

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: March 5, 1998 Revised: \_\_\_\_\_

Subject: Florida Lottery Instant Ticket Vending Machines

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	Rodriguez	Guthrie	RI	Favorable
2.	_____	_____	_____	_____
3.	_____	_____	_____	_____
4.	_____	_____	_____	_____
5.	_____	_____	_____	_____

I. Summary:

The bill deletes language that limits the operation of instant ticket vending machines to an initial 18 month period and permits lottery retailers to have a single clerk on duty while an instant ticket vending machine is operational.

This bill substantially amends the following sections of the Florida Statutes: 24.105 and 24.111.

II. Present Situation:

Chapter 96-341, Laws of Florida, permits the Department of the Florida Lottery to lease instant ticket vending machines (ITVMs), which are player-activated machines that dispense lottery game tickets following the insertion of a coin or currency by the ticket purchaser. The department was authorized to lease ITVMs for an initial evaluation period of 18 months. Pursuant to the 1997-98 General Appropriations Act, the department was required to report the preliminary results for the first 8 months of ITVM sales.

The department's report, dated September 24, 1997, found that stores with ITVMs reported an average increase in sales of 18.58% over the same 8 month period in the previous year. Retailers without ITVMs experienced an average 6.05% decline in sales during the same time period. The recommendations from the report were that the use of ITVMs in high traffic retailers produces an increase in sales and a reduction in workload for the retailer.

The lease costs for ITVMs, including regular maintenance and emergency repair service, is \$200 per month per machine. The annualized cost for the 500 ITVMs currently approved is \$1.2 million.

Pursuant to subparagraph (a) of subsection (10) of s. 24.105, Florida Statutes, a lottery retailer must have at least two clerks on duty at all times that a player-activated machine is utilized. According to the department, some retailers have been unable to participate in the program because of the required number of clerks.

### III. Effect of Proposed Changes:

**Section 1** reduces the required minimum number of clerks in a facility that operates an ITVM from two to one and provides a penalty that requires any retailer who violates the provisions prohibiting the sale of lottery products to minors to have at least two clerks on duty at any location where an ITVM is operational.

**Section 2** amends the provisions in s. 24.111, Florida Statutes, which limit the department's leasing authority of ITVMs to an initial evaluation period of 18 months. The 18 month evaluation period will expire on June 30, 1998. As amended, the department will be able to lease as many ITVMs as the Legislature appropriates without additional restrictions.

**Section 3** provides an effective date upon becoming law.

### IV. Constitutional Issues:

#### A. Municipality/County Mandates Restrictions:

None.

#### B. Public Records/Open Meetings Issues:

None.

#### C. Trust Funds Restrictions:

None.

### V. Economic Impact and Fiscal Note:

#### A. Tax/Fee Issues:

None.

#### B. Private Sector Impact:

The reduction in the required number of clerks on duty while an ITVM is operational should increase the number of willing retailer participants in the program. The projected increase in

sales combined with fewer clerical responsibilities in making transactions involving instant ticket sales could also result in an increase in profits to retailers.

**C. Government Sector Impact:**

According to the lottery's report, eliminating the requirement that a lottery retailer have two clerks on duty during times an ITVM is operational will probably increase the number of retailers that are willing to participate in this program and will enable additional machines to be leased. The result may be an increase in lottery dollars from those retailers but such increases may be mitigated by an overall decline in instant ticket sales.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

Existing statutory provisions contain adequate and appropriate standards and guidelines to direct the agency's implementation of the proposed legislation.

**VIII. Amendments:**

None.