

LEGISLATIVE RESEARCH SERVICES

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Powerball Legislation

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You asked if legislation that would allow residents to purchase tickets in the state for the lottery game Powerball has been considered in Alaska in the last ten years. You also asked for examples of recently-enacted Powerball legislation in a few states.

Alaska is one of the six states that has not established a state lottery and in which Powerball lottery tickets cannot be purchased.¹ Powerball, a lottery game coordinated by the Multi-State Lottery Association, is renowned for its massive jackpots, which recently reached a record level of around \$1.5 billion.² While there is no official national lottery in the United States as there is in other countries, Powerball serves as a de facto national lottery.

In order to participate in Powerball or other multi-state lottery games such as Mega Millions, states must establish a state lottery. In addition to participating in these multi-state games, all state lottery entities (except North Dakota's) have created and administer their own stand-alone state lottery games. How states use lottery proceeds run a wide spectrum from supplementing the state's general fund, to supporting K-12 education, environmental uses, senior citizen benefits, property tax relief, and college scholarships.

Lottery Efforts in Alaska

There have been no efforts in the last decade in Alaska to create a state lottery. However, the 23rd Legislature (2003-2004) considered a number of gambling measures including bills to create a state-wide lottery. The Economic Development, International Trade and Tourism Committee, introduced House Bill 240—entitled “An Act establishing a state lottery.” The bill, which can be accessed at http://www.legis.state.ak.us/basis/get_bill.asp?session=23&bill=HB240, did not gain much traction and only moved through one committee. The Senate proposed a companion bill, Senate Bill 178, which was not heard in committee.³ Since this time, there have been no other legislative efforts in the state to establish a state lottery.

When these measures were being considered in the 23rd Legislature, the Department of Revenue (DOR) determined that with Alaska's small population, a stand-alone state lottery “would barely pay for itself or even lose money.” The department estimated, however, that if Alaska were to join in the multi-state Powerball lottery, it would likely receive around \$3 million a year. It is likely these less than spectacular prognostications were a significant factor contributing to the lack of support for a lottery. Additionally, the state's prominent involvement in gambling raises ethical considerations, which may well have come into play.

As you know, with Alaska's current fiscal challenges, many ideas are being considered to increase revenue including a state lottery. In June 2015, The Department of Revenue produced a 27-page report entitled, “Building a Sustainable Future: Potential Fiscal and Revenue Options for the Walker-Mallott Administration.”⁴ The report estimates that the potential annual proceeds for a state-wide lottery would be around \$8 million. It cautions, however, that while a state-wide lottery may be beneficial to state revenue, it would almost certainly have negative impacts on current charitable gaming activities (such as

¹ The other jurisdictions without a state lottery are Alabama, Hawaii, Mississippi, Nevada, and Utah. While there is no statewide lottery in Alaska, the state may issue permits for certain games of chance per AS 05.15.100, et seq. These include bingo, raffles, pull-tab games, fishing derbies, and mushing sweepstakes.

² Information on the Multi-State Lottery Association (MUSL) is available at <http://www.musl.com/>.

³ Senate Bill 178 can be viewed at <http://www.legis.state.ak.us/PDF/23/Bills/SB0178A.PDF>.

⁴ This report can be accessed at http://gov.alaska.gov/Walker_media/documents/20150605_potential-fiscal-and-revenue-options.pdf.

bingo, raffles, and pull-tabs) that support numerous nonprofits in the state. The DOR report suggests that should Alaska move forward with a state-wide lottery, a good model to consider emulating may be Wyoming's, the latest jurisdiction to implement a state-wide lottery. We discuss Wyoming's lottery below.

Examples of State Powerball/Lottery Legislation

As we noted, Powerball is offered in all forty-four states that have established state lotteries. The majority were established by referendum rather than legislation and most of these state lotteries have been in effect for many years—about half for at least two decades. Below we provide information on three of the most recent states to create lotteries.

- Arkansas voters approved a lottery in 2008, and the next year the Arkansas Legislature passed Senate Bill 26 (2009 Ark. Act 605) to implement the lottery. The act states that net proceeds of the lottery will fund scholarships to Arkansas citizens to attend state colleges and universities. Arkansas began selling Powerball tickets in October 2009, and the state currently offers 11 games in total, according to its website <http://www.myarkansaslottery.com/games>.
- The North Dakota lottery, launched in 2005, is unique among U.S. lotteries in that it is allowed to offer only multi-jurisdictional games, i.e., North Dakota-only games cannot be sold. As a result, all five games it offers—Powerball, Mega Millions, Hot Lotto, Wild Card 2, and 2by2—are part of the Multi-State Lottery Association.⁵

The bill that created the North Dakota lottery, along with its history, can be viewed at <http://www.legis.nd.gov/assembly/59-2005/bill-actions/ba1259.html>. North Dakota Century Code Chapter 53-12.1, which pertains to the lottery, can be accessed at <http://www.legis.nd.gov/cencode/t53c12-1.pdf?20160118145626>.

- Wyoming's lottery is the youngest in the nation. In 2013, the Wyoming Legislature passed House Bill (HB) 77 (2013 Wyo. Laws Ch. 200)—entitled the Wyoming Lottery Act. The engrossed HB 77 can be accessed at <http://legisweb.state.wy.us/2013/Bills/HB0077.pdf>.⁶ It specifically prohibits scratch cards/instant win games, joining Wyoming with North Dakota as the only jurisdictions to prohibit such games. The primary reason for such a prohibition is that psychologists and others hold that lottery scratch-off games with their instant gratification can promote gambling addiction.

The Wyoming lottery began operating in August 2014, with Powerball and Mega Millions. The first state-specific game, Cowboy Draw, was added in January of 2015. When considering its lottery, Wyoming officials looked closely at North Dakota's model (as it is a similarly-populated state) and also Georgia's.⁷ As we mentioned above, Alaska's Department of Revenue suggests Wyoming may be a good model for Alaska to consider emulating should policymakers choose to pursue a state lottery. Like sparsely-populated Wyoming, Alaska could potentially start off with a Multi-State Lottery game such as Powerball and then create its own unique state game(s). More information on the Wyoming lottery can be assessed at <http://wyolotto.com/>.⁸

We hope this is helpful. If you have questions or need additional information, please let us know.

⁵<http://www.ndlottery.org/Public>.

⁶ A history of the bill including highlights and links from Vote Smart can be viewed at <http://votesmart.org/bill/16112/49399#Vp1doPkrKUK>.

⁷ Information on the Georgia lottery can be viewed at <https://www.galottery.com/en-us/home.html>.

⁸ An editorial from the *Basin Republican Rustler* shortly after lottery legislation passed in Wyoming is available at <http://www.basinrepublican-rustler.com/2013/03/28/wyoming-gambles-on-lottery-to-increase-revenues/>. It contains insights into the process that you may find of interest.