



GEORGIA STATE SENATE SENATE RESEARCH OFFICE

204 Coverdell Legislative Office Building | 404.656.0015
18 Capitol Square SW
Atlanta, GA 30334

ELIZABETH HOLCOMB
DIRECTOR

THE FINAL REPORT OF THE SENATE STUDY COMMITTEE ON CREATING A LOTTERY GAME TO BENEFIT VETERANS

COMMITTEE MEMBERS

Senator Ed Harbison - Committee Chair
District 15

Senator Tonya Anderson
District 43

Senator Mike Dugan
District 30

Sen. David Lucas
District 26

Sen. Larry Walker
District 20

Prepared by the Senate Research Office
2018

COMMITTEE FOCUS, CREATION, AND DUTIES

The Senate Study Committee on Creating a Lottery Game to Benefit Veterans was created by Senate Resolution 484 to study the possibility of authorizing the creation of one or more Georgia Lottery games for the benefit of Georgia's military veterans.¹

Senator Ed Harbison of the 15th served as Chair of the Committee. The other Senate members included: Senators Tonya Anderson of the 43rd; Mike Dugan of the 30th; David Lucas of the 26th; and Larry Walker of the 20th. The Committee heard no official testimony but instead heard comments from the public during a public hearing at the State Capitol on September 24, 2018 and in Columbus on December 20, 2018.

COMMITTEE FINDINGS

Currently, eight states fund veteran services and programs through their state lottery. Illinois, Kansas, Maryland, Ohio, Texas, and West Virginia all offer one or more scratch and/or pull-tab instant tickets that benefit veteran programs. Iowa and Oregon devote a portion or percentage of their lottery revenue to veteran causes but do not offer a dedicated lottery game ticket.²

The revenue from these lotteries are allocated to either that state's veterans' agency, or to a fund dedicated to veteran causes. This money is then distributed to public or private programs and services supporting veterans or to veteran service organizations (VSOs).

States with a Dedicated Scratch and/or Pull Tab Game Supporting Veterans

The following six states currently offer one or more dedicated scratch and/or pull tab instant game tickets supporting veteran causes:

1. Illinois
2. Kansas
3. Maryland
4. Ohio
5. Texas
6. West Virginia

Illinois

Illinois has been offering a lottery scratch ticket, known as Veterans Cash, which designates 100 percent of its net proceeds to veterans since 2006. Since then, Veterans Cash has awarded more than \$13.3 million in grants statewide to veteran organizations that provide vital services, including job training, housing assistance, and post-traumatic stress treatment.

The Illinois Department of Veterans Affairs (IDVA) awards these funds in the form of Vet Cash Grants. On a quarterly basis, IDVA's Veterans Cash Grant Committee reviews applications and awards grants to groups that help address PTSD, homelessness, health insurance costs, long-term care, disability benefits, and employment. Since 2006, nearly 300 organizations have received a share of the \$13.3 million raised through the tickets.³

Eligibility is open to Government agencies, non-profits, VSOs, and tax-exempt entities currently providing veterans' assistance or wishing to expand to veterans' assistance. Grants to individuals are not awarded under

¹ <http://www.legis.ga.gov/Legislation/en-US/display/20172018/SR/484>

² Alabama, Alaska, Hawaii, Mississippi, Nevada, and Utah do not have a state lottery.

³ http://www.illinoislottery.com/en-us/Specialty_Tickets/VeteransAffairs.html

this program. Organizations that provide services in the following six categories are encouraged to apply for a Veterans Cash grant:

1. Health insurance costs;
2. Long-term care;
3. PTSD research or treatment;
4. Disability benefits;
5. Homelessness; and
6. Job placement and training.

The Vets Cash game tickets are issued annually beginning in November and finishes up around February of the following year.⁴

Kansas

The Kansas Lottery has offered scratch tickets supporting veterans' causes as far back as 2003. The state reported in FY 2016 that in 14 years the lottery transferred more than \$16.4 million (averaging \$1.17 million each year) from the sales of these games directly to veterans programs. All net profits received from the sale of Kansas Lottery Veterans Benefit Games are deposited into the state treasury, and are then directed to three special funds:

- 40 percent for National Guard educational assistance act scholarships;
- 30 percent to the veterans home fee fund to be used for the state's veterans homes and its veterans cemetery system; and
- 30 percent to the Veterans Enhanced Service Mobile Delivery Program.⁵

Currently, the "Red White & Moo" and the "Red, White & Blue" are the veterans benefit tickets in the state's Lottery stores. These tickets are marked with a small yellow ribbon on the front of the ticket to distinguish them from other scratch games.⁶

Maryland

The Maryland Lottery and Gaming Control Agency utilizes instant ticket lottery machines (ITLMs) to offer lottery scratch tickets that benefit Maryland veterans' organizations. ITLMs are vending machines that dispense pre-printed instant scratch tickets and utilize a touchscreen monitor. The device scans and validates the barcode on the instant ticket as it is dispensed and displays the result of the ticket on the touchscreen monitor. The device accumulates winnings for the player and prints out a voucher at the conclusion of play that can be redeemed for cash or inserted into another ITLM for continued play. ITLMs were authorized under Senate Bill 1 during the 2012 second special session of the Maryland General Assembly.

These machines are placed in the veterans' organization primary meeting hall in the county in which they are located. There is no upfront cost to the veterans' organizations for the ITLMs; the machines and their ongoing support and maintenance are paid for by a percentage of the net proceeds. The lottery vendor also provides all equipment and network connection. A lottery retailer that is tax exempt and organized as a veterans' organization under 501(c)(4) or (19) under the Internal Revenue Code is authorized to operate up to five ITLMs. Currently, 84 Veterans' posts in Maryland have ITLMs installed in their locations. The veterans' organization keeps 50% of the proceeds from the ITLMs. ITLMs are estimated to generate net proceeds of \$100 per day per machine. As of May 30, 2018, the ITLM Program has contributed over \$13.6 million in total profits to the participating veterans' posts.⁷

⁴ Illinois citizens can also contribute to Veterans Cash Grants year-round, not just when the Vets Cash lottery ticket is sold in stores each November.

⁵ <http://www.kslottery.com/aboutus/WhereTheMoneyGoes.aspx>

⁶ <https://kcva.ks.gov/home/2017/07/06/scratch-lottery>

⁷ <http://www.mdlottery.com/veterans/>

Texas

Since the first veterans' themed scratch ticket was launched in 2009, the Texas Lottery has contributed almost \$90 million towards the Texas Veterans Commission's Fund for Veterans' Assistance (FVA). The FVA makes grants available to eligible charitable organizations, local government agencies, and VSOs that provide direct services to Texas veterans and their families. With 1.7 million veterans spread across the state, these programs provide financial assistance, transportation services, PTSD counseling, and housing assistance.⁸ These scratch tickets are the largest source of revenue for FVA.⁹

Texas law directs the Texas Lottery Commission to market and advertise the lottery games in a manner intended to inform the public that the game tickets are available for purchase and that the game proceeds are used to fund veterans programs.¹⁰

West Virginia

West Virginia has been issuing a special instant ticket game to help support funding for West Virginia veterans since FY 2000. This special initiative is authorized to generate up to \$1 million each year to support a skilled nursing facility and a cemetery for West Virginia's veterans. In FY 2017, a total of \$630,106 was raised to support these facilities.¹¹

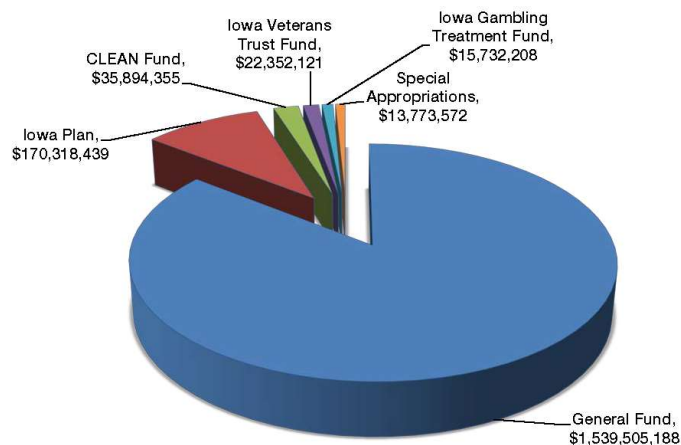
States Devoting a Portion of Lottery Proceeds to Veteran Causes

Iowa and Oregon devote a portion or percentage of their lottery revenue to veteran causes, but do not offer a dedicated lottery game ticket.

Iowa

Since July 2008, a portion of lottery proceeds has been dedicated to the Iowa Veterans Trust Fund (IVTF), where they are used to support the state's veterans and their families. Initially, Iowa transferred the proceeds from two instant-scratch games and two pull-tab games each year into the IVTF. However, a change in Iowa law in 2015 directs the Iowa Lottery to send \$2.5 million dollars each year to the IVTF. This change was requested by the Iowa Lottery to ensure that the funding remain stable.

The Veterans Trust Fund was created to provide assistance to qualified veterans and their families for expenses such as job training or college tuition assistance; some dental, vision and hearing assistance; and individual or family counseling programs. Since 2008, the Iowa Lottery has contributed over \$22 million to the IVTF.¹²



⁸ <https://www.tvc.texas.gov/grants-funding/support-texas-veterans/#GiMoEnBx>

⁹ <https://www.texvet.org/postings/update-texas-veterans-cash-lottery-and-fund-veterans-assistance>

¹⁰ Tex. Code Gov. § 466.027

¹¹ <http://www.wvlottery.com/assets/pdf/reports/WVL2017AR.pdf>

¹² <https://www.ialottery.com/Pages/Pressroom/WhereTheMoneyGoes.aspx> and

https://s3.amazonaws.com/pageturnpro2.com/Publications/201712/1257/82324/PDF/131578368678490000_AnnualReport_2017_forPTP.pdf

Oregon

In August 2017, Oregon voters approved Measure 96 — Lottery Proceeds for Veterans. The measure allocates 1.5 percent (approximately \$9.3 million annually) of the state lottery's net proceeds to veteran services, including assistance with accessing state and federal benefits, reintegration, employment, education, housing, healthcare, and addiction treatment programs. Some funding is also allocated to county, campus, nonprofit, and tribal veterans' services officers.

Previously, 33 percent of the State Lottery's revenue was dedicated to specific purposes, including education and state parks. The remaining 67 percent was undedicated, and the state government had historically allocated this undedicated portion towards economic development. Measure 96 reduced the undedicated portion from 67 to 65.5 percent.

The fiscal impact statement prepared by the secretary of state's office appeared as follows:

This referral amends the Oregon Constitution to dedicate 1.5% of net proceeds from the State Lottery to be deposited in a veteran's services fund, to be created by the Legislature. The money in the veterans services fund is to be expended on veterans' services, which may include: (1) reintegration, employment, education benefits and tuition, housing, physical and mental health care and addiction treatment programs; (2) assistance for veterans or their dependents to access state and federal benefits; or (3) funding for services provided by county veterans' services officers, campus veterans' service officer or nonprofit or tribal veterans' services officers.

Based on the June 2016 forecast from the Office of Economic Analysis 1.5% of net lottery proceeds for veterans' services would be approximately \$9.3 million annually for the 2017-19 biennium. This measure would not have an impact on the constitutionally dedicated amounts for the Educational Stability Fund or the Parks and Natural Resources Fund. The measure does not affect the overall amount of funds collected for or expended by state government. The measure would result in an expenditure shift of \$9.3 million annually, during the 2017-19 biennium, to the Veterans' Services Fund from economic development and public education expenditures.¹³

Rejected by Referendum

Missouri

In 2014, Missouri voters rejected a ballot measure establishing a new lotto game that would have helped fund veterans programs. The proposal failed with 55 percent of ballots cast against the idea. Supporters of the measure attributed the loss to the prevailing notion from opponents that the lottery was an unpredictable funding source.

The measure proposed creating a new scratch-off ticket especially for veterans. All earnings from it would have gone into the Veterans Commission Capital Improvement Trust Fund.¹⁴

Discontinued Program

Washington State

In 2011, Washington enacted a law authorizing a raffle ticket game to raise funds that benefit the state Department of Veterans Affairs' Veterans Innovations Program (VIP). This program provided crisis and emergency relief, as well as education, training, and employment assistance for Washington veterans returning from post-9/11 conflicts. The legislature enacted the law after it became apparent that state funding for VIP, which was created in 2007, was in jeopardy. The Lottery Commission ran the \$10 raffle ticket game, called "The Hometown

¹³ [https://ballotpedia.org/Oregon_Portion_of_Lottery_Proceeds_for_Support_of_Veterans_Measure_96_\(2016\)](https://ballotpedia.org/Oregon_Portion_of_Lottery_Proceeds_for_Support_of_Veterans_Measure_96_(2016))

¹⁴ <http://www.governing.com/topics/finance/gov-missouri-voters-reject-lotto-funding-for-veterans.html>

Heroes Raffle,” for two years from Labor Day through November 10, with the drawing occurring on Veterans Day.¹⁵ However, the program was repealed and cancelled in 2013 after two years of disappointing sales.^{16 17}

Recent Failed Legislative Attempts

Within the last ten years, Florida, Indiana, New York, Pennsylvania, and Vermont legislatures all made unsuccessful attempts to push bills establishing a lottery scratch ticket dedicated to supporting veteran services and programs. Similar legislation has been introduced in Georgia each legislative session since 2013.¹⁸ However, these bills have never been acted on by their respective committees.

Committee Recommendation

In light of the information received by the Committee on how a dedicated lottery game operated in other states benefits veterans in those states, the Committee recommends that legislation be introduced establishing one or more dedicated instant game scratch tickets to help fund veterans services throughout Georgia. The proposed legislation should direct the Georgia Lottery Corporation to create, market, and offer the scratch ticket statewide. Once the proceeds collected from the scratch ticket have been received by the Georgia Department of Veterans Service, the Department will administer and distribute the proceeds to qualified and vetted organizations for the sole purpose of aiding and assisting veterans.

¹⁵ <https://www.cga.ct.gov/2011/rpt/2011-R-0388.htm>

¹⁶ <http://lawfilesexternal.wa.gov/biennium/2013-14/Pdf/Bills/Session%20Laws/House/1982-S.SL.pdf?cite=2013%20c%20136%20C2%A7%201;>

¹⁷ <https://www.seattletimes.com/seattle-news/washington-lotterys-veterans-raffle-falls-far-short-of-its-goal/>

¹⁸ See 2017-2018’s SB 144 and its accompanying Constitutional Amendment, SR 191 for the most recent legislation:

<http://www.legis.ga.gov/Legislation/en-US/display/20172018/SB/144> and <http://www.legis.ga.gov/Legislation/en-US/display/20172018/SR/191>

Respectfully Submitted,

**THE SENATE STUDY COMMITTEE ON CREATING A LOTTERY GAME
TO BENEFIT VETERANS**

A handwritten signature in black ink, consisting of a large, stylized 'E' followed by a smaller 'H' and a final flourish.

**Senator Ed Harbison - Committee Chair
District 15**