

Review of the Florida Lottery, 2024

Report 25-02

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OPPAGA

Office of Program Policy Analysis and Government Accountability

Review of the Florida Lottery, 2024

EXECUTIVE SUMMARY

Lottery transfers to the Educational Enhancement Trust Fund decreased in Fiscal Year 2023-24 to \$2.4 billion, \$65.8 million (3%) less than the prior fiscal year. According to Department of the Lottery officials, this decrease in transfers is due to a decrease in sales from broad economic factors such as inflation and rising interest rates that constrained consumer budgets. The department continues to outperform the legislative performance standard for its operating expense rate, which is the second lowest in the nation.

SCOPE

As directed by the Legislature, OPPAGA examined the Department of the Lottery and assessed options to enhance its earning capability and improve its efficiency.^{1,2}

In the past fiscal year, the department made several efforts to increase revenue, including adding new lottery retailers, changing the product mix, and installing 500 additional vending machines. The department also introduced enhancements and upgrades at existing retailers, offered promotions to increase player engagement, and created a program to recognize and reward high-producing sales representatives.

Other state lotteries offer additional games and product distribution methods that the Florida Lottery does not. Adding more new games, expanding product distribution methods, and increasing the retailer network could enhance lottery revenues. However, each of these options has associated advantages and disadvantages and may have implications related to the Gaming Compact Between the Seminole Tribe of Florida and the State of Florida.

The Department of the Lottery implemented several operational initiatives over the past year, including conducting investigations of unauthorized activity, implementing responsible gaming initiatives, and upgrading its retailer management software tool. The department is also under contract to launch a new prize payment system after April 2025; the system will enhance convenience for lottery customers by allowing players to redeem winning tickets through the lottery mobile app.

¹ Section [24.123, F.S.](#), requires an annual financial audit of the department, which is to include recommendations to enhance the Florida Lottery's earning capability and department efficiency. The Joint Legislative Auditing Committee directed OPPAGA to assess revenue enhancement and efficiency and the Auditor General to conduct the financial audit.

² Prior OPPAGA reports that identify revenue enhancement and operational efficiency options for the department are available on OPPAGA's [website](#).

BACKGROUND

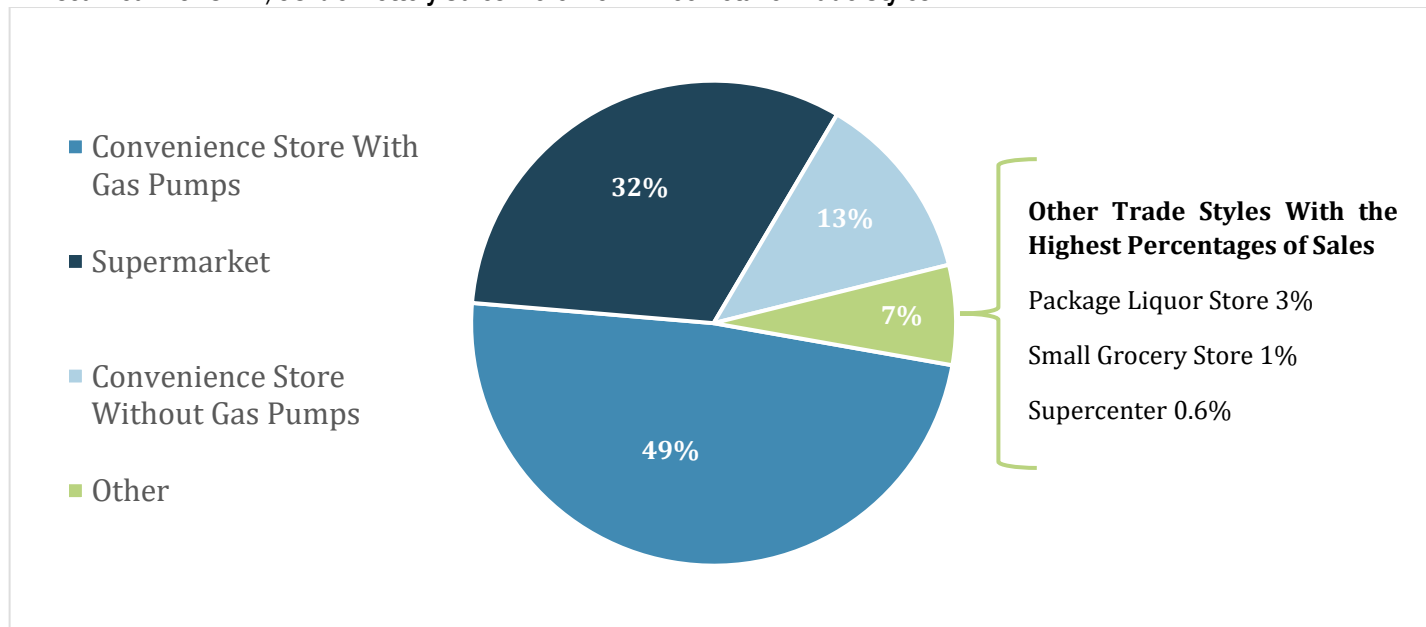
The Department of the Lottery generates funds for education by selling draw and scratch-off games.³ Draw games, also known as terminal games, allow players to select from a range of numbers on a playslip. Draw game tickets are printed by terminals connected to the department’s contracted terminal-based gaming system for a drawing at a later time. Scratch-off games are tickets with removable coverings that players scratch off to instantly determine if they won.

In Fiscal Year 2023-24, prizes totaled \$6.3 billion and retailer commissions totaled \$571.6 million. Total ticket sales for this period were \$9.4 billion. Florida ranked first among U.S. lotteries in total sales and seventh in per capita sales for Fiscal Year 2023-24. The Lottery is self-supporting and receives no state general revenue funds.⁴ For Fiscal Year 2024-25, the Legislature appropriated \$234.9 million from lottery sales revenue and authorized 440 positions for department operations. In accordance with s. 24.121, *Florida Statutes*, each year a percentage of revenue from the sale of lottery tickets is transferred to the Education Enhancement Trust Fund (EETF) for the benefit of public education.

OPPAGA’s analysis of Lottery sales data revealed that 14,567 unique retailers with 42 different business types or trade styles sold lottery products in Fiscal Year 2023-24. During this period, 93% of all sales were by retailers of three trade styles: convenience stores with gas pumps, convenience stores without gas pumps, and supermarkets. Other trade styles—such as package liquor stores, small grocery stores, and supercenters—accounted for 7% of sales. (See Exhibit 1.)

Exhibit 1

In Fiscal Year 2023-24, 93% of Lottery Sales Were From Three Retailer Trade Styles¹



¹ Percentages do not sum to 100% due to rounding.

Source: The Florida Lottery.

³ To sell products, the Lottery contracts with retailers across the state, including supermarkets, convenience stores, and gas stations.

⁴ Section [24.121](#), *F.S.*

The department pays retailers a sales commission on the purchase price of draw and scratch-off game tickets sold.⁵ For Fiscal Year 2024-25, the Legislature continued the 6% retailer sales commission rate that was established in Fiscal Year 2022-23.⁶ A department analysis found that in Fiscal Year 2023-24, the increase in sales commission could reduce overall transfers to the EETF, and the Office of Economic and Demographic Research's August 2024 Revenue Estimating Conference Summary reported that the 6.06% retailer commission rate is one contributing factor to an expected reduction in transfers to the EETF in Fiscal Year 2024-25.

Players can engage with the Lottery online and on a mobile app. Players can create an account online or download the Lottery mobile app to check winning numbers and jackpots. With the mobile app, players can also scan tickets to determine if the tickets are winners, create digital playslips (i.e., pre-selected numbers for their favorite Lottery games) that are scanned by retailers when purchasing games, and locate lottery retailers. Florida Lottery players can also join the Flamingo Followers program, which provides players information about new games and upcoming promotions and contests.

Since its inception, the Lottery has outsourced some functions. The department allocated approximately \$166.5 million (71%) of its Fiscal Year 2024-25 legislative appropriation to produce, advertise, and sell draw and scratch-off games through several vendor contracts.⁷

- A contract with Scientific Games International, Inc., to print, market, and distribute scratch-off game tickets was entered into on September 30, 2019. The contract expires on March 31, 2027. The department may elect to renew the contract for additional periods not to exceed seven years.
- A contract with PP+K, Inc., for general market advertising services and multilingual services, including those in Spanish, was entered into on September 29, 2016. Following the expiration of the initial contract on October 31, 2021, the department could elect to renew the contract for additional periods not to exceed five years. The contract was last renewed on November 1, 2024, for one year, through October 31, 2025. The department has renewed for four of the possible five years.
- A contract with IGT Global Solutions Corporation to provide a terminal-based gaming system was entered into on March 20, 2018. The gaming system includes computer systems and retailer terminals, vending machines, telecommunications, and technical support services. The contract expires on April 14, 2032. The department may elect to renew the contract for two additional periods not to exceed three years each.

⁵ Retailers can also earn bonus commissions and promotional prizes that are awarded by the Lottery in retailer promotions.

⁶ On July 1, 2025, the law governing retailer sales and cashing commission rates will revert to the law in effect on June 30, 2023, unless legislation amending the reversion is enacted. The rate in effect on June 30, 2023, was 5.75%.

⁷ Of the \$166.5 million, approximately \$127.3 million was allocated to produce draw and scratch-off games and approximately \$39.2 million was allocated for advertising for Fiscal Year 2023-24.

LOTTERY REVENUE AND OPERATING EXPENSES

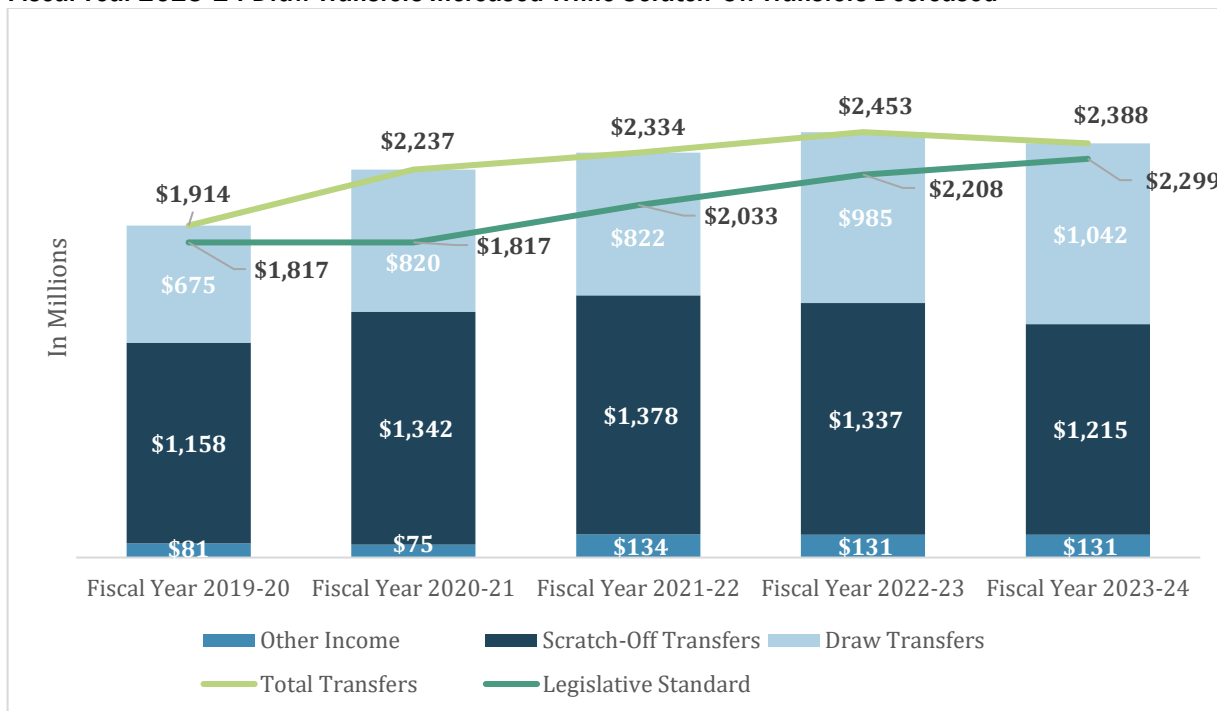
In Fiscal Year 2023-24, Florida Lottery sales decreased by \$384.3 million, or 4%, while transfers to the Educational Enhancement Trust Fund exceeded the legislative standard.⁸ During the same period, the department’s operating expense rate was lower than the legislative standard.

During the past fiscal year, Lottery sales have decreased by 4%. In Fiscal Year 2023-24, Lottery sales decreased to \$9.4 billion compared to the prior year’s sales of \$9.8 billion (a decrease of \$384.3 million, or 4%). While draw games increased, scratch-off sales decreased. Scratch-off game sales decreased by \$425.8 million to \$6.6 billion, while draw game sales increased by \$41.5 million to \$2.8 billion.

Lottery transfers to the EETF decreased in Fiscal Year 2023-24 compared to the prior year. Lottery transfers for Fiscal Year 2023-24 were \$2.4 billion, which is \$65.8 million (3%) less than the prior fiscal year. (See Exhibit 2.) Department officials reported that the decrease in ticket sales and in transfers to the EETF is attributed to economic factors such as inflation and rising interest rates, which constrained consumer budgets and ultimately impacted ticket sales. The transfer rate for draw games is about twice the rate for scratch-off games.⁹ Total transfers to the EETF for Fiscal Year 2023-24 exceeded the legislative performance standard of \$2.299 billion.¹⁰

Exhibit 2

Fiscal Year 2023-24 Draw Transfers Increased While Scratch-Off Transfers Decreased



Note: Fiscal Year 2023-24 figures are based on unaudited sales data.

Source: The Florida Lottery.

⁸ All sales, revenue, and transfer figures are based on unaudited data from the department.

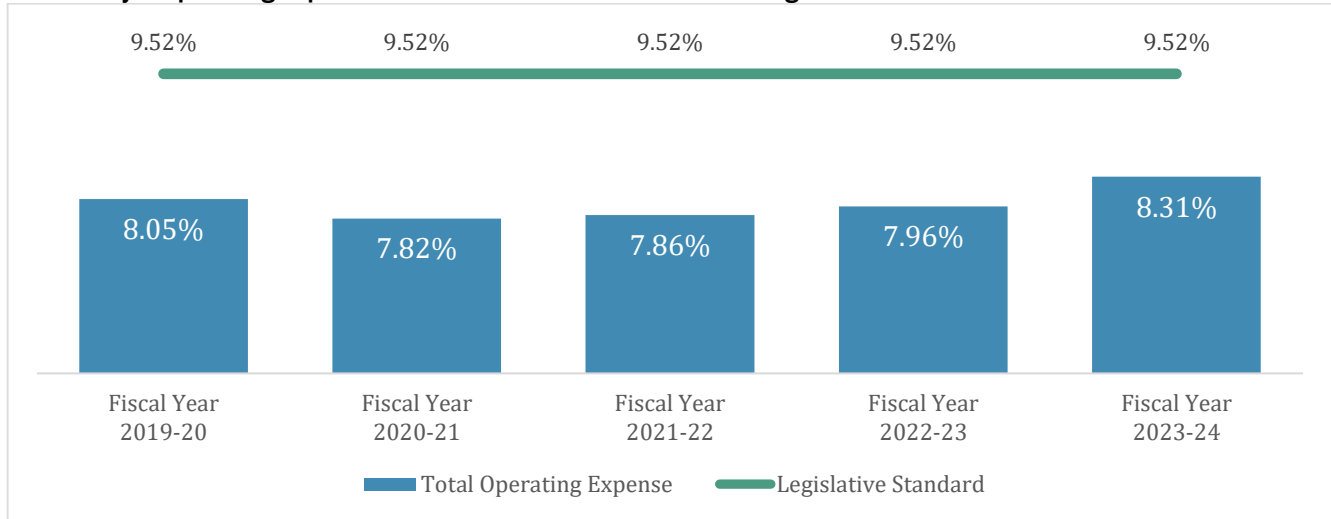
⁹ In Fiscal Year 2023-24, an average of 37% of sales for draw games was transferred to the EETF, compared to 18% for scratch-off games.

¹⁰ The Lottery’s legislatively approved performance standards are reported in *Florida Lottery Long-Range Program Plan Fiscal Years 2024-25 through 2028-29*, September 29, 2023, which remains in effect.

The Lottery’s operating expenses have consistently been lower than the legislative performance standard.¹¹ The department continues to keep expenses, as a percentage of revenue, below the legislative performance standard and low relative to other states. For example, in Fiscal Year 2023-24, the Lottery’s expense rate was 8.31%, which was under the legislative standard of 9.52%. (See Exhibit 3.) Furthermore, compared to other U.S. lotteries, the Florida Lottery had the second lowest operating expense rate in Fiscal Year 2023-24, behind Rhode Island.¹²

Exhibit 3

The Lottery’s Operating Expense Rate Continues to Be Below the Legislative Standard



Source: The Florida Lottery.

REVENUE ENHANCEMENT

During Fiscal Year 2023-24, the Department of the Lottery continued to take steps to increase sales and transfers to the Educational Enhancement Trust Fund. For instance, the Lottery added new game options and expanded QUICKTICKET draw game sales in supermarket liquor stores. To further increase sales and transfers, the Lottery could introduce new games and ticket sales methods or increase the retailer network. However, some of these options could represent an expansion of legalized gambling and produce negative social costs.^{13,14} In addition, if the Lottery implemented a new game or product distribution option, it would need to consider the potential impact on the revenue sharing terms of the Gaming Compact Between the Seminole Tribe of Florida and the State of Florida (gaming compact).

Fiscal impact estimates of new game options and distribution options shown in Appendix A and B assume that Florida Lottery customers and retailers would be educated and ready to play as soon as the department made new options available.¹⁵ These estimates also assume that Florida’s sales experience would be similar to that of other U.S. lotteries. However, Florida’s sales experience may differ depending

¹¹ Operating expenses include payments to gaming vendors and retailer commissions.

¹² Florida Lottery’s ranking is based on the latest fiscal year data available from La Fleur’s 2024 World Lottery Almanac. Operating expense rates include administrative expenses and retailer commissions.

¹³ For more information on negative social costs, see *Lottery Profits Flat; Increasing Retailer Outlets Is Critical to Increasing Sales*, OPPAGA Report 10-16, January 2010; and Abbott, M. W. “The Changing Epidemiology of Gambling Disorder and Gambling Related Harm: Public Health Implications.” *Public Health* 184 (July 2020): 41–45.

¹⁴ Fiscal impact estimates presented in this report do not account for negative social costs and shifts of other taxable economic activity.

¹⁵ Unless otherwise noted, all estimates in this report use the projected Fiscal Year 2023-24 EETF transfer rates from the August 2023 revenue estimating conference. Transfers resulting from implementing new game or product distribution options may differ based on the transfer rates at the time of implementation.

on a variety of factors, including how the Lottery implements the option. The revenue estimates also assume that some of the sales from new games or product distribution options would be the result of shifts from existing game sales. If any of these game options were implemented, further study of the sales shift would be needed. In addition, further analysis of these changes may be needed to identify potential impacts on revenue sharing with the Seminole Tribe of Florida.

The department has taken several steps to increase sales

In Fiscal Year 2023-24, the Lottery surpassed its highest ever retailer count with 13,629 retailers, an increase of 78 retailers over the previous fiscal year. In addition, to increase sales, the Lottery changed its product mix, added new vending machines, implemented enhancements and upgrades at several large retailers, took steps to increase player engagement, and created a new sales performance reward plan.

Steps Taken to Increase Sales
<ul style="list-style-type: none">• Changed product mix• Added vending machines• Made retailer upgrades to increase player convenience• Implemented promotions to increase player engagement• Created a sales representative performance reward plan

According to the Lottery, from July 1, 2023, through December 31, 2024, changes to its product mix enhanced sales

Since July 1, 2023, the Lottery ran game promotions, launched several short-term scratch-off games, introduced two long-term bundled draw products, and plans to make changes to the multi-state Mega Millions game.

- Between July 1, 2023, and August 31, 2024, the department launched 46 scratch-off games with top prizes ranging from \$50 to \$25 million, including a prize of \$250,000 per year for life. During this period, the department reported that sales for new scratch-off games represented approximately 60% of total scratch-off sales, with existing games in the market accounting for approximately \$3.0 billion of the more than \$7.5 billion in sales.
- On August 7, 2023, the department added a \$10 CASH POP draw game to the \$1, \$2, and \$5 CASH POP game options. In the \$10 CASH POP game, players select between 1 to 15 numbers and have a chance to win between \$50 and \$2,500. Drawings are held five times a day, seven days a week. The department reported that in Fiscal Year 2023-24, Cash Pop sales increased by \$40.0 million (43%) compared to Fiscal Year 2022-23.
- On April 8, 2024, the department launched a \$5 and a \$10 draw game bundle product that is a new mix of existing games, Grouper and Grouper Super Sampler. The \$5 Grouper product is a bundle of five draw games that retail for \$6 if purchased individually, and the \$10 Grouper product is a bundle of six draw games that retail for \$12 if purchased individually. The draw games in each Grouper bundle product are refreshed periodically to highlight certain games and renew player interest. From April 8 through the end of calendar year 2024, total sales for Grouper and Super Grouper games were \$36.1 million.
- In April 2025, the multi-state Mega Millions game will undergo changes. The cost of a ticket will increase from \$2 to \$5 and will feature higher starting jackpots, bigger prizes, and improved odds.

In May 2024, the Lottery began deploying 500 new vending machines; retailers with new machines outperformed the state overall for some games

Each year in the General Appropriations Act, the Legislature authorizes the maximum number of vending machines for draw and instant games that the Lottery can operate. A vending machine is a free-standing, player-activated terminal that allows players to purchase draw game tickets and scratch-off tickets.¹⁶ Scratch-off games are also known as *instant* games because the player scratches the coating off the ticket and is notified instantly if they win or lose. Draw games are also known as *terminal* or *online* games because the games are purchased through a terminal at a retail establishment that prints the ticket with a bar code.

In July 2021, the Legislature authorized an increase in the number of vending machines from 2,500 to 3,000 (the current maximum specified in the General Appropriations Act). After two years of negotiating with IGT, the department's vending machine supplier, securing legislative approval from the Legislative Budget Commission, and an 18-month production period, the Lottery began deploying the 500 new vending machines in May 2024 and finished in July 2024. Lottery officials reported that the department considered several factors to determine which retailers would receive the new machines, including scratch-off sales volume, expected sales performance, power requirements, and use of the department's best practices for retailers. As of July 2024, all 500 new vending machines had been deployed at existing retailers. Based on year-over-year sales data, Lottery officials found that retailers with new vending machines outperformed the state overall by 4% for draw sales, 11% for scratch-off sales, and 10% for total lottery sales.¹⁷

Upgrades at some existing retailers increased player convenience, facilitating additional sales

The Lottery established a partnership with Southeastern Grocers (SEG) in August 2022 with in-lane QUICKTICKET sales at all SEG locations.¹⁸ QUICKTICKET allows customers to purchase Powerball and Mega Millions tickets with pre-printed Quick Pick numbers on cards under latex scratch areas; players remove the latex coverings to reveal the Quick Pick numbers. QUICKTICKET cards are available in checkout lanes at select Florida Lottery retail locations and can be scanned like other grocery items. When scanned, tickets are activated, and players are entered in the next available drawing. In May 2023, the department launched QUICKTICKET draw game sales in self-checkout lanes at approximately 250 SEG locations and expanded QUICKTICKET sales to all 185 SEG liquor store locations statewide in October 2023. According to the department, for Fiscal Year 2023-24, QUICKTICKET sales at SEG stores totaled \$857,992, of which \$534,664 was generated in locations with self-checkout lanes.¹⁹ For Fiscal Year 2023-24, total draw games sales at SEG locations represented 5% of all draw game sales statewide.

In April 2024, the Lottery also implemented an enhancement project with Presidente Supermarkets at over 40 locations. The project secured product messaging for the PICK daily games including

¹⁶ Section 24.112(15), F.S., requires vending machines to be located in the retailer's direct line of sight to ensure that purchases are only made by persons at least age 18.

¹⁷ The analysis is based on performance data for the 12-week period from July 22, 2024, through October 13, 2024, compared to the 12-week period from July 24, 2023, through October 15, 2023, for 475 retailer locations with prior year sales data. The analysis excludes 25 retailer locations that did not have prior year sales data. Statewide draw games sales decreased; however, the locations with the new vending machines had less of a decrease than the state overall.

¹⁸ SEG is the parent company of Winn-Dixie and Harveys grocery stores.

¹⁹ Note that the 212 SEG stores with self-checkout lanes also include in-lane sales, and sales are aggregated by store location not sales method.

advertisement circulation, presence on in-store LED screens, and incremental point-of-sale material at the sales counter. For PICK daily games, players choose between two to five numbers between zero and nine. To win, chosen numbers must match the numbers in drawings held twice a day. According to the department, from April 8, 2024, through June 30, 2024, Presidente Supermarkets locations had a 3% increase in sales of PICK daily games compared to the same period during the prior year, while the state overall had a 7% decrease. In addition, the year-over-year change in sales of PICK daily games at Presidente Supermarkets exceeded the statewide change on all four PICK daily games. Lottery officials reported that the additional exposure drove sales and will be used as a model for additional sales incentives with Presidente and other supermarket chain partners in the future.

Recent promotional activities increased player engagement and sales

In July 2023 and June 2024, the department launched a PICK daily games in-store promotion that offered buy-one-get-one free tickets and discounts on specified purchases on certain days. The department reported that the July 2023 promotion contributed to \$71.1 million in total PICK games sales during the promotional period and resulted in over a \$5.8 million increase in PICK Daily games sales compared to the same time the prior year. The June 2024 promotion contributed to \$66.6 million in total PICK sales during the promotional period, which resulted in a \$2.1 million increase in PICK Daily games sales compared to the four weeks prior to the promotion.

In addition, during Fiscal Year 2023-24, the department ran four bonus play promotions and a raffle promotion, both of which rewarded players who made a qualifying purchase with additional chances to win prizes. Bonus play promotions are available to players who register and enter through the Florida Lottery website or mobile app. The limited-time raffle promotion offered a free raffle ticket with each \$10 or more in Cash Pop, Powerball, Mega Millions, and Florida Lotto ticket purchase. The department reported that 37% of players who participated in the raffle promotion purchased a higher price point ticket than they normally would, and 12% of players purchased games that they typically did not play to receive the free raffle ticket. The department reported that the raffle and bonus play promotions resulted in 34 million tickets purchased with combined sales exceeding \$270.0 million.

Florida Lottery's sales representatives can earn a maximum reward of \$5,000 each fiscal year through a new sales performance reward plan

The department plans to implement a new sales performance reward plan for sales representatives who exceed scratch-off sales goals. The plan allows sales representatives to earn a maximum of \$5,000 each fiscal year if the Lottery meets the revenue estimating conference forecast and scratch-off sales exceed the statewide growth rate.²⁰ The performance reward plan has five tiers based on the statewide scratch-off sales growth rate as well as other opportunities to qualify for additional rewards.²¹ (See Exhibit 4.) According to the department, the tiered approach encourages sales representatives to strive for maximum sales potential and rewards varying degrees of performance.

²⁰ The Legislature's Office of Economic and Demographic Research convenes the Revenue Estimating Conference for Lottery Ticket Sales and EETF Transfers twice per year to make sales projections.

²¹ Additional rewards are available only if the highest reward amount of \$5,000 is not achieved.

Exhibit 4

The Department of the Lottery's Sales Performance Reward Plan Allows Sales Representatives to Earn up to \$5,000 of Additional Income Each Fiscal Year

Achievement	Reward
Exceeding Statewide Scratch Off Growth Rate	
Exceeding rate by 1% to 1.99%	\$1,000
Exceeding rate by 2% to 2.99%	\$2,000
Exceeding rate by 3% to 3.99%	\$3,000
Exceeding rate by 4% to 4.99%	\$4,000
Exceeding rate by 5% or more	\$5,000
Achieving 100% Activations¹	\$150 per launch
Turning in Qualifying Independent Retailer Applications	\$75 per application
Having an Average Float Percentage Less Than 5%²	\$500 per fiscal year

¹ To qualify for this achievement, 100% of retailers in a sales representative's area must have new packs of scratch-off tickets activated (i.e., available for purchase in their establishment) by close of business on the first Tuesday following the new scratch-off game's release.

² To qualify for this achievement, a sales representative must have an average float percentage (i.e., the percentage of scratch-off ticket packs that have been sold by a retailer but have not been marked as sold in the Florida Lottery's reporting system) of less than 5% for the fiscal year.

Source: The Florida Lottery.

Implementing additional strategies could further increase lottery sales

Some U.S. lotteries offer additional games and product distribution methods that the Florida Lottery does not currently use. Adding new games, expanding product distribution methods to include internet and courier sales, and increasing the retailer network could enhance lottery revenues. However, each of these options has associated advantages and disadvantages and may have implications related to the gaming compact. (See Appendices A and B for more information on additional games and product distribution options along with advantages and disadvantages of each option.)

Potential Strategies to Increase Lottery Sales

- Add more games
- Allow internet sales
- Regulate courier services
- Increase the retailer network

To maintain and increase sales, the Florida Lottery could add new games

As the Florida Lottery retires games that have peaked in popularity and are in a period of declining sales, the Legislature and the department could consider adding one or more new games. OPPAGA's 2024 report identified other states that had games, such as All or Nothing and Daily Keno, that were not currently available in Florida.²² While adding new games could increase lottery sales revenues, each new game option has potential drawbacks. For example, OPPAGA's 2024 report found that adding All or Nothing to the Lottery's game selection could generate approximately \$12.2 million in transfers to education during the first full year of implementation.²³ However, a potential downside to All of Nothing, like all games, it has a limited life cycle after which sales decline.

²² OPPAGA identified three U.S. lotteries that offered an All or Nothing game—Massachusetts, Texas, and Wisconsin—and four U.S. lotteries that offered Daily Keno—Michigan, New York, Virginia, and Washington.

²³ All or Nothing is a game where, for \$1 or \$2, players select 10 to 12 numbers from up to 24 numbers and win the top prize by matching all numbers drawn or by matching none of the numbers drawn.

Internet sales would enable players to purchase tickets using computers or mobile devices

OPPAGA's 2024 report identified 12 U.S. lotteries offering products over the internet, which allows players to use a personal computer or mobile device as a player-activated terminal to purchase lottery products without having to visit a retailer.²⁴ The online product mix that these lotteries offered included subscriptions to draw games for up to one year in advance, tickets for single drawings of draw games, and instant games.²⁵ U.S. lotteries that sell products over the internet require players to be at least age 18 and located within the state when making a lottery purchase. Based on other states' experiences, OPPAGA estimated that the potential revenue from implementing internet sales in Florida is approximately \$26.5 million to \$454.7 million per year in additional recurring transfers to education depending on whether only draw games or both draw and instant games are offered.^{26,27}

Offering lottery products over the internet would require statutory revisions. Florida law currently restricts the use of player-activated terminals without the oversight of a retailer and does not authorize the use of credit cards or other instruments issued by specified financial institutions and retailers for Lottery purchases without buying \$20 worth of other goods.²⁸ In addition, Florida must comply with any federal laws regarding the interstate sale of lottery tickets and consider implications related to the gaming compact.

Courier services could reach players unable to purchase lottery products in person

Lottery courier services purchase tickets on behalf of players, typically through a website or mobile app. Florida Lottery officials reported that the department has not authorized the sale of lottery tickets through partnerships with or through the operation of courier services. While OPPAGA did not identify any state law or department rule specifically authorizing or prohibiting courier services from operating in Florida, authorizing courier services may have implications related to the gaming compact. In December 2024, the department shut down a courier service operating in the state because the courier was not in compliance with the Lottery rule that requires that ticket sales use a department-approved paper playslip or digital playslip generated by the Lottery's mobile app or be entered manually into a retailer's terminal. In addition, department officials reported that the courier company engaged exclusively in the business of selling lottery tickets, in violation of s. 24.112(3)(b), *Florida Statutes*.²⁹

OPPAGA's 2024 report identified 19 U.S. lotteries where courier services were operating.³⁰ Based on the experiences of these lotteries, courier services could increase Florida's lottery revenues by

²⁴ The 12 lotteries were located in the District of Columbia, Georgia, Illinois, Kentucky, Michigan, New Hampshire, New York, North Carolina, North Dakota, Pennsylvania, Rhode Island, and Virginia.

²⁵ New York offered subscription-only internet sales.

²⁶ OPPAGA estimated potential transfers from implementing internet sales using available sales data from 11 lotteries that offered internet sales—the District of Columbia, Georgia, Illinois, Kentucky, Michigan, New Hampshire, North Carolina, North Dakota, Pennsylvania, Rhode Island, and Virginia. The analysis excluded New York as the state only sold draw game subscriptions online. The estimate assumes a transfer rate to the EETF of 39.14% for draw-only internet sales and 74.60% for instant internet gross gaming revenue, and that 5% of sales would shift from existing games.

²⁷ The estimate does not account for swipe fees from use of credit cards. If the Lottery assumed the swipe fees, this would reduce the transfer amount to the EETF. Alternatively, the Lottery could require the player to pay for the swipe fees.

²⁸ Section [24.105\(9\)\(a\)3](#), *F.S.*, restricts the use of player-activated machines without the assistance of a retailer, and s. [24.118\(1\)](#), *F.S.*, requires the purchase of no less than \$20 of other goods and services to use a credit card or other instrument issued by specified financial institutions and retailers to purchase lottery products.

²⁹ Section [24.112](#), *F.S.*, specifies the terms of conditions for contracting with retailers. Subsection (3)(b) prohibits the department from contracting with anyone engaged exclusively in the business of selling lottery tickets.

³⁰ The lotteries are in Arizona, Arkansas, California, Colorado, the District of Columbia, Idaho, Massachusetts, Minnesota, Montana, Nebraska, New Hampshire, New Jersey, New Mexico, New York, Ohio, Oregon, Texas, Vermont, and West Virginia.

reaching players interested in purchasing tickets online. In a typical courier service arrangement, the courier company partners with a lottery retailer or obtains a license as a lottery retailer. The courier service establishes accounts for players into which players deposit funds. Players direct the courier to purchase tickets on their behalf, and the courier purchases tickets from a partner retailer or prints tickets from a lottery terminal (if the courier has a retailer contract).

The statutory structures under which courier services operated varied widely by state. For example, the New Jersey Lottery was statutorily required to regulate courier services, which involved a comprehensive background screening and financial review conducted at the expense of the courier service; the courier service partnered with lottery retailers and the state lottery monitored courier service operations. Similarly, New York statute required couriers to be licensed through the New York State Gaming Commission and to comply with various auditing, financial, and operational requirements. In Minnesota, statutes authorized courier services to operate as lottery retailers. However, some states, such as Ohio and Texas, did not have laws to either specifically authorize or prohibit courier service operations; in these states, couriers operated without regulation. If the Legislature wishes to address courier services in Florida, it could expressly prohibit or allow such services in statute. If the Legislature wishes to authorize courier services, the enabling legislation could direct the department to promulgate related rules.

Retailer network expansion could increase market penetration and enhance sales

In Fiscal Year 2022-23, the top two southeast U.S. lotteries ranked by per capita sales—Virginia and Georgia—had an average of 1,434 residents per retailer.^{31,32} During that period, the Florida Lottery averaged 1,673 residents per retailer. Virginia and Georgia had higher per capita sales (\$529 and \$523, respectively) than Florida (\$433). Adding 2,258 new retailers to Florida’s network would bring Florida’s market penetration in line with these two states and could generate about \$39.9 million annually in additional transfers to the EETF. A more modest growth of 200 retailers would generate about \$3.5 million annually in transfers.³³

Increasing the retailer network remains a priority included in the Lottery’s long-range program plan for Fiscal Years 2024-25 through 2028-29. According to the Lottery, partnering with new retailer corporations is a significant priority in its goal of increasing the retailer network. As noted earlier, in Fiscal Year 2023-24, the department increased the total number of lottery retailers by 78 compared to Fiscal Year 2022-23.

³¹ The ranking of U.S. lotteries is based on the latest fiscal year data available from *La Fleur’s 2024 World Lottery Almanac*.

³² OPPAGA analyzed data for seven southeastern states with lotteries—Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Virginia, and West Virginia. The analysis compared the Florida Lottery’s per capita sales to all seven lotteries. Tennessee, another southeastern state with a lottery, was excluded from the analysis due to insufficient information.

³³ OPPAGA estimated potential transfer revenues from an increased retailer network by assuming that the new retailers would achieve at least the average weekly gross sales that new retailers achieved in Fiscal Year 2023-24; all new retailer terminals would be active for a full year; and 20% of sales would shift from existing retailers.

OPERATIONS

The department has implemented several operational initiatives

During Fiscal Year 2023-24, the Lottery's Division of Security conducted numerous investigations that resulted in the termination of 11 retailer contracts for unauthorized activity. In addition, the department continued responsible gaming efforts, is in the process of obtaining recertification with the National Council on Problem Gambling and upgraded its retailer management software tool. Lottery officials reported that the launch of a new prize payment system has been postponed to after April 2025 to allow the department to continue working with the vendor to ensure that the system meets Florida's needs and standards.

Lottery Operational Activities
<ul style="list-style-type: none">• Identified potential unauthorized activity• Continued responsible gaming efforts• Upgraded the retailer management software tool and expects to launch a prize payment system in 2025

Lottery officials reported that the launch of a new prize payment system has been postponed to after April 2025 to allow the department to continue working with the vendor to ensure that the system meets Florida's needs and standards.

The five most common types of unauthorized activity reported to the Lottery's Division of Security accounted for 386 incidents during Fiscal Years 2022-23 and 2023-24

The department's Division of Security is a state law enforcement agency created to protect the integrity of the Florida Lottery and ensure compliance with Ch. 24, *Florida Statutes*. The division is responsible for protecting Lottery facilities and operations and responding to calls for service related to fraud and other questionable activity affecting the integrity of the Florida Lottery. The division also conducts background investigations of lottery retailers and criminal investigations of lottery retailers and players. The division employs 29 full-time staff and 11 part-time OPS employees and operates nine district offices across the state, including its headquarters in Tallahassee.³⁴

The division reported using several processes to identify potential unauthorized activity.³⁵ For example, at least once a month, the division analyzes claimant data, such as identifying high frequency winners and retailers with large sales increases. Using the data analysis, the division identifies retailer locations that must be visited for a compliance operation. Other means of identifying potential unauthorized activity include player complaints received through the Office of the Inspector General; reports from Lottery sales representatives working in the field; and information received through a publicly available security telephone hotline. In addition, department security staff conducts scheduled and random inspections and compliance operations.

For Fiscal Year 2024-25, department officials reported that the division is procuring a new records and case management system to increase its ability to accurately and efficiently manage and track investigations. Without the new system, the division must manually review reports to respond to audit requests. In addition to receiving approval for a new case management system, in June 2024 the division upgraded the technology it uses to forensically examine questionable, altered, fraudulent, and high tier winning lottery tickets. The division's forensics lab aids in validating lottery player claimants

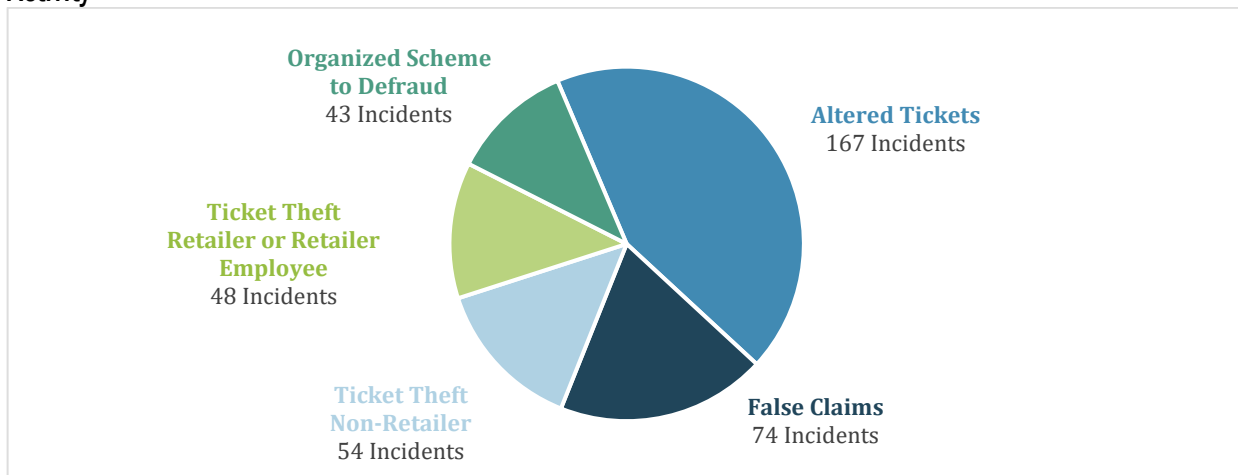
³⁴ The district offices are in Fort Myers, Gainesville, Jacksonville, Miami, Orlando, Pensacola, Tallahassee, Tampa, and West Palm Beach. The Tallahassee district office is in the Lottery Headquarters building.

³⁵ When these processes identify potential unauthorized activity by a retailer, the division may conduct a retailer inspection or a compliance operation. Compliance operations are different from inspections in that the former are covert. Targets for such operations are determined based on the frequency of complaints and other circumstances.

by examining tickets, which can lead to criminal charges being filed against fraudulent claimants. According to department staff, special agents submit approximately 300 lottery tickets to the division's forensics lab annually for examination.

According to Lottery officials, the five most common types of unauthorized activity reported to the Division of Security in Fiscal Years 2022-23 and 2023-24 were altered tickets (167 incidents), false claims (74 incidents), ticket theft by someone other than a retailer (54 incidents), ticket theft by a retailer or retailer employee (48 incidents), and an organized scheme to defraud (43 incidents). (See Exhibit 5.)

Exhibit 5
In Fiscal Years 2022-23 and 2023-24, Altered Tickets Was the Most Common Type of Unauthorized Lottery Activity¹



¹ In Fiscal Year 2023-24, there were 40 cases of an organized scheme to defraud, one of which included 37 separate counts.

Source: The Florida Lottery.

During Fiscal Year 2023-24, the department continued responsible gaming efforts

Lottery officials reported that the department continued its efforts to reinforce responsible gaming in several ways during Fiscal Year 2023-24. For example, the department participated in Responsible Gaming Month (September) by issuing press releases, social media posts, and a website banner. The department also participated in the Holiday Responsible Gaming Campaign, partnering with the National Council on Problem Gambling to encourage adults to be aware of the risks of giving lottery products to minors as holiday gifts because those who start gambling at a young age are more likely to develop a problem later in life. In addition, the department participated in Problem Gambling Awareness Month, which included activities such as employee training, social media engagement, website content, terminal messages, and press releases.

The department is seeking recertification by the North American Association of State & Provincial Lotteries and National Council on Problem Gambling's Responsible Gaming Verification (RGV) program. The RGV program is designed to help certified lotteries plan and implement effective responsible gambling policies. In addition to helping lotteries promote responsible gambling, the RGV program educates lottery executives, employees, and the public about responsible gambling measures that are possible within lottery operations as well as the spectrum of problem gambling behavior and treatment. As of 2023, almost half of the lotteries in the United States had completed the RGV program.

The department upgraded its retailer management software tool and expects to launch a prize payment system after April 2025

During Fiscal Year 2023-24, the department's vendor—IGT—released a new version of Sales Wizard, a mobile software tool for Lottery sales representatives that includes retailer information, such as retailer profiles, invoices, photos, and notes. The Sales Wizard provides sales representatives with notifications, sales goals, and dynamic routing information. Notifications include alerts indicating that a retailer has not had a service visit in the required number of days or a game is being sold at a slow rate. Dynamic routing information allows sales representatives to schedule retailer visits by dates, for example, when product inventory is low, instead of during set weekday intervals. The Sales Wizard mobile tool also includes retailer sales information, ticket inventory for specific games sold by each retailer, and space-to-sales analyses. A space-to-sales analysis shows the sales data compared with the percentage of retailer space dedicated to lottery game dispensers, which can be used by sales representatives to adjust the game dispensers in retailers. The department reports that the Sales Wizard has created efficiencies in tracking retailer information, resulting in improved communications and potential sales increases.

In addition, the Florida Lottery plans to launch its prize payment system after April 2025. In 2024, the department reported that it expected mobile cashing to make the player experience more convenient by allowing players to use the Lottery's mobile app to scan tickets and receive payment for winnings without visiting a lottery retailer or a department regional office. To redeem a winning ticket through the mobile app, a player must establish an account and provide banking information. Prior to implementing the new prize payment system, the department revised its prize payment rule to allow for mobile cashing in Florida.³⁶

Lottery officials reported that the department plans to implement the prize payment system in three phases. In phase one, the department will replace its current legacy prize payment system, Fortune. The Fortune system currently processes all winning claims and prize payments and can intercept payments for state-owed debts (e.g., past due child support). Phase two includes a new prize payment system developed by IGT Global Solutions Corporation, which will be integrated into the mobile app. The department planned to launch phase two by July 2024, but during testing discovered that not all of its business needs have been met. Department staff have identified a list of enhancements needed to the prize payment system, and the department expects to launch phase two after April 2025. Phase three will focus on developing player-facing claim initiation kiosks in Lottery district offices that will eliminate paper and reduce claim processing times.

AGENCY RESPONSE

In accordance with the provisions of s. 11.51(2), *Florida Statutes*, OPPAGA submitted a draft of this report to the Secretary of the Department of the Lottery for review and response. The Secretary's written response is in Appendix C.

³⁶ Rule [53ER23-20](#), F.A.C.

APPENDIX A

Lottery Game Options

New games that attract new players could increase revenues to education, but some games could be considered an expansion of gambling. If these new games were considered for implementation in Florida, further analysis would be necessary to determine the potential impact on revenue sharing terms of the Gaming Compact Between the Seminole Tribe of Florida and the State of Florida.

Given that the game options identified in OPPAGA's 2024 report were not implemented, the information that follows is based on last year's analysis. Exhibit A-1 lists new game options, the options' advantages and disadvantages, and estimated revenues where OPPAGA was able to develop reasonable estimates. Some of the sales from new games would be the result of sales shifts from existing games; the estimates include a component to address a sales shift.³⁷ However, the estimated revenues are based on the implementation of each option individually; if multiple options were implemented concurrently, the fiscal impact of each would likely be smaller due to shifts in sales from one game to another. Some new games that could generate significant revenue, such as Fast Keno, could increase the negative social costs of gambling because a rapid-play style may be more addictive than other types of games.³⁸

In addition, implementing any new games with a higher prize payout would require careful analysis of the Lottery Revenue Bond rate floor, as transfers to the Educational Enhancement Trust Fund need to meet or exceed the transfer rates specified in the bond covenants. Annual revenue estimates assumed full implementation by July 1, 2024. However, some options would require additional time to implement, such as launching a keno or monitor game. In addition, unless otherwise noted, all estimates used the projected Fiscal Year 2024-25 EETF transfer rates from the August 2023 Revenue Estimating Conference. Transfer rates differ based on game type (i.e., draw or scratch). Transfers resulting from implementing new game options may differ based on the transfer rates at the time of implementation. Actual transfers in Florida may differ from the estimates due to factors such as population demographics, the mix of available games, and games available in neighboring states.

³⁷ If any of these options were implemented, further study of the sales shift (also referred to as the cannibalization rate) would be needed.

³⁸ Lottery games can be addictive for some players. Some research has shown that the higher or more rapid the event frequency, the more likely it is that the gambling activity will cause problems for the player, particularly if the player is predisposed to gambling addiction. Because Fast Keno has a more rapid-play style than the Florida Lottery's existing draw games, it has the potential to be more addictive than other draw games. Fast Keno drawings are every four to five minutes, compared to one to five times a day for the Florida Lottery's daily games and two or three times a week for its other draw games.

Exhibit A-1

New Games Could Increase Revenues to Education, But May Be Considered an Expansion of Gambling

Option	Advantages	Disadvantages
All or Nothing		
<p>For \$1 or \$2, players select 10 to 12 numbers from up to 24 numbers and win the top prize by matching all numbers drawn or by matching none of the numbers drawn; drawings are held multiple times per day.¹</p>	<ul style="list-style-type: none"> • Could generate approximately \$12.2 million in transfers to education during the first full year of implementation² 	<ul style="list-style-type: none"> • May have a limited life cycle after which sales decline
Daily Keno		
<p>Players choose as many as 10 numbers from a panel of 80 numbers and win by matching their choices to 20 to 22 numbers drawn by the central computer at the Lottery headquarters; the game may be played more than once per day.³</p>	<ul style="list-style-type: none"> • Could generate approximately \$10.9 million per year in additional recurring transfers to education⁴ 	<ul style="list-style-type: none"> • May have a limited life cycle after which sales may decline
Fast Keno		
<p>Players choose from 10 to 12 numbers from a panel of 80 numbers and win by matching their choices to 20 numbers drawn by the central computer at the Lottery headquarters; it may be played frequently (e.g., every four to five minutes); players watch a monitor at a retailer location to determine if they have won or the player may leave the premises and check the Lottery’s website for the winning numbers.⁵</p> <p>Implementing this option may require legislative budget approval for additional gaming system equipment and legislative action to modify the requirements for a drawing to be public, witnessed by an accountant, and include inspecting the drawing equipment before and after each drawing, given that electronic drawings could occur every four to five minutes (s. 24.105(9)(d), F.S.).</p>	<ul style="list-style-type: none"> • Could generate approximately \$83.7 million per year in additional recurring transfers to education⁶ • Performs best in social settings, such as bars, restaurants, and fraternal organizations, although other U.S. lotteries allow traditional lottery retailers to participate; some U.S. lotteries also offer Keno-to-Go at traditional lottery retailer sites whereby players purchase tickets, leave the premises, and check the lottery website to determine if they have won • Could help the Lottery recruit new retailers in social venues, such as restaurants and bars 	<ul style="list-style-type: none"> • May be addictive due to its rapid-play style • Has a higher prize payout than traditional draw games, which could decrease the funds available for transfer to education unless offset by increased sales volume • Long-term sales gains are dependent on new retailer participation
Monitor Games		
<p>Computer animated games, such as simulated horse racing, poker, and bingo, that are played on in-store monitors similar to the way Fast Keno is played.⁷</p> <p>Implementing this option may require legislative budget approval for additional gaming system equipment and legislative action to modify the requirements for a drawing to be public, witnessed by an accountant, and include inspecting the drawing equipment before and after each drawing, given that electronic drawings could occur frequently (s. 24.105(9)(d), F.S.).</p>	<ul style="list-style-type: none"> • Could generate approximately \$10.7 million per year in additional recurring transfers to education⁸ • Could appeal to emerging markets of Lottery players that have grown up playing computer games • Allows the Lottery to recruit new retailers in social venues, such as restaurants and bars • Could be limited to pari-mutuel facilities or social settings, such as bars and restaurants 	<ul style="list-style-type: none"> • May be addictive due to its rapid-play style

Option	Advantages	Disadvantages
Progressive Jackpot Fast Play		
<p>Players choose the play amount of \$1, \$2, \$5, or \$10 for an instant play, instant win ticket that prints from the terminal and can be played immediately to determine if the ticket is a winner; game sales feed into a jackpot prize that increases until it is won. The winner's portion of the jackpot is dependent on how much they chose for the play amount.⁹</p>	<ul style="list-style-type: none"> • Could generate approximately \$21.98 million per year in additional recurring transfers to education¹⁰ • The excitement of a progressive jackpot serves as a sales driver • A progressive jackpot offers a higher proportion of the jackpot to players who play a higher dollar amount 	<ul style="list-style-type: none"> • Strong participation to drive sales and grow the jackpot is necessary for success • Communication of jackpot levels to players is dependent upon timely updates from the gaming system and any time lags could erode player confidence and participation

¹ OPPAGA identified three U.S. lotteries that offer an All or Nothing game—Massachusetts, Texas, and Wisconsin. In Massachusetts, All or Nothing is also a monitor game and is therefore included in both the All or Nothing and Monitor Games sections in this appendix.

² OPPAGA estimated a range of potential All or Nothing transfer revenue (\$8.4 million to \$17.6 million, with a median of \$12.2 million) based on the per capita sales in the three states that offer All or Nothing, which was applied to Florida's estimated population for 2024. The analysis assumes a draw game transfer rate to the EETF of 39.14% and that 10% of the sales would be shifted from existing game sales.

³ OPPAGA identified four U.S. lotteries that offer Daily Keno—Michigan, New York, Virginia, and Washington.

⁴ OPPAGA estimated a range of Daily Keno transfer revenue (\$6.7 million to \$46.1 million, with a median of \$10.9 million), based on the per capita sales in the four states that offer Daily Keno, which was applied to Florida's estimated population for 2024. The estimate assumes a draw game transfer rate to the EETF of 39.14% based on the August 2023 Revenue Estimating Conference projected transfers for Fiscal Year 2023-24 and that 5% of the sales would be shifted from existing game sales.

⁵ OPPAGA identified 22 U.S. lotteries that offer Fast Keno—California, Connecticut, Delaware, the District of Columbia, Georgia, Kansas, Kentucky, Maryland, Massachusetts, Michigan, Missouri, New Hampshire, New Jersey, New York, North Carolina, Ohio, Oregon, Pennsylvania, Rhode Island, Tennessee, West Virginia, and the U.S. Virgin Islands.

⁶ OPPAGA estimated a range of potential Fast Keno transfer revenue (\$9.3 million to \$792.1 million, with a median of \$83.7 million) based on the per capita sales in 20 states, plus the District of Columbia, that offer Fast Keno, which was applied to Florida's estimated population for 2024. The U.S. Virgin Islands were excluded from the analysis due to insufficient information. The estimate assumes a transfer rate to the EETF of 22%, based on the estimate provided by the Florida Department of the Lottery. The estimate also assumes that 10% of sales would be shifted from existing game sales.

⁷ OPPAGA identified nine U.S. lotteries that offer monitor games that produced revenue in 2022—the District of Columbia, Kansas, Maryland, Massachusetts, New Jersey, Ohio, Pennsylvania, Rhode Island, and West Virginia. In Massachusetts, All or Nothing is also a monitor game and is therefore included in both the All or Nothing and Monitor Games sections in this appendix.

⁸ OPPAGA estimated a range of potential monitor game transfer revenue (\$4.7 million to \$235.1 million, with a median of \$ 10.7 million) based on the per capita sales in the eight states, plus the District of Columbia, that had monitor game revenue in 2021, which was applied to Florida's estimated population for 2024. The estimate assumes a transfer rate to the EETF of 22%, based on the estimate provided by the Florida Department of the Lottery. The estimate also assumes that 10% of sales would be shifted from existing game sales.

⁹ OPPAGA identified 24 U.S. lotteries that offer one or more progressive jackpot fast play game—Arizona, Arkansas, Connecticut, the District of Columbia, Georgia, Idaho, Indiana, Iowa, Kentucky, Louisiana, Maine, Maryland, Michigan, Minnesota, Montana, New Hampshire, New Jersey, New Mexico, North Carolina, Ohio, Pennsylvania, Vermont, Virginia, and Wisconsin.

¹⁰ OPPAGA estimated a range of potential progressive jackpot fast play game transfer revenue (\$1.41 million to \$47.7 million, with a median of \$21.98 million) based on the per capita sales in 14 states that offer fast play progressive games, which was applied to Florida's estimated population for 2024. Due to insufficient data, OPPAGA excluded Arizona, Arkansas, the District of Columbia, Georgia, Louisiana, Maine, Maryland, Minnesota, Vermont, and Wisconsin. The estimate assumes a transfer rate to the EETF of 18.59%, and that 10% of the sales would be shifted from existing game sales.

Source: OPPAGA analysis of lottery industry and Florida Lottery information.

APPENDIX B

Product Distribution Options

Making lottery products more accessible and convenient for players by expanding product distribution could increase revenues to education, but some options could be considered an expansion of gambling. If these additional product distribution options were considered for implementation in Florida, further analysis would be necessary to determine the potential impact on revenue sharing terms of the Gaming Compact Between the Seminole Tribe of Florida and the State of Florida.

Given that product distribution options identified in OPPAGA’s 2024 report were not implemented, the information that follows is based on last year’s analysis. Exhibit B-1 lists product distribution options that could increase Lottery sales and education transfers, advantages and disadvantages of each option, and potential revenue increases where OPPAGA was able to develop reasonable estimates. The estimates are based on implementation of individual options; if multiple options were implemented concurrently, the fiscal impact of each would likely be smaller due to shifts in sales from one point of sale to another.³⁹ Actual transfers in Florida may differ from the estimates due to factors such as population demographics, the mix of available games, games available in neighboring states, the percentage of sales revenue used for prize payouts, and the retailer commission rate. Unless otherwise noted, all estimates used the projected Fiscal Year 2024-25 Educational Enhancement Trust Fund transfer rates from the August 2023 Revenue Estimating Conference, which differ based on game type (i.e., draw or scratch). Transfers resulting from the implementation of new product distribution options may differ based on the transfer rates at the time of implementation. Annual revenue estimates assume full implementation by July 1, 2024. However, some options would likely require additional time to implement.

Exhibit B-1

Expanding Product Distribution Could Increase Revenues to Education, but May Be Considered an Expansion of Gambling

Option	Advantages	Disadvantages
Increase Retailer Network		
<p>This option would add additional corporate and independent lottery retailers in both traditional locations, such as convenience and grocery stores, and non-traditional locations, such as chain drug stores, mass merchandisers, home improvement centers, bars, and restaurants.</p> <p>This option may require legislative budget approval for more terminals, depending on the extent of growth. In addition, non-traditional retailers have expressed barriers to becoming retailers that would likely need to be addressed (e.g., having adequate resources to securely store lottery tickets and perform required accounting and financial processes).</p>	<ul style="list-style-type: none"> • Adding 200 new retailers could generate approximately \$3.7 million per year in additional recurring transfers to education¹ • Florida has been below average in the number of terminal retailers per capita compared to other successful lottery states; increasing the retailer network could improve per capita sales • Could increase product distribution and awareness, making products available to new players 	<ul style="list-style-type: none"> • The non-traditional lottery business model may require the development of different products, compensation frameworks, and distribution strategies • May require additional department staff to service new retailer accounts

³⁹ If any of these options were implemented, further study of the sales shift would be needed.

Option	Advantages	Disadvantages
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Internet Sales

<p>This option would authorize intrastate internet sales of lottery products and allow players to purchase individual draw or instant games, and/or subscribe to game drawings for up to one year in advance on the Florida Lottery website; for prizes under a specified amount (e.g., \$600), players would receive automatic credit or the Lottery would mail them a check.</p> <p>Implementing this option would require statutory changes to allow player-activated terminals (s. 24.105, F.S.).</p> <p>Unless payment is limited to bank account transfers, implementing this option would also require amending statutes that require a purchase of \$20 of other goods and services to use a credit card or other instrument issued by a financial institution or retailer to purchase lottery products (s. 24.118, F.S.).</p> <p>Implementing this option would also require legislative budget approval for enhanced systems and technology.</p>	<ul style="list-style-type: none"> • Adding internet sales could generate approximately \$27.0 million to \$456.5 million per year in additional recurring transfers to education depending on whether only draw games or both draw and instant games are offered, respectively; the median transfer estimate for offering both instant and draw games online is \$205.6 million, while the median transfer estimate is \$98.4 million for offering only draw games online and \$107.2 million for offering only instant games^{2,3} • Lottery would receive revenues from subscription sales in advance of drawings • Would provide more convenience to players who prefer to purchase their lottery products from their personal computer or mobile device • Key benefits for consumers would include no missed draws, no waiting in lines, and ease of claiming prizes • In 2021, a unanimous panel of the U.S. Court of Appeals for the First Circuit agreed with a 2011 U.S. Department of Justice opinion concluding that the Wire Act only prohibits the interstate transmission of bets or wagers on sporting events and does not apply to state internet lotteries 	<ul style="list-style-type: none"> • Must comply with federal laws that require state regulations to include age and location verification to reasonably block access to minors and persons located outside the state • As has happened in other states, current lottery retailers may oppose this option due to concerns that the retailers would lose Lottery sales commissions and revenues from sales of other in-store products, as players would no longer need to visit a retailer to make a Lottery purchase • Game changes after subscription tickets are purchased would require communication with players and possibly a replacement ticket • Could reduce unclaimed prize funds, as prizes may be automatically credited to players, which would decrease the transfers to the EETF⁴
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Courier Services

<p>This option would authorize courier companies to purchase tickets on behalf of players, typically through a website or mobile app.</p> <p>Courier services could be implemented in various ways. For example, the Lottery could permit a courier company to register as a lottery retailer or allow current lottery retailers to enter into an agreement with a courier company.</p> <p>For lower-tier prizes, the courier may credit a player's account, while for higher-tier prizes, the courier could either mail the ticket to the player or arrange for the player to pick it up.</p> <p>Implementing this option may require statutory changes to allow for the operation of courier services (s. 24.112, F.S.).</p>	<ul style="list-style-type: none"> • Adding courier sales could generate approximately \$8 million to \$101.8 million per year in additional recurring transfers to education; the median transfer estimate is \$27.1 million⁵ • Would provide more convenience to players who prefer to purchase their lottery products from their personal computer or mobile device • Could increase marketing spending at no cost to the Lottery, as some courier companies advertise selling lottery products 	<ul style="list-style-type: none"> • Could pose a risk to the Lottery's reputation without careful regulation as a courier company's failure to properly purchase, store, or deliver a player's ticket may be attributed to the Lottery • Must ensure courier companies comply with federal laws that require state regulations to include age and location verification to reasonably block access to minors and persons located outside the state • Allowing courier companies to register as a lottery retailer that can make sales and collect commissions directly could draw opposition from current lottery retailers
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Option	Advantages	Disadvantages
<p>For players to purchase tickets through the courier’s website or mobile app, this option would also require statutory changes to allow player-activated terminals (s. 24.105, F.S.).</p> <p>Unless payment is limited to bank account transfers, implementing this option would also require amending statutes that require the purchase of \$20 of other goods and services to use a credit card or other instrument issued by a financial institution or retailer to purchase lottery products (s. 24.118, F.S.).</p>		

¹ OPPAGA estimated potential transfers from increasing the retailer network by assuming that the 200 retailers would achieve at least the average weekly gross sales new independent retailers achieved in Fiscal Year 2022-23. The estimate also assumes that all 200 terminals would be active for a full year and that 20% of sales would shift from existing retailers.

² OPPAGA estimated potential transfers from implementing internet sales using available sales data from 11 U.S. lotteries that offer internet sales—the District of Columbia, Georgia, Illinois, Kentucky, Michigan, New Hampshire, North Carolina, North Dakota, Pennsylvania, Rhode Island, and Virginia. The analysis excluded New York as the state only sells draw game subscriptions online. The estimate assumes a transfer rate to the EETF of 39.14% for draw-only internet sales and 74.60% for instant internet gross gaming revenue, and that 5% of sales would shift from existing distribution options.

³ Actual transfer amounts to the EETF could differ from the estimates based on prize payout rates, bank card swipe fees, vendor fees, and operational costs.

⁴ Section [24.115\(2\), F.S.](#), requires that 80% of the amount of unclaimed prizes is transferred to the EETF and the remaining 20% is added to a pool from which future prizes are to be awarded or used for special prize promotions, such as second chance games.

⁵ OPPAGA estimated potential transfers from implementing courier sales using available sales data from eight U.S. lotteries where couriers operate—Colorado, Montana, New Hampshire, New York, Ohio, Oregon, Texas, and West Virginia. The analysis excluded 11 other U.S. lotteries where couriers operate (i.e., Arizona, Arkansas, California, the District of Columbia, Idaho, Massachusetts, Minnesota, Nebraska, New Jersey, New Mexico, and Vermont) due to insufficient information. The estimate assumes a transfer rate to the EETF of 39.14% for draw-only courier sales and that 10% of sales would shift from existing distribution options.

Source: OPPAGA analysis of lottery industry and Florida Lottery information.

APPENDIX C

Agency Response

RON DESANTIS
Governor



JOHN F. DAVIS
Secretary

January 29, 2025

Kara Collins-Gomez, Coordinator
Office of Program Policy Analysis and Government Accountability
111 West Madison Street
Tallahassee, Florida 32399-1475

Dear Coordinator Collins-Gomez:

Thank you for opportunity to formally respond to your office's report: "Review of the Florida Lottery, 2024." The Department of the Lottery (Lottery or department) sincerely appreciates the diligent efforts of your staff in conducting a comprehensive review of our performance in recent fiscal years. We appreciate your team's efforts in supporting our commitment to innovative and strategic initiatives that maximize funding for education.

Over the course of several months, the Lottery collaborated closely with your staff to provide the most accurate, detailed, and complete information needed for the report. We remained engaged throughout the process, answering follow-up questions and clarifying information as necessary. This collaborative approach underscores the professionalism and partnership demonstrated by your team, and we commend their efforts. The Lottery is confident that the resulting report will serve as a valuable resource as we continue our work.

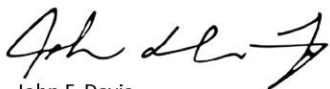
Some of the findings we would like to highlight include:

- **"The Lottery continued to take steps to increase sales and transfers to the Educational Enhancement Trust Fund"**
 - In total, the Lottery has contributed over \$47 billion to the EETF since 1988. The Lottery has also helped over 1 million students receive the Bright Futures Scholarship since 1997.
 - For the 22nd consecutive fiscal year, the Lottery transferred more than \$1 billion to the EETF.
 - In Fiscal Year 2023-24, the Lottery surpassed its highest ever retailer count with 13,629 retailers.
- **"The Lottery's operating expenses have consistently been lower than the legislative performance standard."**
 - As noted in the report, the Florida Lottery has the second lowest operating expense rate in Fiscal Year 2023-24 among all state lotteries.

- **“The department has implemented several operational initiatives”**
 - The Lottery plans to implement and launch a new prize payment system in three phases, beginning in FY 2025-26.
 - The Lottery has continued its efforts to reinforce responsible gambling in several ways during FY 2023-24.

These positive findings reflect the hard work and dedication of the Lottery staff, along with the strong leadership of Governor DeSantis and the Legislature. We are grateful for OPPAGA's thorough and thoughtful review of the Lottery and look forward to continuing our collaboration in the future.

Respectfully,



John F. Davis
Secretary

cc: Reginald Dixon, Chief of Staff
Andy Mompeller, Inspector General





OPPAGA

Office of Program Policy Analysis and Government Accountability

OPPAGA provides performance and accountability information about Florida government in several ways.

- [Reports](#) deliver program evaluation and policy analysis to assist the Legislature in overseeing government operations, developing policy choices, and making Florida government more efficient and effective.
- [Government Program Summaries](#) (GPS) provides descriptive information on Florida state agencies, including funding, contact information, and references to other sources of agency information.
- [PolicyNotes](#), an electronic newsletter, delivers brief announcements of research reports, conferences, and other resources of interest for Florida's policy research and program evaluation community.
- Visit [OPPAGA's website](#).

OPPAGA supports the Florida Legislature by providing data, evaluative research, and objective analyses that assist legislative budget and policy deliberations. This project was conducted in accordance with applicable evaluation standards. Copies of this report in print or alternate accessible format may be obtained by telephone (850/488-0021), by FAX (850/487-3804), in person, or by mail (OPPAGA Report Production, Claude Pepper Building, Room 312, 111 W. Madison St., Tallahassee, FL 32399-1475).

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Project conducted by Sean Millard (850/717-0504) and Jenna Evans

Kara Collins-Gomez, OPPAGA Coordinator