

North American Association of State & Provincial Lotteries

7470 Auburn Road, LL1
Concord, OH 44077
P. 440.361.7962
F. 440.867.2327
www.naspl.org



NASPL

North American Association
of State & Provincial Lotteries

May 22, 2019

Office of Governor Ron DeSantis
State of Florida
The Capitol
400 S. Monroe Street
Tallahassee, FL 32399-00001

Governor DeSantis:

As Executive Director of the North American Association of State and Provincial Lotteries (NASPL), I am writing to you today to respectfully request that you veto HB 629. This bill would require the lottery vendor to print a warning statement on the front of every lottery ticket printed on or after January 1, 2021 that occupies at least 10% of the total front face of the ticket. The bill would also require the Florida Lottery to include a warning label on every advertisement or promotion of lottery games that takes up 10% of the surface area of the advertisement or promotion. These warning labels must contain one of two messages, and each message must appear in an equal number of advertisements and promotions: "WARNING: LOTTERY GAMES MAY BE ADDICTIVE" or "PLAY RESPONSIBLY."

Since 1988, the Florida Lottery has generated more than \$35 billion for education, with over 800,000 students receiving a Bright Futures scholarship. It is almost certain that the funding generated for education each year will be substantially hurt if HB 629 is signed into law.

I am not aware of any North American lottery that is required to print a warning message on the front of a lottery ticket that would occupy 10% of the surface area, similar to HB 629. I am concerned that devoting 10% of ticket and advertising real estate to this warning message would have a substantial negative impact on lottery game retail sales and a corresponding negative impact on profits and funding for the education programs these sales support.

It has been estimated that HB 629 could lead to a \$235 million reduction in Florida Lottery top line sales, resulting in a loss of \$61 million for education. In addition, this would result in a loss of \$14.1 million in retailer commissions (6%). Ultimately, a loss in revenue, top line sales, education benefits, retailer commissions, and player prizes would have a huge negative economic impact, because it will mean fewer dollars for education, fewer dollars for the lottery to run its billion dollar business, and less infrastructure for lottery partners to run their business, including investment.

The effective date of HB 629 is January 1, 2021. In order to comply, the Florida Lottery would need to remove every instant scratch-off ticket and game without the warning message from the market by

North American Association of State & Provincial Lotteries

7470 Auburn Road, LL1
Concord, OH 44077
P. 440.361.7962
F. 440.867.2327
www.naspl.org



that date and replace billions of dollars of inventory. It would be a monumental task and likely have a significant negative impact on the lottery's business.

The Florida Lottery does more than \$4.5 billion in instant scratch-off ticket game retail sales annually. Based on the 2019 projected value of printed instant scratch-off ticket game retail sales and inventory, the impact on the lottery of implementing HB 629 and removing inventory without the warning message prior to January 1, 2021 is \$7.1 billion. In addition, another \$7.1 billion in retail value of inventory would have to be produced to replace the inventory pulled out of the market to support this ill-conceived legislation.

Additionally, if this bill were signed into law, it would likely have a national impact on the lottery industry. NASPL does not want the state of 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, state budgets, healthcare funding, programs that support senior citizens, and more.

The primary focus of state lotteries is to continue growing the much needed funding for good causes and to do so responsibly and with integrity. The industry has always proactively addressed problem gambling, by including "Play Responsibly" messaging on tickets and advertising materials, as well as directly funding problem gambling organizations. This is not something that NASPL takes lightly. It is my belief that the industry – and more importantly the recipients of the funds generated by the lotteries, such as the Bright Futures Scholarship students – will be negatively impacted if HB 629 is signed into law.

Respectfully,



David Gale
Executive Director, North American Association of State and Provincial Lotteries