

MINUTES OF THE MEETING  
BUSINESS AND INDUSTRY COMMITTEE  
MONTANA STATE SENATE

February 16, 1983

The meeting of the Business and Industry Committee was called to order by Chairman Allen Kolstad on February 16, 1983, at 10:00 a.m., in Room 404, State Capitol.

CONSIDERATION OF SENATE BILL 325: An act to include funds invested in certificates of deposit in Montana financial institutions in the definition of "Montana Securities" for purposes of computing the premium tax on insurers.

Senator Richard Manning stated he was the sponsor of this bill. He turned it over to Terry Meagher for the explanation of the bill.

PROPOSERS TO SENATE BILL 325: Terry Meagher, Chief Examiner, Insurance Division, stated this expands the definition of what our insurance codes already define as Montana Securities. His testimony is attached to the minutes. (Exhibit No. 1)

There were no further proponents and no opponents.

QUESTIONS FROM THE COMMITTEE: Senator Lee asked in the new language on page 4 you are talking about deposits insured by the United States. Would you have any problem making the following amendment "and approved by the Department or agency or insurer by the Department of Commerce". Mr. Meagher stated no.

Senator Gage asked would these premium taxes also cover credit life premiums? Mr. Meagher stated they could.

Senator Gage stated we have a bill that lowers the amount of capitalization for credit life, would this be beneficial to that type of thing. Mr. Meagher stated yes.

The hearing was closed on Senate Bill 325.

ACTION ON SENATE BILL 325: Staff Attorney Petesch stated the amendment would read on page 4, line 15, following "United States" insert "or an insurer approved by the Department of Commerce."

Senator Lee made the motion that the proposed amendment Be Adopted. Senator Goodover seconded the motion.

The Committee voted unanimously, by voice vote, that the proposed amendment to SENATE BILL 325 BE ADOPTED.

Senator Lee made the motion that Senate Bill 325 As Amended Do Pass. Senator Goodover seconded the motion.

The Committee voted unanimously, by voice vote, that SENATE BILL 325 AS AMENDED DO PASS.

CONSIDERATION OF SENATE BILL 223: An act to establish a state lottery and provide for a commission, director, and personnel to operate the state lottery.

Senator Larry Stimatz stated he started on this bill in March 1982. The state lottery is an idea whose time has come. There are 17 states beginning with New Hampshire in 1964 and Colorado being the latest plus the District of Columbia that have a state-owned state-operated lottery. Surveys done by those states seem to indicate it has a market place acceptance. He then went through an outline of the bill. Some of the points he brought out were 55% of the people surveyed favored lotteries and it did not seem to be a moral issue. The bill is based on existing laws that the drafter and he worked on for many months and used the laws in existence on several of the state lotteries. It is not a copy of any particular state lottery. He has copies of 4-5 states. There is nothing in the act that is not in someone else's existing law, including the way they name the commission. The Senate will select two, the House will select two and the Governor will select three. It splits the control and will not be dominated by either the Executive or Legislature. This will make it possible to get as neutral a commission as possible. He talked with Peter Eck of the State of Washington and everything he told him seemed to be pretty much covered in this bill. He estimates the gross revenue will be \$5-10 million. Connecticut just hit the billion dollar market. It is a money making proposition. It does not get rid of taxes.

PROPOSERS TO SENATE BILL 223: Representative Bob Pavlovich also explained his handouts. (Exhibit No. 3)

Murdo Campbell, Helena, representing himself, stated he supported this bill. His written testimony is attached to the minutes. (Exhibit No. 4)

Edwin J. Uber, Great Falls, stated he supported the bill. His written testimony is attached to the minutes. (Exhibit No. 5)

Don Peoples, Executive Director, Butte-Silverbow, stated his support is based on the revenue producing capability. The fiscal note indicates it has a potential for generating revenue. They view this as a significant piece of legislation.

Paul Silvergleid, former Lottery Commissioner, Connecticut, stated he supported this bill. His written testimony is attached to the minutes. (Exhibit No. 6)

Jim Halvorson, County Commissioner, stated the bill provides about 17 1/2% of the total dollar spent to go back to the city and county governments. 50% is profit. It is an excellent revenue source for the cities and counties. This money then would be used to provide mandated and needed services. In some cases he would think it would provide property tax relief.

OPPOSERS TO SENATE BILL 223: Shawn Jensen stated he opposed this bill. His written testimony is attached to the minutes. (Exhibit No. 7)

Cathy Campbell, Montana Association of Churches, stated she opposed this bill. Her written testimony is attached to the minutes. (Exhibit No. 8)

Wade Wilkison, LISCA, stated the overall intent of this bill to gain income for the State is very important. We need to increase revenue. Is this the best way to go in gaining income? The bottom line is senior citizens regret the fact that they are being used to get support for this bill. He received calls from seniors around the state that if Initiative 92 was not passed as they were being told they would not be able to play bingo. They were being misled. Seniors come from a different generation and have different feelings of morality. Are seniors going to take the money? Seniors have to apply and file a form. He thinks this is going to be a selective process. If the senior citizen refuses to apply for that money what are they going to do with it?

Bob Burtch stated we read about the people that are winning money but do we ever read about the number of people taking money out of their welfare checks to buy that lottery ticket? They have allowed the machines to be put in where children are taking the money out of their parents pockets and putting them in the machines.

Sam Ryan stated he is a member of a senior citizens committee. They are opposed to this bill.

QUESTIONS FROM THE COMMITTEE: Senator Gage stated apparently a big share of the reaction has come from the senior citizens. According to other states what distribution is made from the proceeds? Does any of it go to the senior citizens directly? Senator Stimatz stated the State of Pennsylvania earmarks its profits to the senior citizens. They give it to the various organizations such as rides on wheels, etc. Senator Stimatz stated when he originally wrote the bill he had highways and other programs but he took them out because other bills covered them. Senior citizens can be taken out also.

Senator Lee asked if Senator Stimatz wanted to maintain that language or be receptive to put it somewhere else? Senator Stimatz stated very receptive.

Senator Lee asked when you have a pay-off of \$100,000 there is language to allow for installments. Do other states do it at the discretion of the director or the discretion of the individual who won? Mr. Silvergleid stated the lottery commission will make that decision. If there is a major prize the state could buy an annuity.

Senator Boylan stated I am a senior citizen. Is this your own personal feeling or did you poll the citizens in the State of Montana, especially Butte, Montana? Mr. Wilkison stated his comments as related to Initiative 92 were based on a series of 30 phone calls to him from seniors. It was not a specific poll. Yes there was some input from Butte on Initiative 92.

Senator Boylan asked again did you do a specific poll as with the Initiative? Mr. Wilkison stated I was speaking of attitudes - there was some resentment toward gambling.

Senator Christiaens asked you mentioned seniors are playing bingo.


Are they also giving prizes? Mr. Wilkison stated I think so.

Senator Fuller asked is this attached to the Revenue Department?  
Senator Stimatz stated for administrative purposes only.

Senator Kolstad asked how are the odds determined? On a sliding scale?  
Mr. Silvergleid stated the policy decision may be made that you will give out one major prize. You will do this in consultation with the companies who do these tickets. It is all structured. The odds are then published in a brochure.

Senator Stimatz, in closing, stated there will need to be an appropriation bill for up-front money. He is told by the financial people they need the money if the bill is passed. There is no evidence to show that a state lottery would contribute to any welfare or distress. The odds are high but they are honest about it. There is no credit it is cash on the barrel. This is the least susceptible to compulsive gamblers. Those who are already compulsive gamblers will not like state lotteries at all.

ADJOURN: There being no further business, the meeting was adjourned at 11:35 a.m.

  
ALLEN C. KOLSTAD, CHAIRMAN



STANDING COMMITTEE REPORT

February 16

19 83

MR. **President**

We, your committee on **BUSINESS AND INDUSTRY**

having had under consideration **SENATE** Bill No. **325**

Respectfully report as follows: That **SENATE** Bill No. **325**  
**be amended as follows:**

1. Page 4, line 15.

Following: **"United States"**

Insert: **"or an insurer approved by the department of commerce"**

**AND AS AMENDED**

**DO PASS**

*nc.*



# STATE OF MONTANA

OFFICE OF  
E. V. "SONNY" OMHOLT

STATE AUDITOR  
COMMISSIONER OF INSURANCE  
SECURITIES COMMISSIONER  
CENTRAL PAYROLL SYSTEM

HELENA, MONTANA 59604

February 15, 1983

TO: SENATOR DICK MANNING, District 18

FROM: TERRY MEAGHER

RE: SB. 325 - to expand the definition of "MONTANA SECURITIES"  
by amending Sec. 33-2-705(3-b), MCA

This memo is in response to your request for further information on the effect of this legislation.

Currently the definition of "Montana Securities" includes only the following:

1. General obligations of the State of Montana.
2. General obligations of Montana political subdivisions.
3. Mortgage loans secured by a first lien upon real estate located in MT.
4. Real estate located in Montana owned by the insurer.

On p.4, lines 12 through 15, SB 325 proposes to add one additional item to the above four items currently defined, as follows:

5. Certificates of deposit invested in a bank or building and loan association located in Montana and whose deposits are insured by an agency of the United States.

This definition of "Montana Securities" is tied to the payment of premium taxes in the Insurance Code. Section 33-2-705, MCA provides for two alternative methods of calculating premium taxes due from insurance companies. Both methods include a reference to "Montana Securities". Domestic insurers (one incorporated under the laws of Montana) may choose either method that may be more beneficial and foreign insurers (one incorporated under the laws of another state) are subject only to Sec. 33-2-705 (2-b-ii), MGA.

The first method (only available to domestics) provides for a decreasing premium tax rate as the percentage of total investment in "Montana Securities" increases.

Senator Dick Manning  
"MONTANA SECURITIES"

The second method provides that if an insurer has an amount not less than 50% of its paid-in-capital invested in "Montana Securities" then it is allowed to deduct (as a tax credit) whatever tax it may have already paid to the State of Montana and its political subdivisions from the premium tax otherwise due for that year. The only other type of tax that an insurer is subject to for this purpose is the tax on real and tangible personal property located in this state.

It seems that the underlying reasoning behind all of the above law as it currently stands is to encourage insurers to invest their funds within Montana or to make funds available for Montana residents to invest therein by giving them a tax break incentive. It would seem that to include certificates of deposit issued by financial institutions located within Montana would be consistent with the prior reasoning. This would help create a healthier climate for insurers to operate which in turn improves Montana's economy by creating jobs, and increasing the funds available for investments in Montana Securities. Encouraging the insurance industry may be more desirable than others because it doesn't pollute or cause other environmental problems.

In my opinion, the proposed legislation would only decrease annual general fund revenue collections by approximately \$9,500. After reviewing last year's tax records, SB 325 should only affect one company which has to be a domestic insurer. They currently are so small that it takes a major portion of their assets to meet the custodial deposit requirements in another section of the Insurance Code. Those requirements are much more conservative regarding types of securities eligible for deposit. These include cash or certificates of deposit and U.S. or State bonds. It does not include mortgages or real estate. If the definition of "Montana Securities" was expanded to include "Montana Certificates of Deposit," then this small domestic could meet the eligibility requirements of both the deposit section and the tax section to allow them at least some of the tax break.

There are eight domestics in Montana. The two largest pay no premium tax due to the tax credit offset provision. The domestic that could be affected by S.B. 325 now pays the largest amount of premium tax (\$51,959 for 1981) of any domestic. They currently have \$400,000 in C.D.'s on deposit with the Insurance Department. If these were eligible under the definition of "Montana Securities", this company's tax rate would be 2½% instead of 2-¾%. That ½ of 1% difference times \$1,889,420 taxable premium equals the \$9,447 reduction in annual general fund revenue collections.

The tax treatment used by all eight domestic insurers is as follows:

- 5 company - tax credit offset provision
- 1 company - reduced tax rate provision
- 1 company - reinsures only and not taxable
- 1 company - not eligible for any tax incentive  
(this is the company used in the above  
example that would benefit from SB. 325 and  
now pays \$51,959 per year at the full 2-¾% rate).



Montana Dept. of Insurance  
Analysis of Premium Tax Paid By Domestic  
For The Year Ended 12-31-81

2-1583  
*Jan*

	1 Taxable Prem Written	2 Tax Method	3 TAX DUE < CREDIT ALLOWED >	4 Tax PAID
LOMIC Gt Wstr.	1,233,869 288,810	Tax Credit. Reduc. Rate @ 2 1/4	33,931 < 34,625 >	- 0 - 6,498
G/oc. Gen.	3,650,739	Tax Credit	100,395 < 133,716 >	- 0 -
Intermtn.	3,738,031	Tax Credit	102,796 < 125,781 >	- 0 -
Capri	- 0 -			- 0 -
Farm Union Mut.	1,311,773	Tax Credit	36,074 < 10,524 >	25,550
Mtn. States	1,889,420	Not eligible	51,959	51,959
1st Mt. Title	508,083	Tax Credit	13,972 < 9,073 >	4,899

## STATE OF MONTANA

REQUEST NO. 293-83

## FISCAL NOTE

Form BI-15

In compliance with a written request received 1 Feb, 19 83, there is hereby submitted a Fiscal Note for S. B. 325 pursuant to Title 5, Chapter 4, Part 2 of the Montana Code Annotated (MCA).

Background information used in developing this Fiscal Note is available from the Office of Budget and Program Planning, to members of the Legislature upon request.

DESCRIPTION OF PROPOSED LEGISLATION:

Senate Bill 325 revises the definition of "Montana Securities" to include funds invested in certificates of deposits in Montana financial institutions for the purposes of computing the premium tax on insurers.

ASSUMPTIONS:

1. Assume that 1 domestic insurer would move its \$400,000 certificate from Minnesota to Montana.
2. Assume that no foreign insurers would make any move of deposits.

FISCAL IMPACT:

	<u>FY 84</u>	<u>FY 85</u>
General Fund	<u>(9,500)</u>	<u>(9,500)</u>
Net Decrease in Revenue	<u>\$9,500</u>	<u>\$9,500</u>

COMMENTS:

The differential could increase slightly but would not cause a net smaller income in ensuing years.

Passage of this act should have a beneficial effect on the home area of the insurer.

BUDGET DIRECTOR

Office of Budget and Program Planning

Date: \_\_\_\_\_



## FISCAL NOTE WORKSHEET

Form BD-14

(Office of Budget and Program Planning Use Only)

**II. ASSUMPTIONS USED IN OBTAINING ESTIMATES: (Please list clearly and in detail; use extra sheets if necessary)**

List assumptions made during preparation of the fiscal note. If certain costs associated with the proposed legislation can be absorbed without additional funds, indicate this as an assumption. If no dollar estimates have been presented, list reasons in this space.

1 Domestic Insurer would move \$400,000 from Minn. to a Mont Bank C.D.

We would not expect any foreign insurers would make use of this amendment. Other domestic insurers of

**III. DERIVATION OF ESTIMATES:**

Show basic calculations or provide a brief description of the techniques used to obtain estimates; also, cite sources of basic data used for projections.

Above insurer presently pays 2 $\frac{3}{4}$ % of net premiums of \$1,900,000 tax = 52,250.

At present its fund in capital invested in Montana securities is less than 25% but adding the above C.D. would raise its investment in Mont Securities above 25% which would reduce its Premium tax 1/2% to 2 $\frac{1}{4}$ % of 1,900,000 = 47,750

Annual Reduced Tax income \$ 9500 +

IV. AFFECT ON COUNTY OR OTHER LOCAL REVENUE OR EXPENDITURES:

Provide an estimate of the local impact.

Moving the C.D. from Minnesota to Montana should be a benefit to the home office county by adding to bank assets and making increasing loanable funds in the community.

V. LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Use this space to describe any potentially significant effects the proposed legislation might have on expenditures and/or revenues for fiscal years subsequent to FY 1983; give quantitative estimates whenever possible.

As amount of premiums written increased the reduction of the premium tax increase would be slowed by 1/2% or \$500 per 100,000 Prem.

VI. TECHNICAL OR MECHANICAL DEFECTS OR CONFLICTS WITH EXISTING LEGISLATION:

Explain.

Agency Representative who Prepared Estimates:

(Name)

(Title)

(Date)

(Phone No.)

Received

Analyzed by

Fiscal Note by

Date

SB 223

MONTANA  
STATE LOTTERY BILL

- Page 1 Section 1 - "Montana State Lottery Act of 1983"
- Section 2 - definitions of: "commission", director, lottery game, state lottery. Lottery game - any procedure by which prizes are distributed by chance among persons who have paid for a chance to win.
- Page 2 Section 3 - Commission - Seven members, all residents of Mt. Senate appoints 2; House 2, Governor 3 - each appointed to 4-year term, terms staggered.
  - Also, at least: one commissioner: must have 5 yr. experience as law enforcement officer, one attorney, one a CPA.
  - Commission shall appoint chairman. Five or more commissioners constitute a quorum.
  - Commissioners compensation - \$30/ day plus travel, meals and lodging expenses.
  - commission allocated to dept of Revenue for administrative purposes.
- Page 3 Section 4 - Powers of the Commission
  - 1) establish & operate a state lottery
  - 2) appoint director
  - 3) establish lottery policies, supervise the director and staff, meet with director at least every 3 months to determine types of lottery games, ticket prices and number and size of prizes.
- Page 4 Section 4-5-All drawings held in public; and witnessed by an independent CPA
  - 4-6 - carry out studies to make lottery more efficient
  - 4-7 - Quarterly & annual reports on all operations of state lottery
- Sect. 5 - Director-appointed by commission
  - qualified by training & experience
  - full-time employee
- Pg. 5 Sect. 6 - powers & duties of director
  - administer state lottery as act & commission directs
  - employ personnel
  - license lottery ticket sales agents
  - enter into contracts with suppliers no longer then 6 months
- Pg. 6 Sect. 7 - ticket sales agents
  - lottery tickets may be sold only by agents
  - commission determine where tickets will be sold
  - license applicants, may be charge license fee covering application processing costs.

- director may require a bond from any agent or may purchase a blanket bond.

ge 8 Sect. 7-10- sales agents are entitled to no more than 5% commission on tickets sold.

ge 8 Sect. 8 - Sales restrictions

- tickets must have price printed on them, likewise on electronic ticket devices
- tickets may not be sold to or purchased by persons under age 18.
- tickets purchased by cash or check, no credit.
- no tickets sold to or purchased by members of commission, those employed with lottery.

1.9 Sect. 9 - disclosure of odds

- odds must be posted at each ticket sale area.

2.7 Sect. 10 - State lottery fund

- consists of money from ticket sales, sales agents' license fees, unclaimed prizes or received by the lottery from any other source.

3.7 Sect. 11 - Deposit of revenue

Part 1 - 45 percent of ticket receipts in each separate state lottery game must be paid out for the game.

Part 2 - 20 percent of the gross revenue may be used for operating expenses. (commission to sales agents are an operating expense)

- Part 3
- a) - 50 percent of net revenue generated in each count must be paid into state general fund.
  - b) - 50 percent of net revenue generated in each county must be paid into county general fund.
  - c) - 50 percent of net revenue paid into each county general fund will be paid to the general fund of the incorporated cities and towns in that county - on a ratio of city or town population as compared with county population.

3.11 Sect. 12

- Felony & gambling related convictions
  - any person with felony conviction or gambling related offense cannot be employed

Sect. 13

- No employee or member of immediate family may have financial interest in any contract or accept any gift from gaming supplier.

- Sect. 14 - Prizes - immediate payment of prizes when amount less than an amount set by commission. Prizes over \$100,000 may be paid either in one lump sum or in equal yearly installments without interest installments must be at least \$20,000.
- 14-3) - prizes not claimed within 1 year are forfeited
- 14-4) - Prizes and sales of lottery tickets are exempt from all types of state and local taxes.
- Sect. 15 - disclosures by gaming suppliers
- Sect. 16 - Annual audit of state lottery by department of Administration.
- Sect. 17 - Investment & legal services  
17-1 - Attorney general shall provide legal services for state lottery
- Sect. 18 - Penalties for violations of act
- Sect. 19 - Amendment to MCA 23-5-202
- Sect. 20 - Initial appointment and terms of commissioners  
-appointments to commission must be made within 30 days after effective date - terms of initial appointees
- Sect. 21 - initial state lottery study  
-operation to begin at earliest practicable time and by 150 days after effective day
- Sect. 22 - Severability
- Sect. 23 - Effective date - effective on passage and approval.



STATEMENT OF INTENT

\_\_\_\_\_ Bill No. \_\_\_\_\_ [LC 16]

~~Under~~ section 4 the State Lottery Commission must establish and operate a state lottery and adopt policies and rules regarding:

(1) the operations of the lottery director and his staff;

(2) the price, number, and size of tickets;

(3) the drawing of lottery winners;

(4) lottery ticket or chance sales and ticket sales agents;

(5) the immediate payment of small prizes; and

(6) other matters relating to the successful operation of the lottery.

A state lottery is primarily a business operation and has as a purpose the earning of net revenue. The successful operation of a state lottery, as shown by the experience of other state lotteries, depends to a large degree upon the ability of a lottery staff well-versed in business matters to operate the lottery as a business and without undue constraint by statute or administrative rule. The success of a lottery also depends upon the operation of the lottery within a statutory framework ensuring the integrity of the staff and all phases of the operation of the lottery and the avoidance of even the appearance of any illegalities or conflicts of interest.

To these ends, it is contemplated that the state lottery commission will be composed of persons conversant with the types of administrative rules necessary to the successful operation of the lottery and will be adopting rules ensuring the integrity and success of the lottery.

*Large number of small prizes.*

In accord with the theory that a lottery is primarily a business, it is contemplated that the rules will change, or allow changes in the operation of the lottery, consistent with statutes as new business techniques and ideas, new games and prizes, better outlets for ticket sales, and better management techniques are discovered.

## STATE LOTTERY

This chart illustrates several fiscal years of lottery systems that exist in the named fourteen states.\* For purposes of validity in passing a lottery in the state of Montana, the population of the already existing lottery states have been listed. Four years of fiscal information have also been presented for each lottery state where the information has been available. Included are the states' first full fiscal year of operation, and, for comparison value, the operating fiscal years of 1978, 1979, 1980, and 1981. For each year, the gross earnings is given. Following this is a list of how the gross earnings are appropriated. Appropriation of the money include the prizes that are returned to the consumers of the lottery sales, the operating expenses of the lottery systems, referred to as O.E.\*\*, and the distribution of profits to the states. Most of the money distributed to the states is placed in a General State Revenue Fund, denoted as G.F., which functions in much the same way as tax money. If the profits to the state are used in other ways, it will be noted. The listing of the revenues and expenses is termed as following: for ten million dollars, it is written \$10.00.

\*Other states where information on the lottery system was not available or where a lottery system has been recently instituted include Colorado, Vermont, Washington, and Washington D.C.

\*\*In many instances, the actual operating expenses were not listed rather "other expenditures" was used as a title. Since operating expenses include commissions, payroll, advertising, and bank fees, it can be assumed that "other expenditures" are co-existent as operational expenses.

Arizona (2,702,161)	1981 Gross Allocations: \$117.92 Prizes \$53.06 O.E. \$13.85 G.F. \$51.00 (general fund is allotted to cities and towns for use in transportation or, optionally for cultural enhancement.)	1981 Gross Allocations: \$117.92 Prizes \$53.06 O.E. \$13.85 G.F. \$51.00 (general fund is allotted to cities and towns for use in transportation or, optionally for cultural enhancement.)	1981 Gross Allocations: \$109.18 Prizes \$54.48 O.E. \$14.90 G.F. \$41.80	1981 Gross Allocations: \$119.86 Prizes \$60.76 O.E. \$19.00 G.F. \$43.10	1981 Gross Allocations: \$122.00 Prizes \$62.20 O.E. \$9.30 G.F. \$46.10
Connecticut (3,115,000)	1973 Gross Allocations: \$34.71 Prizes \$15.62 O.E. \$2.59 G.F. \$13.91	1973 Gross Allocations: \$169.07 Prizes \$70.00 O.E. \$19.30 G.F. \$71.00	1973 Gross Allocations: \$5.40 Prizes \$2.60 O.E. \$1.20 G.F. \$1.60	1973 Gross Allocations: \$12.00 Prizes \$5.90 O.E. \$1.90 G.F. \$4.20	1973 Gross Allocations: \$15.10 Prizes \$8.10 O.E. \$1.50 G.F. \$5.50
Delaware (582,000)	1976 Gross Allocations: \$7.61 Prizes \$3.77 O.E. \$2.52 G.F. NA	1976 Gross Allocations: \$25.70 Prizes \$10.05 O.E. \$2.61 G.F. \$12.66 (general fund includes funding to transportation, criminal justice, medicare, welfare, and education.)	1976 Gross Allocations: \$56.29 Prizes \$14.06 O.E. \$9.57 G.F. \$32.65	1976 Gross Allocations: \$48.00 Prizes \$36.09 O.E. \$12.32 G.F. \$32.55	1976 Gross Allocations: \$90.00 Prizes \$45.80 O.E. \$9.40 G.F. \$34.40
Illinois (11,229,000)	1975 Gross Allocations: \$190.15 Prizes \$85.53 O.E. \$18.11 G.F. \$87.28	1975 Gross Allocations: \$216.00 Prizes NA O.E. NA G.F. \$88.60 (general fund includes funding to education, transportation, human and health services, and environmental and natural resources.)	1975 Gross Allocations: \$216.00 Prizes NA O.E. NA G.F. \$88.60 (general fund includes funding to education, transportation, human and health services, and environmental and natural resources.)	1975 Gross Allocations: \$48.00 Prizes \$36.09 O.E. \$12.32 G.F. \$32.55	1975 Gross Allocations: \$90.00 Prizes \$45.80 O.E. \$9.40 G.F. \$34.40

Maine (97,000)	1975 Gross Allocations: Prizes \$5.20 O.E. \$2.20 G.F. \$1.11 \$1.20	Gross Allocations: Prizes \$8.75 O.E. \$4.34 G.F. \$1.12 \$2.91	Gross Allocations: Prizes \$6.82 O.E. \$3.07 G.F. \$2.23 \$1.38	\$5.37 \$2.80 \$1.69 \$.88
Maryland (216,446)	1974 Gross Allocations: Prizes \$35.16 O.E. \$14.76 G.F. \$3.64 \$14.76	Gross Allocations: Prizes \$385.60 O.E. \$182.77 G.F. \$12.34	Gross Allocations: Prizes NA O.E. NA G.F. NA	\$353.65 \$174.34 \$12.64 \$166.70
Massachusetts (5,769,000)	1973 Gross Allocations: Prizes \$75.94 O.E. \$34.10 Commonwealth \$2.59 \$32.60	Gross Allocations: Prizes \$224.2 O.E. NA Commonwealth \$78.90 (in a Commonwealth, the money is divided between cities and towns to use as they see fit.)	Gross Allocations: Prizes \$157.20 O.E. \$87.53 Commonwealth \$22.7 \$46.95	\$152.11 \$89.76 \$13.76 \$48.61
Michigan (9,181,000)	1974 Gross Allocations: Prizes \$137.38 O.E. \$61.82 School Fund \$14.42 \$61.14	Gross Allocations: Prizes \$519.96 O.E. \$253.22 School Fund \$132.70 \$134.00	Gross Allocations: Prizes \$341.01 O.E. \$155.23 School Fund \$44.52 \$141.26	\$444.41 \$237 \$51.7 \$185.
New Hampshire (920,616)	1965 Gross Allocations: Prizes \$3.90 O.E. \$1.40 Schools NA NA	Gross Allocations: Prizes \$12.50 O.E. \$6.13 Schools \$1.96 \$4.41	Gross Allocations: Prizes NA O.E. NA Schools NA	\$11.4 \$5.67 \$2.20 \$3.51

New Jersey (364,158)	1972 Gross Allocations: Prizes \$137.54 O.E. \$61.89 Schools and State Institutions \$34.38 \$41.27	Gross Allocations: Prizes \$417.03 O.E. \$208.07 Schools and State Institutions \$37.13 \$175.98	Gross Allocations: Prizes NA O.E. NA Schools and State Institutions NA NA	\$320
New York (17,648,000)	1965 Gross Allocations: Prizes NA O.E. NA Schools NA	Gross Allocations: Prizes \$236.20 O.E. \$101.30 Schools \$19.00 \$98.00	Gross Allocations: Prizes \$197.16 O.E. \$78.22 Schools \$30.35 \$88.60	\$165 \$72 \$12 \$80
Ohio (10,797,419)	1975 Gross Allocations: Prizes \$110.92 O.E. \$49.92 G.F. \$15.97 \$48.17	Gross Allocations: Prizes \$296.00 O.E. \$150.20 G.F. \$35.70 \$110.10	Gross Allocations: Prizes \$100.97 O.E. \$45.40 G.F. \$15.66 \$39.92	\$126 \$61. \$26. \$37.
Pennsylvania (11,866,728)	1973 Gross Allocations: Prizes \$126.21 O.E. \$54.40 G.F. \$14.28 \$57.52	Gross Allocations: Prizes \$427.00 O.E. NA G.F. NA \$180.00	Gross Allocations: Prizes \$295.86 O.E. \$142.97 G.F. \$40.67 \$112.27	\$387 \$189 \$46 \$154
Rhode Island (929,000)	1975 Gross Allocations: Prizes \$15.05 O.E. \$7.53 G.F. \$2.52 \$5.00	Gross Allocations: Prizes \$34.80 O.E. \$17.10 G.F. \$4.60 \$13.10	Gross Allocations: Prizes \$24.56 O.E. \$11.57 G.F. \$3.82 \$9.18	\$28. \$14. \$2. \$11.

\*excluding commissions.

Information collected from individual state packets on lottery, the 1982 Annual Report and Directory released by the National Association of State Lotteries, and information found in the Legislative Research Library, Helena, Montana.

February 16, 1983

Dear Senator Stimatz,

Attached is a worksheet which incorporates your suggestions & revisions for the fiscal impact of SB 223.

<u>Expenditures</u>	<u>FY84</u>	<u>FY85</u>	<u>Biennium Total</u>
<b>Personal Services</b>			
Commissioners (7) - 48 meeting days in FY84 & 24 in FY85 at \$100/day	\$ 33,600	\$ 16,800	\$ 50,400
Director (\$30,000 *20% ben)	36,000	37,440	73,440
3 Assistants (G16-2+20% ben)	85,903	89,339	175,242
1 Auditor (G-12-2+20% ben) 1st year only to review initial applications	20,418	-0-	20,418
6 Administrative Asst. (G11-2+20% ben)	<u>113,364</u>	<u>117,899</u>	<u>231,263</u>
TOTAL	<u>\$289,285</u>	<u>\$261,478</u>	<u>\$550,763</u>
<b>Operating:</b>			
Contracted Svices -			
Delivery of Tickets	\$ 25,000	\$ 25,000	\$ 50,000
Misc.	10,000	10,000	20,000
<b>Supplies -</b>			
Printing Tickets	100,000	100,000	200,000
Remaining Supplies	22,000	20,000	42,000
Communications	14,700	15,300	30,000
<b>Travel</b>			
Commission Perdiem (\$90/day)	32,240	15,120	47,360
Remaining Travel	20,000	20,000	40,000
Rent	8,400	8,736	17,136
Repairs & Main.	<u>9,450</u>	<u>9,828</u>	<u>19,278</u>
TOTAL	<u>\$241,790</u>	<u>\$223,984</u>	<u>\$465,774</u>
<b>Equipment:</b>			
Desks	\$ 5,100	-0-	\$ 5,100
Chairs	3,850	-0-	3,850
Vehicles (2 @ 8700)	17,400	-0-	17,400
Typewriters	4,800	-0-	4,800
Lottery Equipment	<u>\$100,000</u>		<u>\$100,000</u>
TOTAL	<u>\$131,150</u>		<u>\$131,150</u>

	<u>84</u>	<u>85</u>	<u>Bien.</u>
TOTAL EXPENDITURES	\$662,225	\$485,462	\$1,147,687
Office of Legislative Auditor			
Observations	960	960	1,920
Audits	21,000	12,000	33,000
	<u>\$ 21,960</u>	<u>\$ 12,960</u>	<u>\$ 34,920</u>
GRAND TOTAL	\$684,185	\$498,422	\$1,182,607

I hope this meets your satisfaction.

Jan Dee May  
Budget Analyst

JM/G/2

DEPOSITED BY: MURDO CAMPBELL  
2/16/83  
EXHIBIT NO. 4

Testimony in Support of

Senate Bill 223- Senate

Business & Industry Committee

February 16, 1983

Mr. Chairman and Senators:

MY NAME IS MURDO A. CAMPBELL, HELENA, MONTANA AND I AM TESTIFYING IN SUPPORT OF SENATE BILL 223 AS A PRIVATE CITIZEN AND TAXPAYER OF THE STATE OF MONTANA.

MY TESTIMONY TODAY WILL FOCUS ON THE HISTORICAL REVIEW OF LOTTERIES TO EMPHASIZE THAT THEY HAVE BEEN IN EXISTANCE FOR A LONG TIME AND THAT STATE RUN LOTTERIES ARE BECOMING INCREASINGLY COMMON AS SIGNIFICANT REVENUE SOURCES FOR THEIR SPONSORS. THEIR USE FOR REVENUE RAISING PURPOSES IS NOT NEW BUT ACTUALLY DATE BACK SOME THOUSANDS OF YEARS. THE ROMAN EMPERORS IN FACT USED THEM TO RAISE MONEY FOR IMPERIAL PROJECTS AND LOTTERIES HAVE BEEN COMMON IN EUROPE SINCE THE FIFTEENTH CENTURY. IN MOST SOUTH AMERICAN COUNTRIES NATIONAL LOTTERIES ARE SO POPULAR THAT THE SALE OF LOTTERY TICKETS GIVES EMPLOYMENT TO VIRTUAL ARMIES OF STREET VENDORS. EVEN BEFORE THE FORMATION OF THE UNITED STATES, THE ORIGINAL THIRTEEN COLONIES EACH ESTABLISHED AND RAN THEIR OWN LOTTERIES, USING THE PROCEEDS TO FINANCE EARLY DEVELOPMENT. IN FACT, LOTTERIES HAVE HELPED ESTABLISH A NUMBER OF U.S. COLLEGES AND UNIVERSITIES, INCLUDING THE PRESTIGIOUS IVY LEAGUE INSTITUTIONS OF HARVARD AND YALE. FOR ALMOST ONE HUNDRED YEARS AFTER THE AMERICAN REVOLUTION, LOTTERIES REMAINED AN IMPORTANT SOURCE OF FUNDS FOR MANY STATES. THE NEW AND RECENT HISTORY OF UNITED STATES LOTTERIES BEGAN IN 1964 WHEN NEW HAMPSHIRE BECAME THE FIRST STATE IN THE TWENTIETH CENTURY TO AUTHORIZE A STATE LOTTERY. THAT SOVEREIGN STATE WAS FOLLOWED BY A VIRTUAL ARMY OF IMITATORS, SO THAT BY 1974 THERE WERE NO FEWER THAN 13 STATES AUTHORIZING LOTTERIES CONDUCTED BY STATE GOVERNMENTS AND THE LATEST COUNT IS 17. THE LATEST TWO STATES TO AUTHORIZE LOTTERIES ARE BOTH LOCATED IN THE WESTERN UNITED STATES. WASHINGTON STATE AND COLORADO ARE BOTH CURRENTLY IN THEIR FIRST MONTHS OF OPERATION AND THEIR REVENUE FIGURES ARE STAGGERING. WASHINGTON OFFICIALS PROJECTED A \$20



MILLION SALES FIGURE FOR THE FIRST SEVEN MONTHS OF OPERATION AND ACCOMPLISHED THEIR GOAL IN JUST SEVEN WEEKS. COLORADO REACHED 40% OF THEIR ORIGINAL FIVE MONTHS SALES PROJECTION IN JUST TWO SHORT WEEKS. HISTORY TELLS US THAT LOTTERIES ARE PROVEN REVENUE PRODUCING FORMS OF ENTERTAINMENT AND THE FIGURES ARE IN TO DOCUMENT THE RECENT SUCCESS OF THE TWO LATEST STATE RUN LOTTERIES. WITH SO MANY STATES NOW INVOLVED IN LOTTERIES THE EXPERIENCE OF THOSE STATES CAN PROVE TO BE A READILY AVAILABLE SOURCE OF VALUABLE INFORMATION TO MONTANA OFFICIALS WHEN SETTING UP THE MONTANA LOTTERY. THE DOCUMENTED FIGURES ARE IN ON LOTTERIES AS A REVENUE SOURCE BUT EVEN MORE IMPORTANT THE QUESTIONS OF CONCERN FOR THE PUBLIC INTEREST HAVE BEEN TACKLED HEAD ON AND THE SUGGESTED SOLUTIONS ARE AVAILABLE FOR THE ASKING. I ASK THIS COMMITTEE TO MOST SERIOUSLY MOVE SENATE BILL 223 ALONG AS A REALISTIC, PROVEN, AND RELIABLE REVENUE SOURCE FOR FUNDING SERVICES AND PROJECTS FOR THE PEOPLE OF THE STATE OF MONTANA. WE ARE ALL AWARE THAT REVENUE SOURCES ARE BECOMING SCARCER AND OUR ENERGY RESOURCE TAXES CAN'T BE COUNTED ON TO SUPPORT MAJOR STATE PROGRAMS FOREVER:: SO A DO PASS RECOMMENDATION ON THIS MEASURE WOULD INSURE A NEW AND RELIABLE REVENUE SOURCE FOR THE BENEFIT OF THE CITIZENS OF THE STATE OF MONTANA. THANK YOU ,

MURDO A. CAMPBELL  
P.O. BOX 4372  
HELENA, MT. 443-5508

SUBMITTED BY: Edwin J. Uber  
2/16/83  
EXHIBIT NO. 5



110 THIRD STREET SOUTH  
P.O. BOX 143  
GREAT FALLS, MONTANA 59403

PHONE (406) 727-4144

TOLL FREE 1-800-548-9888

# WORLD WIDE PRESS, INC.

## TESTIMONY FOR SENATE BILL 223

I am Edwin J. Uber, representing World Wide Press, Inc. of Great Falls, Montana. I am a proponent of Senate Bill 223.

I do believe a state lottery would be beneficial to the people and the State of Montana for several reasons. It would provide additional revenue to counties and the State, and would generate additional jobs for Montanans. It is also possible to effectively develop, organize and administer a state lottery in Montana using resources, labor, and industry contained entirely within the State. Montana could be assured that all profits, wages and revenues would remain within the State to benefit all Montanans.

World Wide Press, Inc., has been in business for the past 10 years, manufacturing and distributing instant game breakopen tickets such as those used in lotteries. We are licensed to sell our products in Washington, California, North Dakota and other states.

World Wide Press, Inc., of Montana employs approximately 105 people; 10 percent of whom are handicapped. If the lottery bill passes and if we received the contract, we would substantially increase our work force to handle the contract.

World Wide Press, Inc., could provide the State with the following services:

1. A customized game with a prize distribution system that would be viable for Montana.
2. Lottery tickets in accordance with the agreed specifications and guidelines on how to run the lottery.
3. Training sessions for all personnel involved in the lottery prior to its commencement.
4. Recommendations for handling prize redemptions.
5. Legal advice for handling the promotion of a lottery.
6. Cooperation with the state commission on all advertising matters and on all lottery materials.

The packages I have distributed include proposed game designs for a Montana lottery, using mottos from the State. The samples have been enlarged to better show the designs, suggested prize awards and the information to be printed on the backs of the tickets. Also in the package are two lottery-type games. One of these games is presently in use and the other is to be used in Nebraska.

2/16/83

EXHIBIT NO. 6

**PAUL  
SILVERGLEID**  
CONSULTANT

Highlights of Remarks Made By  
PAUL SILVERGLEID CONSULTANT  
Before the  
SENATE BUSINESS AND INDUSTRY COMMITTEE  
February 16, 1983  
Montana State Capitol. Helena, Montana  
on  
STATE RUN LOTTERIES

On Behalf of:  
Scientific Games, Inc.  
135 Technology Parkway  
Norcross, Georgia 30092

109 DAYTON ROAD  
SOUTH GLASTONBURY, CONN. 06073  
(203) 633-4549

THOROUGHBRED, HARNESS & GREYHOUND RACING • OTB • LOTTERY • JAIALAI • CASINOS

Paul Silvergleid

Chairman Connecticut Commission On Special Revenue 1971-1976.  
Gambling Consultant 1976 to present  
Represents Scientific Games of Norcross Georgia  
worlds leading supplier of lottery tickets  
started Arizona, Colorado and Washington state lotteries

Lotteries exist in 17 states & District of Columbia.

New York, New Jersey, Connecticut, New Hampshire, Maine, Vermont,  
Delaware, Massachusetts, Pennsylvania, Illinois, Ohio, Arizona,  
Rhode Island, Michigan, Colorado, Washington and Washington, D.C.  
Service 90,000,000 people...over 40% of nations population

Lottery Sales and Profits.

1982 total estimated sale over four billion dollars (\$4,000,000,000).  
1982 total estimated profit over one and a half billion dollars  
(\$1,500,000,000)

All lotteries are profitable, some better than others.  
Within lottery states per capita spending on tickets \$47.75.

Montana Estimates.

Based on "norm" (\$47.75 per capita) total sales \$37,500,000  
Based on "norm" total yearly profits \$15,000,000 (40% of sales).  
If per capita is as good as Connecticut...Sales, \$46,400,000  
profits, \$18,500,000  
Prizes under "norm", \$16,875,000 (45% of sales)  
Commissions to Sales Agents, \$1,875,000 (5% of sales)  
Bank Commissions, \$375,000 (1% of sales).

How Lottery Dollar is Spent.

45¢ of every dollar for prizes  
5¢ " " " for Agent Commissions  
1¢ " " " for Bank Commissions  
9¢ " " " for administration and promotion  
40¢ " " " profit to the state

Lottery Games

50¢ Weekly Game, 5% to 10% of volume  
Lotto Games held in few states (N.Y., New Jersey)  
\$1 Instant Games. (35% to 50% of volume)  
Very popular, players know instantly if holding winning ticket  
Easy to start, first lottery game in most "new" states  
Tremendous success in Arizona, Colorado, Washington.  
Daily 3 Digit (and 4 Digit) Computerized Game (40% to 60% of volume).

Lotteries are popular.

Approved by 78% of residents of lottery states  
Most polls in nonlottery states indicate two to one approval.  
About 50% of residents in Montana will buy tickets  
Most popular form of legalized gambling.

Lottery Profits used for diverse purposes.

Most states put funds in General Fund  
New Jersey uses its' profits for education.  
Massachusetts profits are shared with towns and cities  
Pennsylvania profits used on senior citizen programs  
Part of Colorado profits used for conservation programs

Lottery Licensed Agents .

Usually one per 1,000 population, 800 in Montana.  
Drug Stores, Super Markets, Package Store, Convenience Stores  
Newsstands.

Licensing Criteria.

No criminal records  
Financially reliable  
Business is accessible to public  
Number of agents in area  
Must be over age 18

Lottery Administration.

Most states have commissions, meet monthly  
Retain full-time Director usually with lottery experience  
Staff, Montana between 50 and 75.  
Security people  
Accountants  
Field Support staff  
Marketing and promotion

Security .

Utilization of computers.  
Tickets impossible to counterfeit.  
Ticket distribution computerized  
Personnel and agents finger printed  
Drawing Procedures "audited"  
Lottery agency audited  
Quarterly reports to legislature, governor  
All vendors, complete disclosure.

## "HIGHLIGHTS OF REMARKS"

### Who buys tickets.

Most sales to people with high school and college educations.  
Most sales to people earning between \$12,000 and \$28,000  
Low Income families are the LEAST PARTICIPANTS ! Buy fewer tickets proportionately than any other income group.  
Most states forbid sales to minors...but minors can be given tickets as gifts.

### No known adverse effects.

Connecticut \$75,000 study  
No increases in welfare cases  
No increases in bankruptcies  
No increases in compulsive gamblers  
Remember, per capita spending only \$48. Most people spend one or two dollars a week buying tickets.

### "Organized Crime".

No evidence of infiltration of lottery by "organized crime"  
Lottery state run, not run by private interests  
Lottery sales impact illegal gambling.  
Illegal gambling 11% nationally...6% in lottery states  
Employees do not handle any money.  
Tickets impossible to counterfeit

### Impact on Montana Economy.

Almost all dollars spent on tickets will stay in state.  
Retailers and banks will profit, plus increased traffic.  
Money spent with Montana media in advertising.  
Yearly payroll for lottery employees  
Percentage "spent" on lottery tickets on "Effective Buying Income" of state just 0.0035%.

### Closing.

Few problems since 1964.  
There is no mystery to business.  
Not panacea for all of states fiscal problems but can raise substantial revenue yearly voluntarily.  
Most people are smart enough to make their own decisions about buying tickets. Those who want to buy them will, those who oppose the lottery are free not to buy tickets

### Questions and Answers.

Mr. Chairman and members of the committee, my name is Shawn B. Jensen and I live in Helena. I am opposed to S.B. 223 because I believe it misleads our cultural attitudes in general.

Although I am a native of tropical Montana I did spend last summer working in Lake Tahoe, Nevada. While there I also worked in fellowship counseling at the Nevada State Prison in Carson City, and although I believe there is a drastic difference between what occurs in Nevada and what is being proposed here I believe the long term subtle effects are the same. In short, I believe that rather than seeing how close we can come to the edge without going over we should see how far away from the edge we can stay.

Last night at about 1:00 a.m. I did a little historical research to support my position. And I found that in the history of man there have been 88 prominent civilizations; beginning with the Babylonian, Mesopotamian, Syrian, Egyptian, Greek, Roman and down the line up to today with America being the most predominant. In each of their times, each of these societies never thought they would decline yet they all did; and archeologists have overwhelmingly concluded that the common factor in each decline was the break-down of the family structure. Namely this was caused by the head of the family no longer directing his activities to producing for the family but rather engaging in destructive activities. Now, I believe the place to stop destructive activities is right here, in this committee.

On a more contemporary note I would like to present my final statement with a quote from George Gilder. Gilder is Program Director of the International Center for Economic Policy Studies and is Chairman of the Economic Roundtable at the Lehrman Institute. He has authored many books and contributes to The Wall Street Journal and Harper's Magazine. In his book Wealth and Poverty on page 252 he states:

"In order to have growth, openness must be joined by a certain "bull headedness," some Keynesian "animal spirits," and an essential optimism and willingness to risk. In order to take the hill, someone must dare first to charge the enemy bunker. Heroism, willingness to plunge into the unknown, in the hope that others will follow, is indispensable to all great human achievement. Indeed, such human qualities have been evident during most periods of progress, under most governmental and social systems. But they are supremely the human qualities of capitalism. The attempt of the welfare state to deny, suppress, and plan away the dangers and uncertainties of our lives -- to domesticate the inevitable unknown -- violates not only the spirit of capitalism but also the nature of man. Even the most primitive societies invent forms of gambling (dice in many places preceded the wheel). The government devoted to suppressing uncertainty finds itself forever having to channel or



repress the human will to risk. But, the effect is often to drive it from positive and creative avenues into negative or destructive ones.

In this country the impulse to gamble and risk is often diverted from the economy, from serious life, into fantasy and frivolity -- games and wagers -- or deflected from productive activity into courtroom assaults against the productive."

I believe that there is no such thing as a free lunch. What this bill does is say: "capitalism doesn't work because it doesn't raise enough revenue, therefore, we need to have a lottery to raise money so we can maintain a system that doesn't work." That doesn't make horse sense to me. Thank you Mr. Chairman and Members of the Committee, I'll be willing to answer any questions.

# Montana Association of Churches

MONTANA RELIGIOUS LEGISLATIVE COALITION • P.O. Box 1708 • Helena, MT 59601



February 16, 1983

**WORKING TOGETHER:**

American Baptist Churches of the Northwest

American Lutheran Church Rocky Mountain District

Christian Church (Disciples of Christ) in Montana

Episcopal Church Diocese of Montana

Lutheran Church in America Pacific Northwest Synod

Roman Catholic Diocese of Great Falls

Roman Catholic Diocese of Helena

United Church of Christ Montana Conference

United Presbyterian Church Glacier Presbytery

United Methodist Church Yellowstone Conference

United Presbyterian Church Yellowstone Presbytery

MR. CHAIRMAN AND MEMBERS OF THE SENATE BUSINESS AND INDUSTRY COMMITTEE:

I am Cathy Campbell of Helena, speaking for the Montana Association of Churches, an ecumenical organization representing nine denominations.

We are opposed to any attempt to expand authorized gambling in Montana. We oppose Senate Bill 223.

You'll remember what happened only a few months ago with Initiative 92, the gambling initiative. By an almost two to one vote, after the people pushing its passage had outspent the opponents by more than 10 to 1, the voters of Montana said that there are two things we do not want:

1. We do not want an expansion of gambling, and
2. We do not want the state in the gambling business.

Yet here is Senate Bill 223 which would put the state directly in the gambling business by establishing a state lottery.

What is wrong with a state lottery? Lots of things.

As a way of raising revenue, state lotteries are inefficient. Only about one third of the money collected from the citizens will go to benefit the programs for which the lottery is being proposed. In other words, it will cost about 65 cents to raise a dollar, whereas the Department of Revenue now spends about 2 cents to raise a dollar.

Look at Maine, a state with characteristics more similar to Montana than those of the large, urban states where lotteries tend to be found. After eight years of lottery operation, only in the last year has the amount of money going to the general fund exceeded the operating expenses of the lottery by more than \$500,000. In fact, in two of the last three years, the lottery cost more to run than it contributed to state coffers. And even in

# Montana Association of Churches

MONTANA RELIGIOUS LEGISLATIVE COALITION • P.O. Box 1708 • Helena, MT 59601



its best year, the lottery contributed less than 1/2 of 1% to the general fund. Yet, for this, Maine has developed a 1.25 million dollar, 28 person buracracy. Is this the kind of business we want the state to be in?

State Lotteries are regressive - People with lower incomes tend to bet a larger percentage of their incomes. In this sense, the lottery operates in the same manner as a regressive tax. Lotteries are regressive, with the lower income people supporting a proportionately larger share of the burden of providing the prize money, advertising and buracracy.

Promotion - Once a state is in the lottery business, the stability of its revenues can be maintained only with constant promotion. This results in new games and gimmicks, and increased public advertising which will be seen by children and youths. In fact, an article in the Denver Post last month described "a new kind of game that has lottery directors all over the country swooning with anticipation - the video lottery." "It's aimed at attracting a new set of players - the younger people who up to now have not thought lotteries were interesting enough to bother with." (2/14/83)

In terms of the morality of a lottery, it is questionable at best to have the state in the role of actively promoting gambling. Gambling, for many people, is addictive and destructive. Some people maintain that any state with a lottery has a responsibility to deal with the compulsive gambler by setting up a state-financed treatment center. Three lottery states have already done so.

I realize that legitimate concerns about the state budget is prompting people to consider all possible means of raising revenue. But a state lottery is ~~simply~~ not a responsible or acceptable way to do it.

Look closely at what this bill would do. It would, quite simply, put the state in the business of promoting and operating a gambling monopoly that would compete with private business for a share of people's disposable income.

I urge you to oppose Senate Bill 223.

## WORKING TOGETHER:

American Baptist Churches  
of the Northwest

American Lutheran Church  
Rocky Mountain District

Christian Church  
(Disciples of Christ)  
in Montana

Episcopal Church  
Diocese of Montana

Lutheran Church  
in America  
Pacific Northwest Synod

Roman Catholic Diocese  
of Great Falls

Roman Catholic Diocese  
of Helena

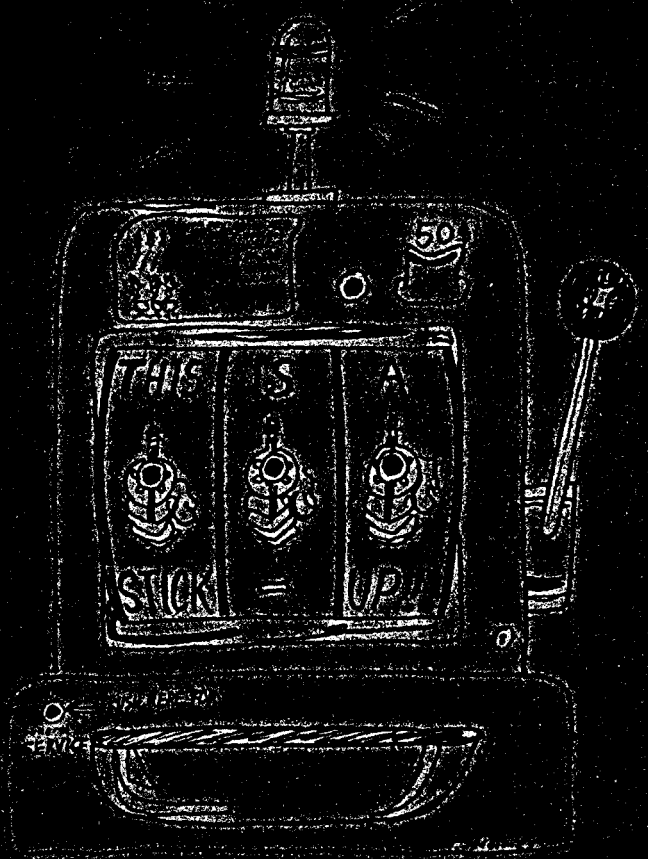
United Church  
of Christ  
Montana Conference

United Presbyterian Church  
Glacier Presbytery

United Methodist Church  
Yellowstone Conference

United Presbyterian Church  
Yellowstone Presbytery

# GAMBLING



Montana Railroad  
Executive Committee M.R.C.  
P.O. Box 1000  
Helena, MT 59601

Montana  
Railroad Executive Committee M.R.C.  
Committee on  
Montana Excavation of Gambling







NAME Muelo Campbell

BILL NO. 223

ADDRESS Helena, Mt.

DATE 2/14/83

WHOM DO YOU REPRESENT Self

SUPPORT  OPPOSE  AMEND

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:



NAME: EDWIN J. UBER

DATE: FEB 16, 1983

ADDRESS: 2228 JUNIPER, GREAT FALLS, MT 59404

PHONE: 727-4144

REPRESENTING WHOM? WORLD WIDE PRESS, INC.

APPEARING ON WHICH PROPOSAL: SENATE BILL 223

DO YOU: SUPPORT?  AMEND?  OPPOSE?

COMMENTS: \_\_\_\_\_  
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PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: PAUL SILVERGLEID DATE: 2/16/83

ADDRESS: Dayton Rd., So. Glastonbury, Ct. 06073

PHONE: (203) 633-4549

REPRESENTING WHOM? Scientific Games, Inc. Norcross, Georgia

APPEARING ON WHICH PROPOSAL: SB 223 (Lottery)

DO YOU: SUPPORT?  AMEND?  OPPOSE?

COMMENTS: \_\_\_\_\_  
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PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: JIM HALVEKSON DATE: 2-16-83

ADDRESS: WOLF POINT MT.

PHONE: 653-2714 653-1590

REPRESENTING WHOM? MACO

APPEARING ON WHICH PROPOSAL: 223

DO YOU: SUPPORT?  AMEND?  OPPOSE?

COMMENTS: Excellent Revenue source for local government  
provide need services  
provide some property tax relief

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME: SHAWN B. JENSEN DATE: 2-15-83

ADDRESS: 412 W. CUSTER, HELENA, MT.

PHONE: 443-1846

REPRESENTING WHOM? MYSELF

APPEARING ON WHICH PROPOSAL: SB 223

DO YOU: SUPPORT? \_\_\_\_\_ AMEND? \_\_\_\_\_ OPPOSE?

COMMENTS: I have submitted a  
written statement.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

NAME Cathy Campbell BILL NO. SB 223  
 ADDRESS 7011 York Rd, Helena DATE 2/16/83  
 WHOM DO YOU REPRESENT Montana Association of Churches  
 SUPPORT \_\_\_\_\_ OPPOSE X AMEND \_\_\_\_\_

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments: