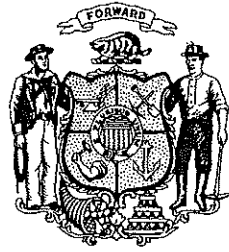


State of Wisconsin

SENATE CHAIR
Howard Marklein

316 East, State Capitol
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-0703



ASSEMBLY CHAIR
Mark Born

308 East, State Capitol
P.O. Box 8592
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Joint Committee on Finance

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Howard Marklein
Representative Mark Born

Date: February 22, 2023

Re: 14-Day Passive Review Approval – DOR

Pursuant to s. 565.02(7), Stats., attached is a 14-day passive review request from the Department of Revenue, received on February 22, 2023.

Please review the material and notify **Senator Marklein** or **Representative Born** no later than **Monday, March 13, 2023**, if you have any concerns about the request or if you would like the Committee to meet formally to consider it.

Also, please contact us if you need further information.

Attachments

HM:MB:jm



State of Wisconsin • DEPARTMENT OF REVENUE

2135 RIMROCK ROAD • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933
FAX (608) 266-5718 • <http://www.revenue.wi.gov>

February 22, 2023

FEB 22 2023
St. Finance

The Honorable Howard Marklein, Co-Chair
Member, Joint Committee on Finance

The Honorable Mark Born, Co-Chair
Member, Joint Committee on Finance

Dear Senator Marklein and Representative Born:

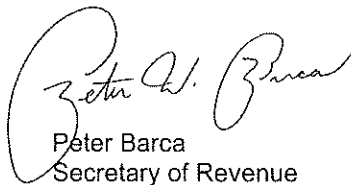
Section 565.02(7), Wis. Stats., requires a report to the Joint Committee on Finance no later than March 1 of each year, containing the following information:

- A. An estimate of lottery ticket sales and prize payment for the current and subsequent fiscal year;
- B. The prize payout percentages for each type of lottery game offered; and
- C. The Lottery's evaluation of the impact that prize payout ratios are likely to have upon ticket sales and operating costs, and upon the Lottery's constitutionally mandated mission to maximize revenue for property tax relief in Wisconsin.

The report, which is attached, recommends a prize payout of 63.39% for FY23 and proposes a payout of 63.39% for FY24.

Please feel free to contact me should you have any questions.

Sincerely,


Peter Barca
Secretary of Revenue

Enclosure

Lottery Sales and Prize Payout

**Report to the
Joint Committee on Finance**

**Wisconsin Department of Revenue
Lottery Division**

February 22, 2023



WISCONSIN LOTTERY

EXECUTIVE SUMMARY

The Wisconsin Lottery's mission is to provide property tax relief to Wisconsin homeowners by offering entertaining games while operating with security, integrity, and social responsibility. The Lottery's sales outlook and ability to generate funds for property tax relief remain positive, with continued historically high levels of ticket sales.

Since the start of the Lottery on September 14, 1988, the Lottery returned more than \$5.4 billion in property tax relief for Wisconsin homeowners, over \$1.1 billion in compensation for Wisconsin businesses, and more than \$10.2 billion in prizes for players.

- In Fiscal Year (FY) 2022, the Lottery had its second-highest sales year ever.
- Sales of instant scratch tickets were the highest ever, and lotto ticket sales were the third highest in Wisconsin history.
- Pull-tab ticket sales, notably smaller than the other two product lines, were the highest since FY16.

Sales may slightly increase in FY23 and FY24, with the current trend of increased sales at the existing upper price points, as well as the recent addition of the \$50 instant price point. One of the primary ways the Wisconsin Lottery has prevented decline is by improving its game mix in all product categories. Projected breakdowns for FY23 and FY24 are as follows:

Game Type	FY23	FY24
Instant Scratch	\$643,557,245	\$643,557,245
Pull-tab	\$1,277,507	\$1,277,507
Lotto	\$267,282,451	\$267,282,451
Total	\$912,117,203	\$912,117,203

For FY24, the Lottery proposes an overall prize payout of 63.39 percent, consistent with the projected 63.39 percent payout in FY23. The projected breakdown for FY24 is as follows:

- Instant scratch prize payout of 68.75 percent, to meet growing consumer demand for higher price point games
- Pull-tab payout of 62.81 percent
- Lotto game payout of 50.48 percent

Operating expenses, as a percentage of gross revenues, remain low. In FY22, administrative expenses were \$45.0 million, 5.07 percent of gross Lottery revenue, far below the 10 percent cap set by state statute. The Wisconsin Lottery continues to be one of the most efficient lotteries in the country, with the nation's fifth lowest per capita expenses compared to 37 traditional lotteries in FY21, the latest year for which national figures are available.

The Lottery continues to maximize funds available for property tax relief. The proposed prize payouts will result in significant revenues for that purpose.

WISCONSIN LOTTERY PRIZE PAYOUT REPORT 2023

LOTTERY SALES

Fiscal Year (FY) 2022 sales were \$887.8 million, the second highest in Wisconsin Lottery history. Instant tickets (scratch and pull-tab combined) achieved the highest year of sales, at \$638.9 million. Sales of lotto tickets (e.g., *Powerball* and *Badger 5*) were \$248.9 million, the third highest in Wisconsin Lottery history.¹

The Lottery's sales outlook and ability to generate funds for property tax relief remain consistent. The Lottery projects gross revenues of \$912.1 million from the sale of lottery tickets in FY23. Gross revenues are also projected at \$912.1 million in FY24.²

Lottery sales are difficult to project due to the volatility of jackpot game sales. These sales are largely driven by the size and frequency of the jackpots. Additionally, media coverage can affect sales when these games have high jackpots. Approximately 18 percent of all Lottery sales in FY22 came from these games.³ The Lottery has established a range to forecast future jackpot game performance based upon past performance, but that range is broad. Jackpot game sales from year to year can be tens of millions of dollars different from estimates.

The Lottery continues to enhance its Wisconsin-only lotto games, such as *Badger 5*, through improvements to the games and limited time offers.

Much of the growth in instant scratch ticket sales has come from consumer demand for higher priced tickets which generally have higher top prizes, better overall odds of winning, and higher payouts. Offering higher price point tickets with higher payouts is consistent with the industry approach of offering more in prizes as players risk more in the purchase price of a ticket. Players see increased entertainment value in a higher risk-reward proposition.

Sales by game type for the past three years, and projected sales for the next two years, are shown on Table 1.

¹ FY22 sales data is from the Wisconsin Lottery's FY22 Unaudited Financial Statements as of December 28, 2022. These financial statements are preliminary and subject to change.

² Lottery Fund Condition Statement, September 14, 2022, used in certifying the amount of Lottery and Gaming Credit for property taxes levied in 2022.

³ Includes *Powerball*, *Mega Millions*, *Megabucks*, and the daily game *Badger 5*.

Table 1. Sales by Fiscal Year and Game Type

Game Type	FY20 Sales Final*	FY21 Sales Final*	FY22 Sales Preliminary**	FY23 Sales Projection***	FY24 Sales Projection***
Instant Scratch	\$512,986,222	\$634,653,960	\$637,777,252	\$643,557,245	\$643,557,245
Pull-tab	\$755,460	\$525,015	\$1,128,015	\$1,277,507	\$1,277,507
Lotto	\$211,698,030	\$259,362,390	\$248,915,588	\$267,282,451	\$267,282,451
Total	\$725,439,712	\$894,541,365	\$887,820,854	\$912,117,203	\$912,117,203

Note: Totals may not equal the exact sum of the figures in each column, due to rounding.

* Source: Wisconsin Lottery FY20 and FY21 Audited Financial Statements, rounded to the nearest dollar.

** Source: Wisconsin Lottery FY22 Unaudited Financial Statements, rounded to the nearest dollar, as of December 28, 2022. These financial statements are preliminary and subject to change.

*** Source: Lottery Fund Condition Statement, September 14, 2022, used in certifying the amount of Lottery and Gaming Credit for property taxes levied in 2022, rounded to the nearest dollar.

PRIZE PAYOUT

Each individual game has a unique prize structure that represents the value of its prizes and the odds of winning those prizes. The prize payout is the percentage of Lottery revenue that is returned to players in the form of prizes.

While the Lottery carefully plans and projects aggregate annual prize payout percentages, the actual percentage of prizes paid for individual scratch games may be more or less than the planned payout. This can occur when sales of a particular instant scratch game are discontinued before all tickets are sold, as is done when the last top prize in that game is claimed. Sales of games with drawing prizes may also accrue in one fiscal year, while the prizes are drawn and awarded in the following year. Finally, unclaimed prizes may be credited after the year in which the prize expense was accrued.

It is also difficult to project the annual prize payout of lotto games because, unlike scratch and pull-tab games, they normally do not have a predetermined number of winners. The number of winners and the amount of the prizes won occur randomly.

The Lottery can estimate the future aggregate annual prize payout percentages for each of its three main product types by examining current market trends, evolving consumer preferences, and forecasted sales figures from the Lottery Fund Condition Statement. This statement is used to certify the amount of Lottery and Gaming Credit for property taxes.

Scratch Tickets

Much of the growth in instant scratch ticket sales has come from consumer demand for higher priced tickets, which generally have higher top prizes, better overall odds of winning, and higher payouts. Offering higher price point tickets with higher payouts is consistent with the industry approach of offering more in prizes as a player wagers more in the purchase price of a ticket. This practice has been the driving force behind increased sales, not just here in Wisconsin, but around the lottery industry. Players see increased entertainment value in a higher risk-reward proposition. Wisconsin, however, continues to trend behind the industry in overall scratch game payout percentages.

Price points at or above \$10 accounted for 62.3 percent of scratch sales in FY22, compared to 52.8 percent in FY19. This increase in higher price point sales has driven overall sales significantly higher in recent years; instant scratch game sales have posted eleven consecutive record-setting years, trending steadily up from \$320.1 million in FY12 to \$637.8 million in FY22.⁴ The large increase in sales during the pandemic leveled-off somewhat with a 0.5% increase in sales from FY21. We anticipate sales will continue to be strong, with a modest increase to \$643.6 million in FY23.

Table 2 depicts the shift in sales from lower priced tickets to higher priced tickets.

Table 2. Percentage of Total Net Sales by Price Point

Price Point	FY19 % of Total Net Sales	FY20 % of Total Net Sales	FY21 % of Total Net Sales	FY22 % of Total Net Sales	FY23 YTD % of Total Net Sales*
\$1	3.9%	3.6%	2.9%	2.8%	2.5%
\$2	11.4%	10.2%	8.3%	7.4%	6.5%
\$3	9.4%	8.7%	8.0%	7.8%	7.4%
\$5	22.4%	21.0%	19.5%	19.7%	16.5%
\$10	21.8%	21.6%	24.0%	23.8%	22.2%
\$15**	1.2%	1.4%	1.2%	1.2%	2.9%
\$20	21.6%	23.1%	24.7%	25.7%	25.6%
\$30	8.2%	10.3%	11.4%	11.6%	10.0%
\$50***	0%	0%	0%	0%	6.3%

Note: Percentages may not sum to 100% due to rounding.

* Through December 24, 2022.

** \$15 price point is a seasonal (holiday) game.

*** \$50 price point added in September 2022.

Ten years ago, 17 of the Lottery's 80 instant scratch games were higher price point games (\$10 and higher). In FY23, the Lottery anticipates introducing 90 new instant scratch games, 34 at the \$10 price point and higher (Table 3). The total number of games launched has increased due to the incremental nature of game sales at higher price points and the strong, growing demand for \$10, \$20, \$30, and \$50 games. However, we anticipate launching the same number of individual \$10 and \$20 games in FY23 compared to FY22 due to increased print runs on some of our most popular offerings, resulting in a longer time on the market before sell-through. Additionally, the launch of the \$50 price point will result in slightly longer sell-through of other high price point games while still leading to incremental sales.

⁴ FY12 data is from Legislative Audit Bureau Report 15-19, July 2015: Financial Audit of the Wisconsin Lottery. (<https://legis.wisconsin.gov/lab/media/1188/15-9full.pdf>)

Table 3. Historical Perspective: Number of New Game Launches

Price Point	FY13 Number of Games	FY20 Number of Games	FY21 Number of Games	FY22 Number of Games	FY23 Anticipated Number of Games	FY24 Anticipated Number of Games
\$1	17	10	10	9	9	9
\$2	16	14	13	12	12	12
\$3	14	12	14	15	15	15
\$5	16	17	20	20	20	20
\$10	11	14	18	15	15	15
\$15	1	1	1	1	1	1
\$20	5	11	12	10	10	10
\$30	0	7	7	7	6	6
\$50	0	0	0	0	2	2
Total Number of Games	80	86	95	89	90	90
Overall Scratch Prize Payout	64.67%	67.67%	68.28%	68.05%	68.75%	68.75%

The Lottery estimates continued strong sales of higher price point (higher prize payout) games will result in marginally higher aggregate scratch ticket payout rates over the next two fiscal years. Payouts are expected to be accompanied by continued robust sales of \$643.6 million per year. The introduction of a \$50 priced scratch game in FY23 is inline with lottery industry trends and continues to help generate incremental sales.

Prize payout for instant scratch tickets was 68.05 percent in FY22. Consistent with industry trends, sales of higher price point games are continuing to grow, and sales of low price point games are gradually declining as a percent of total scratch sales. The Lottery estimates aggregate instant scratch game prize payout will be 68.75 percent in FY23 and 68.75 percent in FY24, which is 0.02 percentage points higher than the approved payout from a year ago. This payout percentage will allow the Lottery to continue its strategy of meeting the growing market demand for higher price point tickets and maximizing sales growth and funds available for property tax relief.

The Wisconsin Lottery's planned prize payout is lower than the lottery national average at all comparable price points (Table 4). The average instant prize payout for all other U.S. lottery jurisdictions was 69.31 percent in FY22, which is 1.26 percentage points higher than Wisconsin. Wisconsin's payout is the 14th lowest of the 40 jurisdictions reporting aggregate payout in FY22. The Wisconsin Lottery payout for FY23 is anticipated to be 68.75 percent, which is 0.74 percentage points below the projected national average of other jurisdictions at 69.49 percent.⁵

⁵ Based on lotteries' reporting for La Fleur's Magazine: Vol. 29 No. 6, July / August 2022, TLF Publications. New York was removed from the calculation due to a discrepancy in the published report.

The trend towards stronger sales of higher price point games will allow the Lottery to continue to generate strong instant scratch sales. To support this strategy, prize payouts will rise in the next two years but will remain below industry averages.

Table 4. Average Payout Rate by Price Point

Price Point	U.S. Lotteries' FY22 Average Payout Rate *	Wisconsin's Designed Payout Rate
\$1	60.7%	59.0%
\$2	64.1%	62.0%
\$3	65.0%	63.0%
\$5	68.3%	64.5%
\$10	71.9%	70.0%
\$15	N/A	72.0%
\$20	74.3%	74.0%
\$30	76.4%	75.0%

* Based on data presented in La Fleur's Magazine: Vol. 29 No. 6, July / August 2022, TLF Publications.

Pull-tab Tickets

The Lottery continues to offer traditional pull-tab tickets without validation barcodes. Prize payout for pull-tab tickets was 62.77 percent in FY22. Prize payout of 62.81 percent is expected for FY23 and FY24.

Wisconsin Lottery pull-tab ticket sales increased to \$1,128,015 in FY22, marking a recovery from the pandemic-related decline in pull-tab sales. Total pull-tab sales are projected to increase to \$1,277,507 in FY23. Total sales for all pull-tab tickets were \$1,128,015 in FY22 and \$525,015 in FY21. For-profit retailer sales were \$105,090 in FY21 and \$110,685 in FY22. Non-profit sales were \$419,925 in FY21 and \$1,017,330 in FY22.⁶

The Lottery had annual pull-tab sales of more than \$20 million when it was the exclusive vendor of pull-tabs in Wisconsin. However, the Lottery's market share has been eroded by unregulated private vendors operating either illegally or under sec.100.16(2), Wis. Stats. This law was designed to allow limited-term games of chance by retailers (e.g., McDonald's Monopoly game) but provides few protections for those who purchase these private pull-tabs. Moreover, the playing field is uneven. Private vendors can offer retailers a higher commission, whereas the Lottery's commission is set by law. The Lottery does not expect pull-tab ticket sales to increase significantly unless illegal private games cease and the statutory exemption allowing legal pull-tab games is modified.⁷

⁶ Sales figures are from the Wisconsin Lottery's FY22 Unaudited Financial Statements as of December 28, 2022. These financial statements are preliminary and subject to change.

⁷ For a fuller discussion of this issue see the November 2008 audit of the Lottery conducted by the Legislative Audit Bureau, Report 08-13, pp. 22-24. (<https://legis.wisconsin.gov/lab/media/1564/08-13.full.pdf>)

Lotto Tickets

The prize payout for lotto games has traditionally been lower than instant scratch games. The primary appeal of most lotto games is the chance to win large jackpot prizes.

The prize payout for lotto games was 49.17 percent in FY22, ranging from 45.37 percent (*Daily Pick 3*) to 60.17 percent (*EZ Match*). Table 5 lists the lotto games and associated designed prize payouts that were offered in Wisconsin during FY22. Actual prizes paid, as a percentage of sales, may be less than the designed prize payout for several reasons, such as winners not claiming their prizes. Prizes paid, as a percentage of sales, may also be more than the designed prize payout due to the random nature of game drawings and limited time offers that the Lottery uses to enhance its Wisconsin-only lotto games, such as *SuperCash!* and *Badger 5*.

Table 5. Lotto Games and Corresponding Start Dates and Prize Payout Rates

Lotto Games	Start Date	Designed Payout*
SuperCash!	2/4/1991	52.80%
Powerball	4/19/1992	50.00%
Megabucks	6/18/1992	53.50%
Daily Pick 3	9/21/1992	48.20%
Daily Pick 4	9/15/1997	48.40%
Badger 5	2/17/2003	50.00%
Special Draw (Raffle)	3/4/2007	50.00%
Mega Millions	1/31/2010	50.00%
EZ Match	4/3/2011	63.15%
All or Nothing	4/7/2019	55.34%

* Reflects anticipated rate based on game design and is approximate.

Lotto games experienced a higher prize payout in FY22. The increased payout for *Pick 4* is the most noteworthy. This can be attributed to the three drawings for *Pick 4* where the results were quadruple numbers, amounting in \$2.53 million in prizes for those three draws or 22.6% of FY22 *Pick 4* prizes. Quadruple numbers (e.g., the numbers 2-2-2-2 drawn on 10/13/21) being drawn are a relatively rare occurrence, but also very popular for players, leading to higher payouts when they do occur.

The Lottery believes it can manage the lotto product line at this time without a significant change to prize payout in the coming fiscal years. The overall lotto game payout is anticipated to be 50.48 percent in FY23 and 50.48 percent in FY24.

Total Prize Payout and Prize Expense

Wisconsin law requires that at least 50 percent of Lottery gross sales be returned to players as prize payments.⁸ In FY21, the Lottery's prize payout was 62.57 percent. By comparison, the overall prize payout for U.S. lottery jurisdictions was 65.18 percent.⁹ In FY22, 62.75 percent of Wisconsin Lottery gross sales were returned to players as prize payments. Over the next two fiscal years, the prize payout for Wisconsin Lottery games will continue to be below industry averages.

Fiscal Year 2023: The Lottery expects to pay \$578.2 million in prizes. Total prize payout for all Lottery games is estimated to be 63.39 percent.

Fiscal Year 2024: The Lottery expects to pay \$578.2 million in prizes. Total prize payout is estimated to be 63.39 percent.

Prize payout increases have contributed to record sales. In FY12, the prize payout was 58.45 percent; sales were \$547.6 million.¹⁰ Last year (FY22), the prize payout was 62.75 percent; sales were \$887.8 million.

Going forward, the Lottery should continue to achieve its sales goals with only slight adjustments to its current prize payout percentages. The Lottery proposes an instant scratch game prize payout of 68.75 percent in FY23 and FY24. This slight increase from FY22 will allow the Lottery to maintain the successful higher price point strategy to satisfy growing market demand. Pull-tab prize payout is expected to be 62.81 percent in FY23 and FY24. Total lotto game prize payout is also projected to go from 49.17 percent in FY22 to 50.48 percent in FY23 and FY24.

The average prize payout percentages by game type for the past three fiscal years, and the estimated prize payout percentages for the next two fiscal years are shown in Table 6. A weighted average is used to more accurately reflect the performance of games with higher sales.

⁸ Sec. 25.75(3)(a), Wis. Stats.

⁹ Based on data from reporting lotteries as presented in La Fleur's 2022 World Lottery Almanac, p. 243. FY21 is the latest year for which national figures for traditional ticket sales and prize payout are available.

¹⁰ Legislative Audit Bureau Report 13-11, July 2013: Financial Audit of the Wisconsin Lottery. (<https://legis.wisconsin.gov/lab/reports/13-11/full.pdf>)

Table 6. Weighted Average Prize Payout Percentages by Fiscal Year and by Game Type* (Percentages are rounded)

Game Type	FY20** Prize Payout	FY21** Prize Payout	FY22*** Prize Payout Preliminary	FY23**** Prize Payout Estimated	FY24**** Prize Payout Estimated
Instant Scratch	67.67%	68.28%	68.05%	68.75%	68.75%
Pull-tab	62.58%	62.67%	62.77%	62.81%	62.81%
Lotto	50.03%	48.60%	49.17%	50.48%	50.48%
Total	62.52%	62.57%	62.75%	63.39%	63.39%

* Data in Tables 1 and 6 have been rounded and may not exactly match data in Table 7.

** Source: Wisconsin Lottery FY20 and FY21 Audited Financial Statements, rounded to the nearest dollar.

*** Source: Wisconsin Lottery FY22 Unaudited Financial Statements as of December 28, 2022. The financial statements are preliminary and subject to change.

**** Based on Lottery sales estimates, Lottery Fund Condition Statement, September 14, 2022.

Table 7 shows prizes paid during the past three fiscal years and prizes expected to be paid in the next two fiscal years. Prizes expected to be paid in FY23 and FY24 are calculated by multiplying the sales projection for each game type by its prize payout percentage.

Table 7. Prizes Paid or Expected to be Paid by Fiscal Year and by Game Type*

Game Type	FY20** Prize Expense (Final)	FY21** Prize Expense (Final)	FY22*** Prize Expense (Preliminary)	FY23**** Projected Prize Expense	FY24**** Projected Prize Expense
Instant Scratch	\$347,129,054	\$433,319,764	\$434,003,294	\$442,445,606	\$442,445,606
Pull-tab	\$472,782	\$329,033	\$708,090	\$802,402	\$802,402
Lotto	\$105,920,550	\$126,042,780	\$122,403,926	\$134,924,181	\$134,924,181
Total	\$453,522,386	\$559,691,577	\$557,115,310	\$578,172,189	\$578,172,189

Note: Totals may not equal the exact sum of the figures in each column, due to rounding.

* Rounded to nearest dollar. Amounts shown are based on the accrual method of accounting, consistent with generally accepted accounting principles (GAAP).

** Source: Wisconsin Lottery FY20 and FY21 Audited Financial Statements, rounded to the nearest dollar.

*** Source: Wisconsin Lottery FY22 Unaudited Financial Statements, rounded to the nearest dollar, as of December 28, 2022. These financial statements are preliminary and subject to change.

**** Based on Lottery sales estimates and Lottery Fund Condition Statement, September 14, 2022.

PRIZE PAYOUT IMPACT ON OPERATING COSTS

In establishing the proper prize payout, the Lottery seeks to strike a balance between maximizing profits and providing players with the rewards they expect. The Lottery has experienced positive results while being conservative in its use of prize payout to drive sales.

The Lottery carefully manages payout, to maximize net operating income. This also ensures healthier property tax relief, which is the prize for homeowners. In FY12, the overall prize payout was 58.45

percent; in FY22, it was 62.75 percent.¹¹ During the same period, annual sales increased \$340.2 million, from \$547.6 million to \$887.8 million. Net operating income increased from \$156.5 million to \$227.0 million (preliminary).

Prize payout has had little effect on administrative costs. Total administrative expenditures, as determined in accordance with sec. 25.75(3)(b), Wis. Stats. for FY22, were \$45.0 million (preliminary), up from \$43.2 million the previous fiscal year. This amount represents 5.07 percent of gross Lottery revenues in FY22, far within the 10 percent limitation set by statute.¹²

The Wisconsin Lottery continues to operate at highly efficient levels relative to other jurisdictions. Per capita administrative expenses in Wisconsin are the fifth lowest among traditional lotteries in the United States, as illustrated in Exhibit 1. Administrative expenses, as defined in sec. 25.75(3)(b), Wis. Stats., do not include retailer compensation and transfers to the Department of Justice for law enforcement.

In the upcoming fiscal year, the Wisconsin Lottery will continue fulfilling its mission to provide property tax relief to Wisconsin homeowners while operating with security, integrity, and social responsibility.

¹¹ FY12 data is from Legislative Audit Bureau Report 13-11, July 2013: Financial Audit of the Wisconsin Lottery. (<https://legis.wisconsin.gov/lab/reports/13-11/full.pdf>)

¹² Expense and Revenue figures are from the Wisconsin Lottery's FY22 Unaudited Financial Statements as of December 28, 2022. These financial statements are preliminary and subject to change.

Exhibit 1. Fiscal 2021 U.S. Lottery Per Capita Administrative Expenses

Rank	Lottery¹	Population² (Million)	Expense³ (\$ Million)	Expense Per Capita
1	Oklahoma	3.99	21.54	5.40
2	New Mexico	2.12	12.84	6.06
3	Louisiana	4.62	30.69	6.64
4	Colorado	5.81	41.8	7.19
5	Wisconsin	5.90	42.53	7.21
6	North Dakota	0.78	5.86	7.51
7	Minnesota	5.71	47.7	8.35
8	Arizona	7.28	65.51	9.00
9	California	39.24	353.64	9.01
10	Mississippi	2.95	26.65	9.03
11	Washington	7.74	72.65	9.39
12	Florida	21.78	205.07	9.42
13	Texas	29.53	279.55	9.47
14	South Carolina	5.19	50.29	9.69
15	Montana	1.10	10.97	9.97
16	Missouri	6.17	61.69	10.00
17	Iowa	3.19	32.21	10.10
18	Tennessee	6.98	72.22	10.35
19	Nebraska	1.96	21.3	10.87
20	Wyoming	0.58	7.04	12.14
21	Indiana	6.81	83.3	12.23
22	New Jersey	9.27	126.07	13.60
23	Idaho	1.90	25.97	13.67
24	North Carolina	10.55	147.79	14.01
25	Massachusetts	6.98	99.45	14.25
26	Illinois	12.67	182.38	14.39
27	Kentucky	4.51	73.32	16.26
28	Virginia	8.64	147.34	17.05
29	Vermont	0.65	11.13	17.12
30	Connecticut	3.61	63.7	17.65
31	Arkansas	3.03	53.85	17.77
32	Pennsylvania	12.96	248.87	19.20
33	Georgia	10.80	210.08	19.45
34	Michigan	10.05	200.74	19.97
35	New Hampshire	1.39	31.46	22.63
36	Maine	1.37	31.38	22.91
37	District of Columbia	0.67	45.16	67.40
Total		268.48	3243.74	12.08

Source: La Fleur's 2022 World Lottery Almanac, pp. 251-258.

Fiscal year ends June 30 except New York (March 31), Texas (August 31), D.C., and Michigan (Sept.30).

¹ Delaware, Kansas, Maryland, New York, Ohio, Oregon, Rhode Island, South Dakota, and W. Virginia are not listed due to traditional lottery expenses not being separated out.

² U.S. Bureau of the Census, July 1, 2021, as stated in La Fleur's 2022 World Lottery Almanac.

³ Lottery administrative and operational expenses as stated in La Fleur's 2022 World Lottery Almanac.

California and Wisconsin expense figures as stated in the La Fleur's Almanac were unaudited at time of reporting.

Note: Population, Expense, and Expense Per Capita are rounded to the hundredths place.