

**DR** Rhode Island Department of Revenue  
Lottery Division

February 23, 2021

The Honorable Marvin L. Abney  
House Committee on Finance  
State House  
Providence, RI 02903

RE: 2021 H 5447 (An Act Relating to State Affairs and Government – State Lottery)

Dear Chairman Abney:

I am writing on behalf of the Rhode Island Lottery to express concerns with the above-captioned legislation, which would create an instant ticket scratch off game pilot program to raise funds for the benefit of Rhode Island Veterans and qualified dependents.

While the Lottery appreciates the intent of the proposed legislation and strongly supports Rhode Island veterans, it is the Lottery's position that, if enacted, the law would have serious adverse operational, policy, and financial implications for the State.

First, the profits from instant tickets are transferred to the State's General Fund. If this bill passes, the sales from the specialty tickets would be transferred to a restricted receipt—not the State's General Fund—and the State would lose these profits. Unlike specialty license plates where the consumer pays a premium for the plates to avoid the State suffering a significant financial loss, this bill does not contain such a safeguard. Therefore, under this proposed legislation, the State stands to lose all of the profits from the sales of these specialty tickets.

Second, although the Lottery values the worthy objective of the proposed legislation, if this bill were enacted it will likely create a precedent for other worthy causes to propose their own similar legislation in the future. Such a scenario would magnify the loss to the State because similar bills would further cause the State to lose additional revenue from instant ticket sales.

Likewise, while it is the General Assembly's decision on whether to permit the sale of such specialty tickets, the passage of this bill in effect circumvents the legislative appropriation process, taking away part of the General Assembly's authority on how such causes and organizations are funded. Further, the General Assembly would find itself in the position of choosing which organizations or causes are "worthy" to be given a specialty ticket.

Lastly, it is doubtful that such specialty tickets would be effective from a financial or operational standpoint. For example, when the Lottery introduces an instant ticket game, there is a certain number of prizes to be won and the game is not pulled from the market until a set prize threshold is won. Generally, instant ticket games are in the market for upwards of a year, whereas the proposed legislation seems to require that tickets be available only during the months of May and November. If



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the specialty games are intended to be in the market for only two one-month periods, then it would be hard to obtain a satisfactory return on the expenses to advertise the game, negatively impacting the profits generated from the specialty tickets. Accordingly, the chances of achieving the bill's goal are unlikely.

The Lottery stands ready to answer any questions you may have with respect to the concerns laid out above.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark A. Furcolo". The signature is fluid and cursive, written over the printed name.

Mark A. Furcolo  
Director

cc: The Honorable Carlos E. Tobon  
Honorable Members of the House Committee on Finance  
Sharon Reynolds Ferland, House Fiscal Advisor