

**Table 2
Impact of Initiative No. 892 on State Lottery Commission Revenues**

	FY 2006			FY 2007			2005-07 Biennium			2007-09 Biennium			2009-11 Biennium		
	Original	Impact of I-892	After I-892	Original	Impact of I-892	After I-892	Original	Impact of I-892	After I-892	Original	Impact of I-892	After I-892	Original	Impact of I-892	After I-892
Revenue															
Scratch (Fund 577)	300,000,000	(9,750,000)	290,250,000	300,000,000	(41,250,000)	258,750,000	600,000,000	(51,000,000)	549,000,000	600,000,000	(150,000,000)	450,000,000	600,000,000	(150,000,000)	450,000,000
Daily Game (Fund 577)	17,500,000	(568,750)	16,931,250	17,500,000	(2,406,250)	15,093,750	35,000,000	(2,975,000)	32,025,000	35,000,000	(8,750,000)	26,250,000	35,000,000	(8,750,000)	26,250,000
Lotto (Fund 577)	60,000,000	(1,950,000)	58,050,000	54,000,000	(7,425,000)	46,575,000	114,000,000	(9,375,000)	104,625,000	97,000,000	(24,250,000)	72,750,000	97,000,000	(24,250,000)	72,750,000
Quinto (Fund 577)	18,000,000	(585,000)	17,415,000	17,000,000	(2,337,500)	14,662,500	35,000,000	(2,922,500)	32,077,500	31,000,000	(7,750,000)	23,250,000	31,000,000	(7,750,000)	23,250,000
Daily Keno (Fund 577)	6,200,000	(201,500)	5,998,500	6,000,000	(825,000)	5,175,000	12,200,000	(1,026,500)	11,173,500	11,300,000	(2,825,000)	8,475,000	11,300,000	(2,825,000)	8,475,000
Lucky for Life (Fund 577)	12,000,000	(390,000)	11,610,000	12,000,000	(1,650,000)	10,350,000	24,000,000	(2,040,000)	21,960,000	23,300,000	(5,825,000)	17,475,000	23,300,000	(5,825,000)	17,475,000
Mega Millions (Fund 433)	55,000,000	(1,787,500)	53,212,500	55,000,000	(7,562,500)	47,437,500	110,000,000	(9,350,000)	100,650,000	110,000,000	(27,500,000)	82,500,000	110,000,000	(27,500,000)	82,500,000
Total Revenue	468,700,000	(15,232,750)	453,467,250	461,500,000	(63,456,250)	398,043,750	930,200,000	(78,689,000)	851,511,000	907,600,000	(226,900,000)	680,700,000	907,600,000	(226,900,000)	680,700,000
Expenses															
Prizes	297,710,000	(10,023,875)	287,686,125	293,210,000	(40,583,750)	252,626,250	590,920,000	(50,607,625)	540,312,375	575,170,000	(142,982,500)	432,187,500	575,170,000	(142,982,500)	432,187,500
Retailer Commissions	29,243,500	(931,840)	28,311,660	28,811,500	(3,883,000)	24,928,500	58,055,000	(4,814,840)	53,240,160	56,699,000	(13,889,000)	42,810,000	56,699,000	(13,889,000)	42,810,000
Vendor Expense (Online & Scratch)	11,947,649	(218,366)	11,729,283	14,084,809	(3,744,598)	10,340,211	26,032,458	(3,962,964)	22,069,494	27,784,618	(10,017,628)	17,766,990	27,784,618	(10,017,628)	17,766,990
King County (Mariners)	4,355,334	-	4,355,334	4,529,548	-	4,529,548	8,884,882	-	8,884,882	9,609,888	-	9,609,888	10,394,055	-	10,394,055
Division totals	13,486,188	-	13,486,188	13,779,038	-	13,779,038	27,265,226	-	27,265,226	28,810,591	-	28,810,591	28,810,591	-	28,810,591
Administration - 578	11,377,000	-	11,377,000	11,608,000	-	11,608,000	22,985,000	-	22,985,000	24,271,167	-	24,271,167	24,271,167	-	24,271,167
Total Expenses	368,119,671	(11,174,081)	356,945,590	366,022,895	(48,211,348)	317,811,547	734,142,566	(59,385,429)	674,757,137	722,345,264	(166,889,128)	555,456,136	723,129,431	(166,889,128)	556,240,303
Profit	100,580,329	(4,058,669)	96,521,660	95,477,105	(15,244,902)	80,232,203	196,057,434	(19,303,571)	176,753,863	185,254,736	(60,010,872)	125,243,864	184,470,569	(60,010,872)	124,459,697
Transfers															
Stadium & Exhibition (Seahawks)	7,895,591	-	7,895,591	8,211,414	-	8,211,414	16,107,005	-	16,107,005	17,421,337	-	17,421,337	18,842,918	-	18,842,918
General Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	92,684,738	(4,058,669)	88,626,069	87,265,691	(15,244,902)	72,020,789	179,950,429	(19,303,571)	160,646,858	167,833,399	(60,010,872)	107,822,527	165,627,651	(60,010,872)	105,616,779
Education	92,684,738	(4,058,669)	88,626,069	87,265,691	(15,244,902)	72,020,789	179,950,429	(19,303,571)	160,646,858	167,833,399	(60,010,872)	107,822,527	165,627,651	(60,010,872)	105,616,779

Assumptions:

Prize Expense: Scratch 67.32%, Daily Game 50%, Lotto 60%, Quinto 80%, Daily Keno 50% and Lucky for Life 50%.

Vendor Expense: On-line - 1.87% of sales (1.922% less communication charges plus costs for Lotto to Go, Chats, use tax). Scratch 1.11% of scratch sales. Mega Millions 1.922%.

FY2006 new on-line contract costs unknown.

Assumes Lottery Commission products will not be sold in the same venues as electronic scratch ticket games.

Sales of Lottery Commission products will be reduced by 25 percent when electronic scratch ticket games are fully implemented.

Reduction factor reduced in FY06 and FY07 by a factor of 0.13 and 0.55, respectively, to reflect implementation schedule for electronic scratch tickets.

Division totals: Non-prize related expenses such as advertising, prize promotions and market research.

Administration - 578: Lottery Commission overhead costs such as salaries, benefits, rent, utilities, etc.