



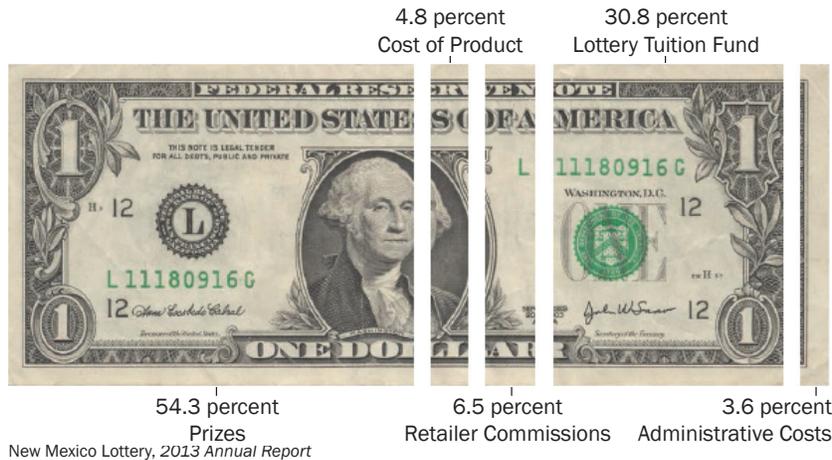
# Lottery

The various games offered by the New Mexico Lottery Authority generate almost \$150 million a year in sales with slightly over half of that going back to players in the form of prizes and a little under a third going to the lottery scholarship fund for New Mexico college students. The authority, whose stated mission is to maximize the lottery fund, is a quasi-governmental agency supported with lottery revenue rather than the general fund.

## Games

The largest of New Mexico’s five lottery drawing games, Powerball, is played in 44 states and the U.S. Virgin Islands. The jackpot starts at \$40 million and grows until won; tickets cost \$2 per play per drawing. Mega Millions is played in the same territories, and the jackpot starts at \$15 million and grows until won. Mega Millions tickets cost \$1 per play per drawing. In addition to the New Mexico-only drawing games Hot Lotto, Roadrunner Cash and Pick Three, the lottery also operates a rotating selection of instant-win scratcher games of various costs that feature various top prize amounts.

### Distribution of Lottery Revenue



risen rapidly due to rising tuition costs and an increasing number of recipients. Between FY08 and FY14, tuition payments from the fund to institutions of higher education increased by 72 percent, or nearly \$28 million, with nearly \$24 million of this growth occurring at the research institutions.

At the same time expenses increased, revenue transfers from the lottery were relatively flat, averaging \$42.2 million with a peak of \$43.7 million in FY13 thanks to a large run-up in a Powerball jackpot.

The Legislature provided temporary support for the lottery tuition fund through a nonrecurring general fund appropriation and by channeling

## Revenue

Under the Lottery Act, the authority must transmit monthly at least 30 percent of the gross revenue to the State Treasury for deposit in the lottery scholarship fund. The original legislation did not include a minimum transfer amount, but the statute was amended and now requires a minimum 30 percent transfer. The intent of the increase was to increase contributions to the fund. However, the increase led to the authority eliminating retailer and employee sales incentives and reducing staffing, advertising, and the prize payout percentage. Since decreasing the payout percentage, instant game sales have decreased. While gross sales have increased, it is possible that they would have increased more without the cuts in administrative support.

liquor excise tax revenue to the fund. In an attempt to reduce expenses, state law was also changed to make it harder for new students to get the scholarship. The number of semesters a student can get the scholarship was reduced from eight to seven, the number of credit hours needed to qualify was increased from 12 to 15, and the qualifying grade point average was set at 2.5. Finally, in the event of insufficient scholarship funds, the awards can be reduced by the percentage of the funding shortfall. All of the changes were intended to be temporary while the lottery works on increasing revenues.

## Lottery Scholarship Fund

The lottery scholarship, as currently structured, is popular but not sustainable. Draws on the lottery tuition fund have

### For More Information:

- The New Mexico Lottery Act is Section 6-24-1 through 6-24-22 NMSA 1978.
- The Lottery Authority annual reports are available at <http://www.nmlottery.com/about/news/annualreports>.
- For more information on the Lottery Scholarship Program, visit <http://www.hed.state.nm.us/students/lotteryscholarship.aspx> and <http://www.nmlottery.com/about/scholarships>.