

Agency Response to Economic Impact Analysis

The Lottery concurs with the economic impact analysis prepared by the Department of Planning and Budget, with the following exception and comment:

The analysis correctly points out that the regulations will provide authority to the department to require certain prize winners to participate in press conferences as well as to use their names, photographs and name of city or town for public information purposes. The analysis expresses concern about the department's ability to enforce this requirement.

Although this authorization is already contained in individual game rules, which are considered part of the regulations, the department does not intend to insist that any winner appear in a press conference if it would not be beneficial to the winner and the department. Names, prize amounts and hometowns, however, will be released. The principal asset of the Lottery is its reputation and integrity. Providing public information is an important part of maintaining this asset. Identification of lottery winners assures the public that prizes are disbursed in a legitimate manner to real people, and not to hidden entities. The General Assembly supported that concern when they passed a bill in 1999 requiring that only "natural persons" may purchase lottery tickets and claim prize winnings (§ 58.1-4019 B). The intent of the legislators was to prevent winners from hiding their identity behind business entities. The only method of assuring the public of Lottery compliance with this requirement is to publicly disclose winner information.

Also, as noted in the analysis, certain operational and procedural changes have been made without going through the regulatory process, and regulations are being updated now to reflect these changes, thus causing the department to operate contrary to certain regulations.

The Lottery acknowledges this situation; however, in order for the department to perform its functions effectively, it must operate in an enterprise environment. The department is attempting to simplify the current regulations by removing operating procedures not specifically required by the Code of Virginia to be included. When the Lottery was first established, regulations were drafted based on those in place in comparable states because Virginia had no prior experience with this type of revenue producing enterprise. Following the initial adoption, numerous emergency revisions were made to more accurately reflect this state's lottery environment.

The Lottery operates in a competitive business atmosphere and, consequently, is exempt of certain personnel and procurement restrictions that apply to typical state agencies. The Lottery, however, continually solicits input from its several audiences (Retailer Advisory Group, retailer forums, focus groups, players) to ensure the fiscal strength of the operation.

As suggested in the economic impact analysis, the Lottery will attempt to use an expedited process such as the "fast track" process that was proposed in the 2002 General

Assembly Session. This bill, however, was carried over to the 2003 Session and is not yet in effect.

Further, there was a period of time during which agencies were permitted only to eliminate regulations, not amend them or create new ones.