

James M. Jeffords Center's

fall outside the Wire Act.⁷ This opinion gave the green light for states to pursue the internet lottery. Some states have been moving lottery systems online in order to generate more revenue for the state.⁸ No current information on the revenue between fiscal years is available at the time this report was created due to the recent passage of legislation

Definitions

Numerous states refer to the same types of games with different terms. For simplicity, we refer to the following games as the following:

- x Scratch games: “Consist of a paper ticket with a coating that when scratched off, reveals if a player has won.”⁹ Scratch games cannot be made available online.
- x Lotto Games: “Requires players to match numbers on a computer-generated ticket with numbers selected in a random drawing.”¹⁰ Lotto games in this report include: Powerball, MegaMillions, Lotto, and all games listed under online subscriptions. Lotto games can be made available online.
- x Videolottery: “Any machine in which coins, credits or tokens are deposited in order to play any game of chance in which the results, including options available to the player, are randomly determined.”

gamblers. The Delaware Lottery Law would place table games, online ticket games, and video lottery on the Internet.¹⁴

Delaware has many sources of lottery revenue because the state has legalized gambling, online gambling, lottery, and a traditional state lottery. As indicated in Table 1, scratch games generated the second smallest amount of revenue, whereas video lottery generated an overwhelmingly significant amount of revenue compared to all other forms. The figures in Table 1, below, represent Delaware's lottery revenue before the games were introduced online.¹⁵

Table 1: Source of Delaware Lottery Revenue, 2011

Type of Game:	Revenue Generated:
Video lottery	\$499,457,285

Minnesota

In 2010, Minnesota's state lottery started the sale of online lotto subscriptions. Originally, Minnesota only sold online subscriptions for Powerball and Mega Millions, but later expanded to include Gopher 5, Northstar cash, Daily 3, and Hot Lotto. Registered users can "manage their accounts, check their winnings, and create group/pool plays." To open an account, the user must meet the following criteria: a current Minnesota address, be 18 years or older, be a U.S. citizen or resident of the United States, have a Minnesota bank account, and be in the state of Minnesota when making the purchase.²⁶

Funding for education stems from Minnesota's General Fund. According to the state lottery's website: "Education programs comprise the single largest beneficiary of General Fund dollars, accounting for 48 percent of state spending during Fiscal year 2011." In FY2011, the Minnesota state lottery contributed \$121.9 million back to the state. The General Fund receives around 57% of the total proceeds from the lottery, which amounted to more than \$65 billion.²⁷

the total revenue was dedicated to Vermont's Education Fund. This accounted for 22.5% of the total lottery revenue being dedicated to the Education Fund.⁴¹

Figure 1 Distribution of Lottery Revenue

Source: Vermont Lottery Commission, "Annual Report: Fiscal Year 2011," Vermont Lottery Commission, October 11, 2011, accessed on November 1, 2012, <http://www.leg.state.vt.us/reports/2012ExternalReports/274674.pdf>

For FY 2011, the Vermont State Lottery's revenue was \$95 million. As indicated in Figure 1, 22.5% of the revenue was dedicated to the Education Fund.

Do Lotteries C

