

**HOUSE OF REPRESENTATIVES  
FINAL BILL ANALYSIS**

<b>BILL #:</b>	CS/CS/HB 937	<b>FINAL HOUSE FLOOR ACTION:</b>		
<b>SUBJECT/SHORT TITLE</b>	Warnings for Lottery Games	114	Y's 3	N's
<b>SPONSOR(S):</b>	Commerce Committee, Tourism & Gaming Control Subcommittee, Sullivan and others	<b>GOVERNOR'S ACTION:</b>	Vetoed	
<b>COMPANION BILLS:</b>	CS/CS/SB 1370			

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**SUMMARY ANALYSIS**

CS/CS/HB 937 passed the House on April 26, 2017. The bill was amended in the Senate on May 5, 2017, and was returned to the House. The House concurred with the Senate amendment and passed the bill as amended on May 5, 2017.

Gambling is generally prohibited and illegal in Florida. However, in 1986, Florida voters adopted a constitutional amendment authorizing the creation of the Florida Lottery. Since that time, the Florida Lottery has grown into one of the largest state-run lotteries in the country, with annual sales exceeding \$5 billion. Lottery tickets can be purchased at over 13,000 retail locations throughout Florida.

Certain studies show that engaging in gambling, including playing lottery games, can be addictive for some individuals. The Florida Lottery encourages customers to "Play Responsibly" and widely advertises a toll-free phone number for a referral service to assist people with gambling problems.

The bill amends current law by requiring one of the following warnings to appear prominently on the front of all lottery tickets and in all lottery advertisements:

- "WARNING: GAMBLING CAN BE ADDICTIVE.";
- "WARNING: LOTTERY GAMES MAY BE ADDICTIVE.";
- "WARNING: LOTTERY GAMES ARE A FORM OF GAMBLING.";
- "WARNING: YOUR ODDS OF WINNING THE TOP PRIZE ARE EXTREMELY LOW.";
- "WARNING: GAMBLING CAN CAUSE FINANCIAL PROBLEMS."; or
- "WARNING: PLAYING THE LOTTERY CONSTITUTES GAMBLING."

The bill may have a fiscal impact on state government to the extent there are costs associated with implementation or there is any reduction in lottery sales as a result of the warnings required by this legislation.

The effective date of this bill was January 1, 2018; however, this bill was vetoed by the Governor on June 26, 2017.

# I. SUBSTANTIVE INFORMATION

## A. EFFECT OF CHANGES:

### Current Situation

#### General Overview of Lottery in Florida

In general, gambling is illegal in Florida.<sup>1</sup> Chapter 849, F.S., prohibits keeping a gambling house,<sup>2</sup> running a lottery,<sup>3</sup> or the manufacture, sale, lease, play, or possession of slot machines.<sup>4</sup> Certain exceptions have been authorized, with restrictions on permitted locations, operators, and prizes, including penny-ante games,<sup>5</sup> bingo,<sup>6</sup> cardrooms,<sup>7</sup> charitable drawings,<sup>8</sup> game promotions (sweepstakes),<sup>9</sup> and bowling tournaments.<sup>10</sup> In addition, Chapters 550 and 551, F.S., respectively, authorize pari-mutuel wagering on certain live events at licensed facilities and slot machine gaming at specified locations.

Section 7 of Article X of the Florida Constitution provides, "Lotteries, other than the types of pari-mutuel pools authorized by law as of the effective date of this constitution, are hereby prohibited in this state."<sup>11</sup>

In 1986, Florida voters approved an amendment to the Florida Constitution to allow the state to operate a lottery. Section 15 of Article X of the Florida Constitution provides as follows:

Lotteries may be operated by the state.... On the effective date of this amendment, the lotteries shall be known as the Florida Education Lotteries. Net proceeds derived from the lotteries shall be deposited to a state trust fund, to be designated The State Education Lotteries Trust Fund, to be appropriated by the Legislature. The schedule may be amended by general law.

Chapter 24, F.S., was enacted by ch. 87-65, L.O.F., to establish the state lottery pursuant to the constitutional authorization set forth above. Section 24.102, F.S., creates the Department of the Lottery (Lottery) and states the Legislature's intent that it be self-supporting, revenue-producing, and function as an entrepreneurial business enterprise. Florida began offering lottery games in 1988, with a \$1 weekly drawing.<sup>12</sup> Since then, the Lottery has grown to include approximately 60 different scratch-off games available at over 13,000 retailer locations, with Lottery ticket prices ranging from \$1 to \$25.<sup>13</sup> This growth resulted in more than \$5.58 billion in total sales for the 2014-2015 fiscal year.<sup>14</sup> More recently, during a single week in March 2017, sales exceeded \$141 million.<sup>15</sup> The Lottery has

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<sup>1</sup> s. 849.08, F.S.

<sup>2</sup> s. 849.01, F.S.

<sup>3</sup> s. 849.09, F.S.

<sup>4</sup> s. 849.16, F.S.

<sup>5</sup> s. 849.085, F.S.

<sup>6</sup> s. 849.0931, F.S.

<sup>7</sup> s. 849.086, F.S.

<sup>8</sup> s. 849.0935, F.S.

<sup>9</sup> s. 849.094, F.S., authorizes game promotions in connection with the sale of consumer products or services.

<sup>10</sup> s. 546.10, F.S.

<sup>11</sup> The pari-mutuel pools that were authorized by law on the effective date of the Florida Constitution (Nov. 5, 1968) include horseracing, greyhound racing, and jai alai games.

<sup>12</sup> FLA. LOTTERY, *History*, <http://www.flalottery.com/history> (last visited Mar. 24, 2017).

<sup>13</sup> *Id.*

<sup>14</sup> See generally FLA. LOTTERY, 2014-15 Achievement Report (2015), <http://www.flalottery.com/exptkt/annualreport14-15.pdf>.

<sup>15</sup> See Les Neuhaus, *Despite lawsuit, Florida Lottery sees record sales; tops \$100M for 2nd week*, SAINTPETERSBLOG (Mar. 14, 2017, 5:36 PM), <http://saintpetersblog.com/despite-lawsuit-florida-lottery-sees-record-sales-tops-100m-2nd-week/>.

expressed a continued interest in expanding its presence throughout the state to further increase profits.<sup>16</sup>

## **Gambling Addiction**

Addiction is characterized by the “inability to consistently abstain, impairment in behavioral control, craving, diminished recognition of significant problems with one’s behaviors and interpersonal relationships, and a dysfunctional emotional response.”<sup>17</sup> Opponents of gambling contend that participants in gambling are particularly susceptible to addiction.<sup>18</sup> Gambling studies indicate that games of chance present the illusion of quick and effortless financial gain yet can often lead to financial loss due to the statistical improbability of winning a prize.<sup>19</sup> Researchers describe a cycle in which the gambler believes she can win back her losses, with the cycle continuing until she is forced to seek rehabilitation to break her habit.<sup>20</sup>

Currently, there is no statutory provision requiring the Lottery to inform customers who purchase lottery tickets of the risks associated with gambling, including the potential for compulsive or addictive gambling. However, the Lottery’s website includes a “Play Responsibly” page,<sup>21</sup> which states:

Florida Lottery games are designed to be a fun, low-cost form of entertainment with the added benefit of helping to support education. While most of our players enjoy the fun and entertainment of playing our games, for some, gambling of any kind can be a problem.

If someone you know has a gambling problem, help is available by calling a toll-free referral service at:

888-ADMIT IT (888-236-4848)

In addition, the following statement is found on the back of certain lottery products: “Play Responsibly – If you or someone you know has a gambling problem, call toll-free: 1-888-ADMIT-IT.”<sup>22</sup>

## **Effect of Proposed Changes**

The bill requires that all Lottery contracts for the printing of lottery tickets specify that tickets printed on or after January 1, 2018, must include one of the following warnings, in equal proportion:

- “WARNING: GAMBLING CAN BE ADDICTIVE.”;
- “WARNING: LOTTERY GAMES MAY BE ADDICTIVE.”;
- “WARNING: LOTTERY GAMES ARE A FORM OF GAMBLING.”;
- “WARNING: YOUR ODDS OF WINNING THE TOP PRIZE ARE EXTREMELY LOW.”;
- “WARNING: GAMBLING CAN CAUSE FINANCIAL PROBLEMS.”; or
- “WARNING: PLAYING THE LOTTERY CONSTITUTES GAMBLING.”

The required warning must be placed or printed prominently on the front of each lottery ticket, be typed in black font on a white background, and occupy no less than 10 percent of the total face of the lottery ticket.

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<sup>16</sup> See FLA. LOTTERY, *supra* note 4, at 17.

<sup>17</sup> AM. SOC’Y OF ADDICTION MED., *Quality and Practice*, <http://www.asam.org/quality-practice/definition-of-addiction> (last visited Mar. 15, 2017).

<sup>18</sup> See PSYCHGUIDES.COM, *Compulsive Gambling Symptoms, Causes and Effects*, <http://www.psychguides.com/guides/compulsive-gambling-symptoms-causes-and-effects/> (last visited Mar. 24, 2017).

<sup>19</sup> *Id.*

<sup>20</sup> See NATASHA DOW SCHÜLL, *ADDICTION BY DESIGN: MACHINE GAMBLING IN LAS VEGAS*, 225 (2012).

<sup>21</sup> FLA. LOTTERY, *Play Responsibly*, <http://www.flalottery.com/playResponsibly> (last visited Mar. 24, 2017).

<sup>22</sup> Document on file with the Tourism and Gaming Control Subcommittee, Florida House of Representatives.

The bill also requires that every advertisement or promotion of lottery games appearing on or after January 1, 2018, must include one of the six warnings set forth above, in equal proportion. The required warning must be typed in black font on a white background and occupy no less than 10 percent of the total face of the advertisement or promotion, or, if on the radio, be audibly announced at the conclusion of the advertisement or promotion.

The required warnings are designed to inform potential purchasers of lottery tickets of some of the possible dangers associated with playing lottery games.

**B. SECTION DIRECTORY:**

**Section 1:** Amends s. 24.107, F.S., to include a provision requiring all advertisements and promotions of lottery games appearing on or after January 1, 2018, to include a warning regarding some of the potential dangers associated with playing lottery games.

**Section 2:** Amends s. 24.111, F.S., to include a provision requiring all contracts for the printing of lottery tickets to specify that tickets printed on or after January 1, 2018, must include a warning regarding some of the potential dangers associated with playing lottery games.

**Section 3:** Provides for an effective date of January 1, 2018.

## **II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

**A. FISCAL IMPACT ON STATE GOVERNMENT:**

1. Revenues:

See fiscal comments.

2. Expenditures:

See fiscal comments.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

1. Revenues:

None.

2. Expenditures:

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

None.

**D. FISCAL COMMENTS:**

The bill may have a fiscal impact on state government to the extent that there are costs associated with implementation or there is any reduction in lottery sales as a result of the warnings required by this legislation.

