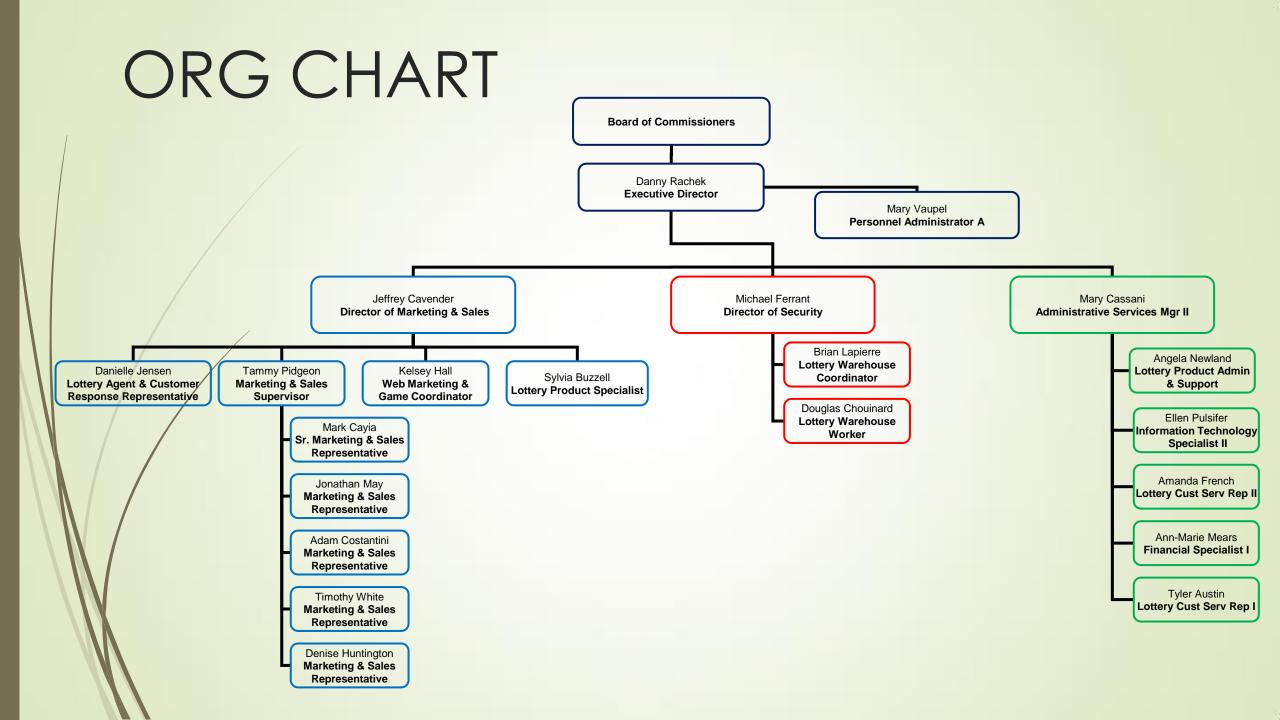
LOTTERY 101
ORG CHART
MERGER OPPORTUNITIES
MERGER CHALLENGES
DISCUSSION AND QUESTIONS

# LOTTERY 101

- > 1977 Lottery is established
- > 1978 First ticket sold (Green Mountain Game)
- 1985 Tri-State Megabucks established (ME, NH & VT)
- 1998 Lottery profit goes to Education
- > 2003 Joined the Multi-State Lottery Association (MUSL)
- 2003 Powerball begins in VT
- 2010 Mega Millions begins in VT
- ➤ 2012 Lucky for Life begins in VT
- ➤ 2017 Executive Order

# LOTTERY 101

- Staff of 21 (5 field sales reps)
- 75% of sales are Instant (scratch) tickets (stored, shipped from HQ)
- 25% online sales regulated by external standards and guidelines
- 2 major vendors (Intralot, Pollard Banknote)
- Tri-State compact influences decision-making
- Vermont Lottery is the Business Office for Tri-State
- Cash only sales at over 650 locations in VT
- 100% of profits directly benefit the Education Fund
- independent audits required per statute



#### MERGER OPPORTUNITIES FOR LOTTERY



#### Enforcement

### Licensing

#### Increased Product line

Greater Legislative advocacy

#### MERGER OPPORTUNITIES FOR LOTTERY

Training: ability to train agents at central location

Enforcement: increased field operations and staff

Licensing: combined into one streamlined process

Increased Product line: pull-tabs, touchplay consoles

<u>Greater Legislative advocacy</u>: 2 departments have a louder voice

#### MERGER CHALLENGES FOR LOTTERY

### Combined POS

## Sales locations

## Marketing restrictions

## Accounting differences

Cash versus Credit

#### MERGER CHALLENGES FOR LOTTERY

<u>Combined POS</u>: multiple regulatory bodies demand exclusive system and special ticket stock

<u>Sales locations</u>: currently only overlap on 80 of 650+ locations. Legislatively prohibited from selling lottery in bars, taverns and fraternal organizations

<u>Marketing restrictions</u>: advertising agency contracts and restrictions on crossmarketing that exist

<u>Accounting differences</u>: Lottery profits go directly to the Education Fund, Liquor profits do not

Cash versus Credit: lottery can only be purchased with cash, liquor with credit

#### MERGER CHALLENGES POSSIBLE SOLUTIONS

<u>Combined POS</u>: implement NASPL developed API and gain authority to sell online tickets on plain paper vs current ticket stock method. Currently unprecedented nationally in lottery industry.

<u>Sales locations</u>: remove legislation that prohibits Lottery Agents from holding 1<sup>st</sup> and 3<sup>rd</sup> class liquor licenses

<u>Marketing restrictions</u>: because the marketing messages, funding, teams and past are so different, this is difficult to present possible solutions for.

<u>Accounting differences</u>: work with Finance and Management to restructure the new business units fund codes and department ID codes to accomplish the separation of income and expenses to facilitate desired profit distribution

Cash versus Credit: keep the collections accounting of the sales and settlements of liquor and lottery separate

QUESTIONS & Discussion