CHAIRPERSON JAMES:
Mary Knust. I don’t think she is here.
John Williams?
MR. WILLIAMS: Good afternoon.
CHAIRPERSON JAMES: Good afternoon.
MR. WILLIAMS: My name is John Williams and I am the Controller of the Massachusetts State Lottery Commission. Prior to joining the Lottery two years ago, I spent four years working at the budget bureau, which is Massachusetts's version of the federal government's Office of Management and Budget.

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

When I started at the budget bureau in the fall of 1991, fiscal year 1991 had just concluded. In that fiscal year, gross revenue for the Lottery was $1.6 billion, net profit was $476 million and $306 million was distributed to cities and towns. In fiscal year 1997, which ended last June 30th, gross revenue totaled $3.2 billion, net profit was $721 million and $529 million was distributed to cities and towns. That represents increases of approximately 100 percent in gross revenue, 51 percent in net profit and 73 percent in monies distributed to cities and towns.
Those numbers are so big that they are difficult to comprehend, so just as an example, let me tell you about the town of Hingham, which is located south of Boston and has a population of about 20,000. In fiscal year 1991, Lottery aid paid to Hingham totalled $613,000. In Fiscal year 1997, Lottery aid grew to $1,027,000, which represents an increase of over $400,000 or 67 percent, in just six years.

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

In fiscal year 1997, approximately $180 million in unrestricted revenue was transferred to the state's local aid fund and was appropriated by the state legislature in the state budget to fund state
agencies and programs. $180 million represents about one percent of total budgetary spending.

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

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

Thank you.

CHAIRPERSON JAMES: Thank you.