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CHAIRPERSON JAMES:

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Mary Knust. I don't think she is here.

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John Williams?

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MR. WILLIAMS: Good afternoon.

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CHAIRPERSON JAMES: Good afternoon.

1                   MR. WILLIAMS:    My name is John Williams  
2   and I am the Controller of the Massachusetts State  
3   Lottery Commission.  Prior to joining the Lottery two  
4   years ago, I spent four years working at the budget  
5   bureau, which is Massachusetts's version of the federal  
6   government's Office of Management and Budget.

7                   At the budget bureau, I was responsible  
8   for, among other things, monitoring and analyzing  
9   lottery finances.  I want to share some observations  
10  about what the Massachusetts State Lottery Commission  
11  has accomplished and what that has meant to cities and  
12  towns and to the state budget.

13                  When I started at the budget bureau in the  
14  fall of 1991, fiscal year 1991 had just concluded.  In  
15  that fiscal year, gross revenue for the Lottery was  
16  \$1.6 billion, net profit was \$476 million and \$306  
17  million was distributed to cities and towns.  In fiscal  
18  year 1997, which ended last June 30th, gross revenue  
19  totaled \$3.2 billion, net profit was \$721 million and  
20  \$529 million was distributed to cities and towns.  That  
21  represents increases of approximately 100 percent in  
22  gross revenue, 51 percent in net profit and 73 percent  
23  in monies distributed to cities and towns.

1           Those numbers are so big that they are  
2 difficult to comprehend, so just as an example, let me  
3 tell you about the town of Hingham, which is located  
4 south of Boston and has a population of about 20,000.  
5 In fiscal year 1991, Lottery aid paid to Hingham  
6 totalled \$613,000. In Fiscal year 1997, Lottery aid  
7 grew to \$1,027,000, which represents an increase of  
8 over \$400,000 or 67 percent, in just six years.

9           Beginning during the fiscal crisis of the  
10 late 1980's, when the economic boom of the early 1980's  
11 faded away and continuing through today, the  
12 Commonwealth of Massachusetts has been able to use  
13 Lottery profits which are now distributed to cities and  
14 towns to help balance the state budget. Lottery  
15 profits have helped the state pay for essential state  
16 services, like education, the courts, district  
17 attorneys and the state police. Without the profits  
18 from the state lottery, services would have had to have  
19 been reduced or revenues would have to have been  
20 generated from another source.

21           In fiscal year 1997, approximately \$180  
22 million in unrestricted revenue was transferred to the  
23 state's local aid fund and was appropriated by the  
24 state legislature in the state budget to fund state

1 agencies and programs. \$180 million represents about  
2 one percent of total budgetary spending.

3 From a budgetary perspective the expansion  
4 of the Lottery --.

5 In summary, the Massachusetts Lottery has  
6 accomplished a great deal in the last few years and has  
7 helped the Commonwealth and its cities and towns pay  
8 for many important programs.

9 Thank you.

10 CHAIRPERSON JAMES: Thank you.