

Revenue Estimating Conference
Lottery Ticket Sales and the EETF Transfers
August 8, 2024

The Revenue Estimating Conference reviewed ticket sales and transfers that have occurred since the January 2024 Conference. Ticket sales for FY 2023-24 came in \$-132.5 million or -1.4% below the estimate for the year, while actual transfers from ticket sales to the Educational Enhancement Trust Fund (EETF) were \$28.2 million or 1.2% above estimate. This seeming discrepancy is explained in large part by transfers to the EETF from other income (particularly earnings on investments) and unclaimed prizes that were higher than expected. Based on this information, the Conference adopted a revised forecast that covers the 2024-25 through 2029-30 fiscal years.

The root of the overall negative result for FY 2023-24 was the -6.0% decline in scratch-off sales. While a decline of -2.9% had been expected, the final magnitude of the downshift had not been. The Conference now expects a second year of losses (-3.1%) before positive growth resumes in FY 2025-26. Sales never recover to the prior forecast, showing annual losses to the prior estimates that run between \$-465.5 million and \$-502.9 million per year.

In FY 2023-24, the only material gains to the prior estimates came from Powerball and Mega Millions which drove the entire class of terminal games positive for the year. Because the occurrence of high jackpots are independent events, the Conference made only modest upward adjustments to the forecast for these games, essentially treating the prior year overages as one-time windfalls. The other terminal games did not fare as well, with the individual games having a mixture of no changes or outright losses to the prior forecast. Overall, terminal games lose between \$-31.8 million and \$-39.4 million per year to the previous estimates.

Total ticket sales in the current year were reduced by \$-504.9 million to \$8.78 billion. This level is a strong retreat from last year's sales of \$ 9.42 billion, with a greater decline (from -3.9% to -6.8%) than predicted in the winter. Thereafter, positive growth resumes, but it is not sufficient to return to the previously forecasted levels. Annual losses to those estimates range between \$-514.0 million and \$534.9 million beginning in FY 2025-26.

In addition to ticket sales, the Conference addresses factors that affect transfers to the EETF. One notable revision to this calculation was the increase to a 6.06% retailer commission rate for FY 2024-25. Before the legislative change to a higher rate, retailers had been expected to receive 5.60%.

After transfers for prizes, fees, administrative expenses, and unclaimed prizes, net transfers to the EETF equal approximately 39.09% of terminal game ticket sales and 17.05% of scratch-off ticket sales. As a result of the new forecast, expected transfers to the EETF are reduced by \$-112.2 million in FY 2024-25. Thereafter, the losses to the prior forecast stabilize at \$-106.8 million to \$-110.7 million for each of the subsequent years.

Additional details of the forecast and other changes are shown in the following table.

**LOTTERY ESTIMATING CONFERENCE, AUGUST 2024
 LOTTERY SALES PROJECTIONS
 SUMMARY**

Ticket Sales

	Jan 2024	Aug 2024	Diff.
2017-18	6701.1	6701.1	0.0
2018-19	7151.2	7151.2	0.0
2019-20	7505.1	7505.1	0.0
2020-21	9076.2	9076.2	0.0
2021-22	9324.6	9324.6	0.0
2022-23	9801.8	9801.8	0.0
2023-24	9550.0	9417.5	-132.5
2024-25	9282.7	8777.8	-504.9
2025-26	9394.1	8880.1	-514.0
2026-27	9493.2	8971.8	-521.3
2027-28	9586.4	9060.4	-526.0
2028-29	9680.6	9145.7	-534.9
2029-30	0.0	9227.5	9227.5

Other Income

	Jan 2024	Aug 2024	Diff.
2017-18	13.4	13.4	0.0
2018-19	16.0	16.0	0.0
2019-20	20.8	20.8	0.0
2020-21	14.8	14.8	0.0
2021-22	10.6	10.6	0.0
2022-23	15.1	15.1	0.0
2023-24	17.0	27.1	10.1
2024-25	15.0	17.0	2.0
2025-26	15.0	17.0	2.0
2026-27	15.0	17.0	2.0
2027-28	15.0	17.0	2.0
2028-29	15.0	17.0	2.0
2029-30	0.0	17.0	17.0

Unclaimed Prizes

	Jan 2024	Aug 2024	Diff.
2017-18	55.3	55.3	0.0
2018-19	58.3	58.3	0.0
2019-20	56.0	56.0	0.0
2020-21	34.2	34.2	0.0
2021-22	135.2	135.2	0.0
2022-23	116.5	116.5	0.0
2023-24	91.6	102.0	10.4
2024-25	70.7	69.0	-1.7
2025-26	71.6	69.9	-1.8
2026-27	72.4	70.6	-1.8
2027-28	73.2	71.4	-1.8
2028-29	74.0	72.1	-1.9
2029-30	0.0	72.8	72.8

Distribution to EETF from Lottery Receipts

	Jan 2024	Aug 2024	Diff.
2017-18	1760.0	1760.0	0.0
2018-19	1917.6	1917.6	0.0
2019-20	1851.5	1851.5	0.0
2020-21	2246.0	2246.0	0.0
2021-22	2382.0	2382.0	0.0
2022-23	2374.0	2374.0	0.0
2023-24	2374.8	2403.0	28.2
2024-25	2207.0	2094.8	-112.2
2025-26	2264.4	2157.6	-106.8
2026-27	2285.0	2177.0	-108.0
2027-28	2299.7	2191.1	-108.6
2028-29	2325.0	2214.3	-110.7
2029-30	0.0	2269.2	2269.2