

# OneFAB

Information Delivered on One Page, Front And Back

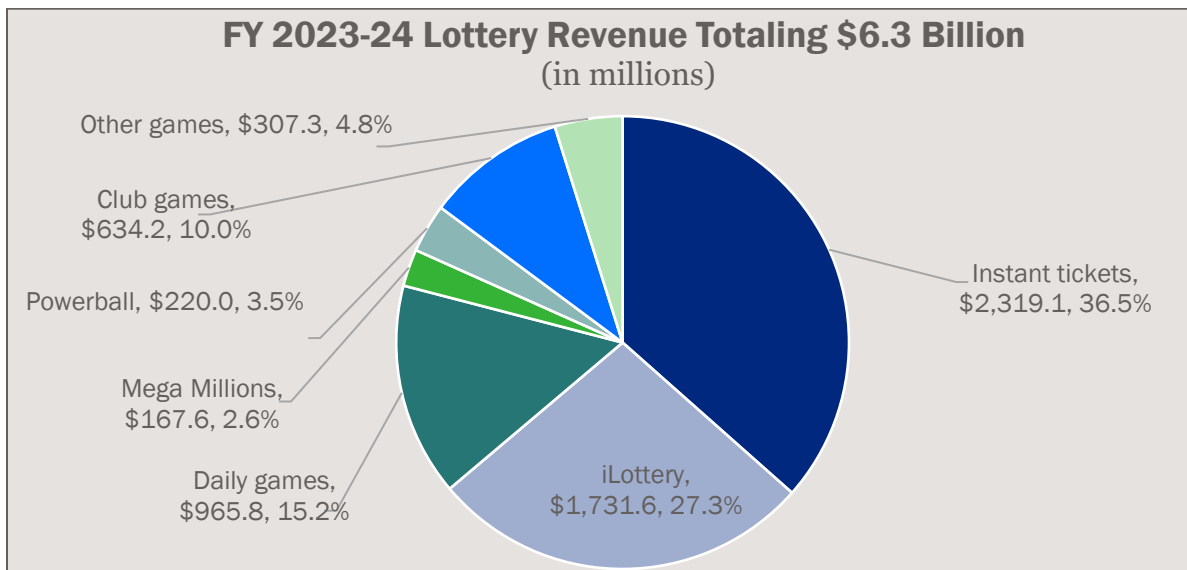
State Lottery Revenue

Cory Savino, Senior Fiscal Analyst

## Lottery Revenue

In 1972, Michigan voters amended the State's Constitution to authorize lotteries, which led to the creation of the Michigan Bureau of State Lotteries under Public Act 239 of 1972. The Bureau is an autonomous agency within the Department of Treasury and is led by the Commissioner of State Lottery, who is appointed by the Governor with the advice and consent of the Senate. The Bureau's primary goal is to maximize net revenue for the State after awarding at least 45.0% of lottery revenue to prizes. All net revenue generated by the Michigan Lottery is deposited into the School Aid Fund (SAF) as required under Section 41 of the Lottery Act.

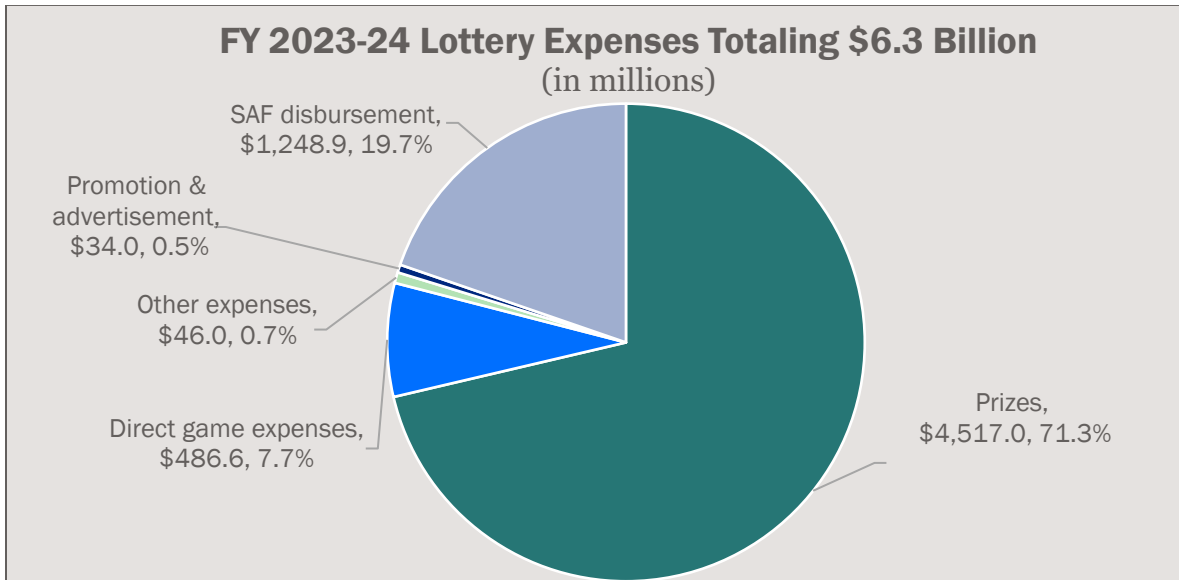
Since its creation, the Bureau has continually expanded the number of lottery games in the State, including iLottery instant games introduced in fiscal year (FY) 2014-15. In FY 2023-24, the Michigan Lottery generated nearly \$6.3 billion in gross revenue. Instant tickets generated the highest gaming revenue followed by iLottery, daily games, club games, Mega Millions, Powerball, and other games, including Fast Cash and Lucky for Life. The chart below shows the revenue from each gaming type. For consistency, gross iLottery revenue is displayed alongside other types though it is typically reported as 'net winnings'.



## Lottery Expenses

Before depositing net revenue into the SAF, the Bureau spends money to operate and maintain lottery games. These expenditures totaled \$5.1 billion in FY 2023-24. The largest expenditures are for prize payments for traditional games and iLottery instant games. After the awards are paid, the next largest cost is for direct gaming expenses, including commissions paid to retailers and vendors and other direct gaming activities. Other expenditures cover administrative costs (salary, wages, and rent), prize discount amortization, and a \$1.0 million disbursement to the Compulsive Gaming Prevention Fund. Michigan Lottery game promotion and advertisement expenditures are capped in boilerplate at 1.0% of

the previous fiscal year's gross revenue; current spending for promotion and advertising is below this cap. The chart below displays the proportions of expenditures, including a disbursement of over \$1.2 billion into the SAF.



**School Aid Fund**

The SAF received the \$1.2 billion disbursement from the Michigan Lottery in FY 2023-24, marking a 57.0% (\$453.4 million) increase since FY 2014-15. Some explanations for this increase include increases in per capita personal income, increased promotion and advertisement, increased numbers of instant ticket games, and the introduction of iLottery. The chart below shows the annual, 10-year history of SAF disbursements from the Michigan Lottery. It shows SAF distribution peaked in FY 2020-21, before the introduction of internet casino gaming in Michigan.

