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BUREAU OF ALCOHOLIC BEVERAGES AND LOTTERY OPERATIONS

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Testimony of the Bureau of Alcoholic Beverages and Lottery Operations
Joint Standing Committee on Veterans and Legal Affairs

In Opposition to LD 213
An Act to Increase the Sales Commission of Retailers Selling Lottery Tickets

February 5, 2025

Senator Hickman, Representative Supica, and members of the Joint Standing Committee on Veterans and Legal Affairs: I am Louis Luchini, Director of the Bureau of Alcoholic Beverages and Lottery Operations. I am here to testify in opposition to LD 213, *An Act to Increase the Sales Commission of Retailers Selling Lottery Tickets*.

This bill would require the State Liquor and Lottery Commission, through rulemaking, to establish a minimum retailer commission of 10% on the sales of all types of lottery tickets. Currently, Maine pays retail agents a 7% commission on sales of instant tickets (8% for the Outdoor Heritage Ticket), and a 5% commission on sales of draw games.

While BABLO understands the sponsor's desire to support lottery retail agents, the Bureau's primary opposition to this bill is the reduction in lottery proceeds transferred to the General Fund annually it will result in. Based upon FY2024 sales, the estimated fiscal impact of this legislation is over \$14.9 million annually— leaving a nearly \$30 million hole in the biennial budget. We've estimated this number by applying a 10% commission to all instant and draw games, with the exception of the Outdoor Heritage Ticket, which we set at 11% because pursuant to 8 MRS §374 (5), the Outdoor Heritage Ticket must have a retailer commission one percent above other instant tickets. The attached spreadsheet details the reduction in State revenue.

The Bureau values our relationship with lottery retail agents across the state – they are critical to the Maine Lottery's success. The Lottery is proud that our current instant ticket commission of 7% of sales ranks us amongst the highest in the country, 1.5% higher than the average rate of 5.5%. This is particularly noteworthy because instant ticket sales represent 75% of all lottery sales in Maine, making the higher rate more impactful for Maine agents.

In addition to retailer commissions, the Maine Lottery also provides a bonus structure for retail agents. For additional information on lottery agent commissions and bonuses, please refer to the 2023 Lottery Retail Agent Bonus Study conducted by BABLO in response to Resolves 2023, c. 22 (131st/LD 1125), Directing the Bureau of Alcoholic Beverages and Lottery Operations to Study Paying Bonuses to Agents for Selling Certain Winning Lottery Tickets.

Thank you for your time, and I'd be happy to answer questions.

Fiscal Impact of LD 213 – Based on FY24 Sales Data

Game	FY24 Sales	Current Commission	Proposed Commission	Reduction in State Revenue	Increase to Retailers
\$1 Instant	\$5,662,280.00	\$396,359.60	\$566,228.00	(\$169,868.40)	42.86%
\$2 Instant	\$15,594,332.00	\$1,091,603.24	\$1,559,433.20	(\$467,829.96)	42.86%
\$3 Instant	\$14,678,280.00	\$1,027,479.60	\$1,467,828.00	(\$440,348.40)	42.86%
Heritage Fund	\$5,701,461.00	\$456,116.88	\$627,160.71	(\$171,043.83)	37.50%
\$5 Instant	\$76,481,833.00	\$5,353,728.31	\$7,648,183.30	(\$2,294,454.99)	42.86%
\$10 Instant	\$81,827,912.00	\$5,727,953.84	\$8,182,791.20	(\$2,454,837.36)	42.86%
\$20 Instant	\$29,529,760.00	\$2,067,083.20	\$2,952,976.00	(\$885,892.80)	42.86%
\$25 Instant	\$41,528,759.00	\$2,907,013.13	\$4,152,875.90	(\$1,245,862.77)	42.86%
\$30 Instant	\$55,410,230.00	\$3,878,716.10	\$5,541,023.00	(\$1,662,306.90)	42.86%
Pick 3	\$6,086,585.00	\$304,329.25	\$608,658.50	(\$304,329.25)	100.00%
Pick 4	\$4,774,365.00	\$238,718.25	\$477,436.50	(\$238,718.25)	100.00%
Megabucks	\$13,086,144.00	\$654,307.20	\$1,308,614.40	(\$654,307.20)	100.00%
Powerball	\$33,869,404.00	\$1,693,470.20	\$3,386,940.40	(\$1,693,470.20)	100.00%
Lotto America	\$1,914,895.00	\$95,744.75	\$191,489.50	(\$95,744.75)	100.00%
Lucky for Life	\$6,597,387.00	\$329,869.35	\$659,738.70	(\$329,869.35)	100.00%
Gimme 5	\$1,205,813.00	\$60,290.65	\$120,581.30	(\$60,290.65)	100.00%
Mega Millions	\$18,581,263.00	\$929,063.15	\$1,858,126.30	(\$929,063.15)	100.00%
*World Poker Tour	\$1,025,935.00	\$51,296.75	\$102,593.50	(\$51,296.75)	100.00%
Cash Pop	\$419,359.00	\$20,967.95	\$41,935.90	(\$20,967.95)	100.00%
\$1 Fast Play	\$363,966.00	\$18,198.30	\$36,396.60	(\$18,198.30)	100.00%
\$2 Fast Play	\$1,470,579.00	\$73,528.95	\$147,057.90	(\$73,528.95)	100.00%
\$5 Fast Play	\$2,497,866.00	\$124,893.30	\$249,786.60	(\$124,893.30)	100.00%
\$10 Fast Play	\$5,678,344.00	\$283,917.20	\$567,834.40	(\$283,917.20)	100.00%
\$20 Fast Play	\$3,380,728.00	\$169,036.40	\$338,072.80	(\$169,036.40)	100.00%
\$30 Fast Play	\$2,868,707.00	\$143,435.35	\$286,870.70	(\$143,435.35)	100.00%
Totals	\$430,236,187.00	\$28,097,120.90	\$43,080,633.31	(\$14,983,512.41)	53.33%
By statute, Heritage games pay 1% higher commission.			*World Poker Tour game ended in FY24		