

# LACKLUSTER LOTTERIES

In 1964, New Hampshire became the first state in recent history to create a lottery. Fast forward 44 years, and Arkansas becomes the latest state to adopt a lottery after voters approved a ballot question amending the state constitution in November 2008. State lotteries are now authorized in all but seven states.

Over the past two decades, policymakers have turned to lotteries to generate revenue without raising taxes, especially for popular programs such as college scholarship funds or environmental protection. As the effects from the recent recession continue to linger, however, reliance on state lotteries as a stable revenue source is no longer a sure bet.

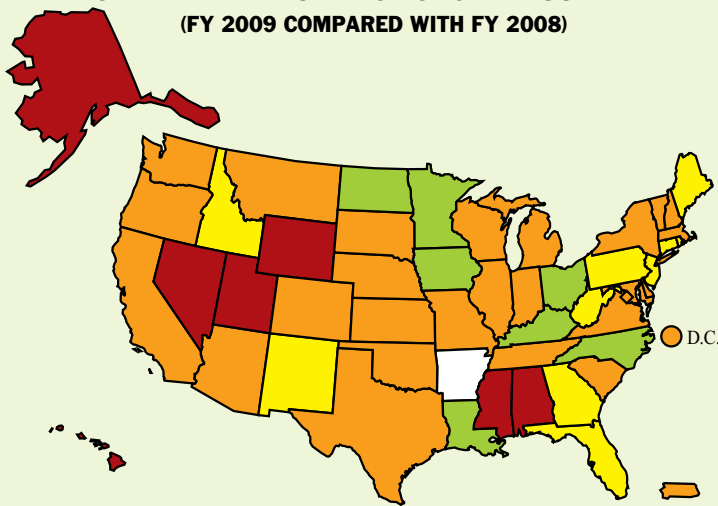
Lottery revenues declined in FY 2009 in 25 states, the District of Columbia and Puerto Rico. That's more than 61 percent of all lottery states and territories. Revenues were flat in 10 states and increased in seven. Indiana saw the greatest drop in revenues at -18.1 percent, probably because racinos opened in 2008. North Carolina, where the lottery is relatively new and still expanding, saw the greatest increase, at 17.4 percent.

Declined Changed Less Than 1 Percent Increased

	FY 2008 (\$ millions)	FY 2009 (\$ millions)	Percent Change
Arizona	\$145	\$129	-10.7%
Arkansas	n/a	n/a	n/a
California	1,095	1,053	-3.8
Colorado	122	120	-2.2
Connecticut	283	283	0
Delaware	39	37	-5.3
Florida	1,283	1,285	0.1
Georgia	868	872	0.5
Idaho	35	35	0.7
Illinois	657	625	-4.9
Indiana	224	183	-18.1
Iowa	57	61	7.2
Kansas	70	67	-3.9
Kentucky	187	194	3.2
Louisiana	132	136	3.1
Maine	49	50	0.7
Maryland	529	493	-6.9
Massachusetts	935	844	-9.7
Michigan	753	700	-7
Minnesota	116	120	2.9
Missouri	265	259	-2.3
Montana	11	10	-8.1
Nebraska	31	30	-2.5
New Hampshire	75	68	-9.7
New Jersey	882	875	-0.8
New Mexico	41	41	0
New York	2,153	2,115	-1.8
North Carolina	350	411	17.4
North Dakota	6	6	7.8
Ohio	672	702	4.5
Oklahoma	72	69	-3.3
Oregon	703	596	-15.2
Pennsylvania	928	934	0.7
Rhode Island	60	59	-0.4
South Carolina	266	260	-2.1
South Dakota	123	118	-4.1
Tennessee	286	280	-2
Texas	1,046	1,032	-1.3
Vermont	23	21	-7.7
Virginia	455	431	-5.4
Washington	130	120	-7.6
West Virginia	41	41	-0.7
Wisconsin	141	130	-8.1
District of Columbia	0.7	0.7	-2
Puerto Rico	151	125	-17.4



LOTTERY REVENUE—NO LONGER A SURE BET  
(FY 2009 COMPARED WITH FY 2008)



- No Lottery
- Lottery Revenue Declined
- Lottery Revenue Changed Less Than 1 Percent
- Lottery Revenue Increased

Note: Arkansas data were not available.  
Source: Rockefeller Institute Fiscal Studies and NCSL, 2010.

Notes: The Arkansas lottery started in FY 2010. Video lottery revenues are excluded in Delaware, New York, Rhode Island and West Virginia. July – June revenue data are reported for Michigan, New York and Texas.

Source: Rockefeller Institute Fiscal Studies Report, September 2009, and NCSL survey of state lottery agencies, 2010.