

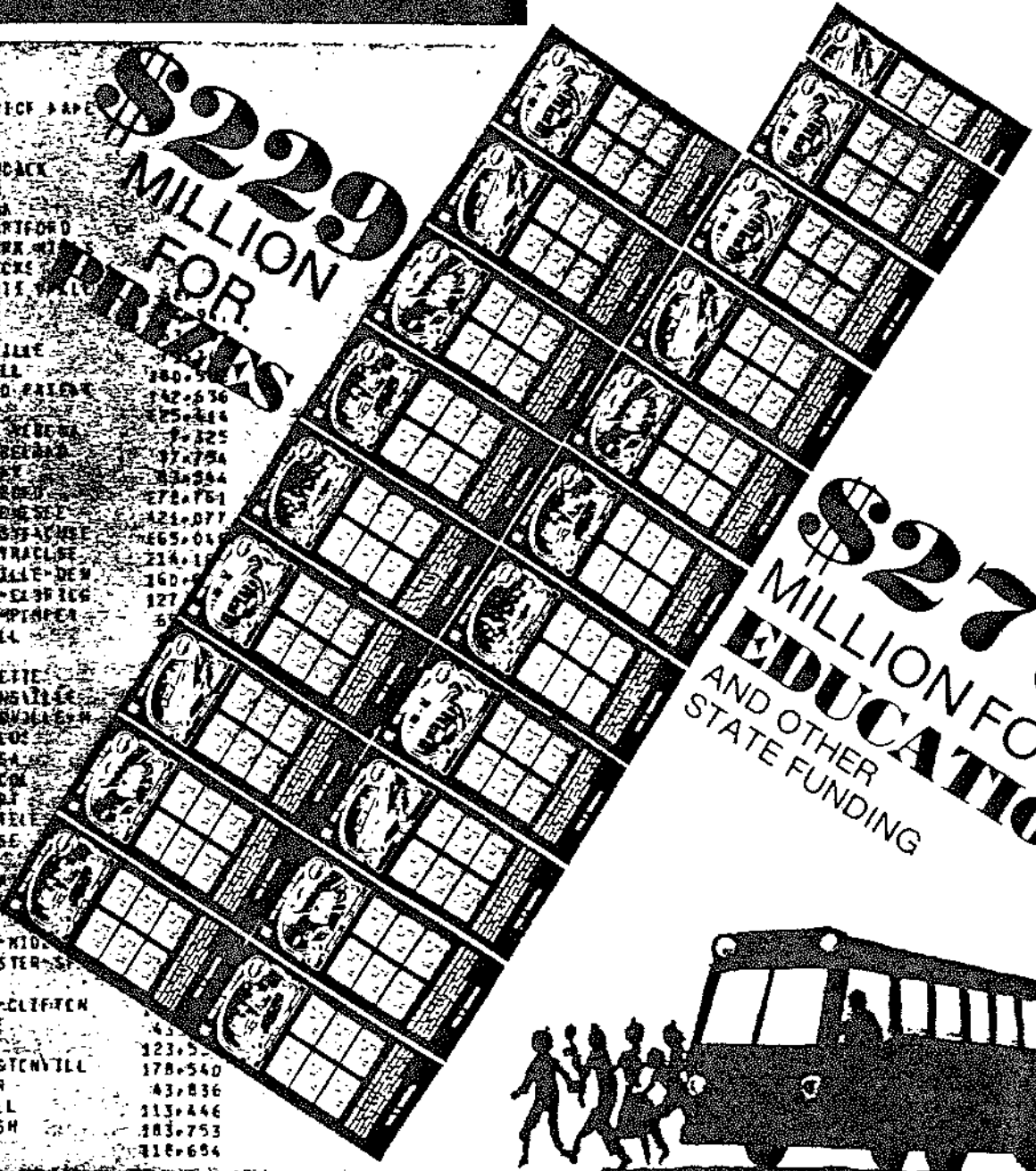
REPORT 1976-79

EMPIRE

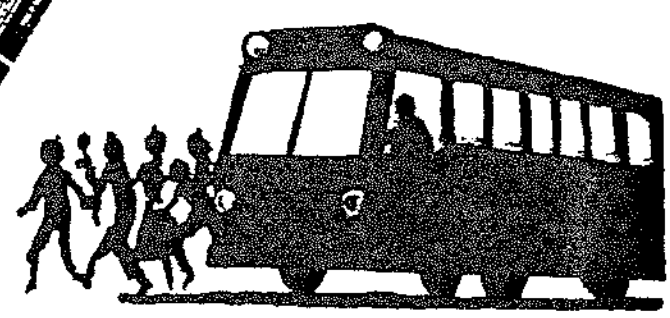
NEW YORK'S LOTTERY

\$229 MILLION FOR PITTSBURGH

DISTRICT	DISTRICT NAME	AMOUNT
30401	ADIRONDACK	
30401	CADEN	
31101	CLINTON	
31101	NEW PALTZ	
31504	NEW YORK	
31504	CHATEAUX	
31502	SALADOTT	
31701	HERSEY	
31600	ROPE	
31501	WATERVILLE	
32000	SHERIFF	
32001	HOLLAND PATENT	280,536
32500	ALBANY	25,444
32501	STUYVESANT	9,325
32501	WEST POND	17,754
32501	WEST POND	23,264
32501	WEST POND	272,751
30501	WEST POND	121,077
30501	WEST POND	665,011
30401	EAST SYRACUSE	214,111
30411	JAYVILLE-DEW	160,000
30501	JORDAN-SYRACUSE	127,000
30501	FAIRFIELD	5,000
30701	WESTILL	
30702	SOLVAY	
30801	LA FAYETTE	
30501	WALTONVILLE	
31001	FAIRPORT	
31101	MARCELO	
31201	ONEOTA	
31501	CLINTON	
31504	LAKEVIEW	
31601	SKANEATELE	
31600	SYRACUSE	
31502	TULLY	
30100	CANANDA	
30501	E. TOWN	
30700	GENEVA	
30501	GORHAM-WIND	
31101	MANCHESTER	
31101	WARREN	
31101	PHILIPS-CLIFTON	
31701	HONEY	43,000
31701	VIOTER	123,500
40102	WASHINGTONVILLE	178,540
40201	CHESTER	43,836
40301	CORNWALL	113,446
40401	PLACUSH	103,753
40601	GOSHEN	318,654

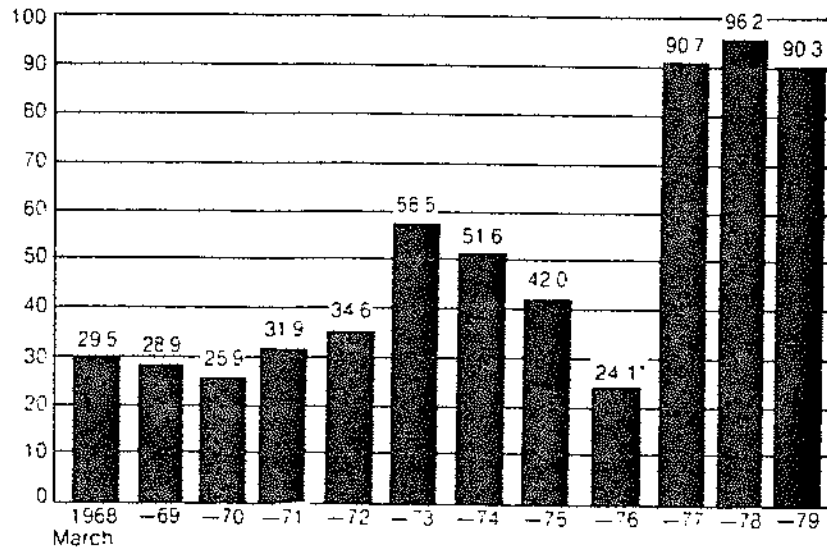


\$277 MILLION FOR EDUCATION AND OTHER STATE FUNDING



EARNINGS

NET PROFITS TO THE STATE OF NEW YORK
(in millions of dollars)



*lottery suspended in October 1975



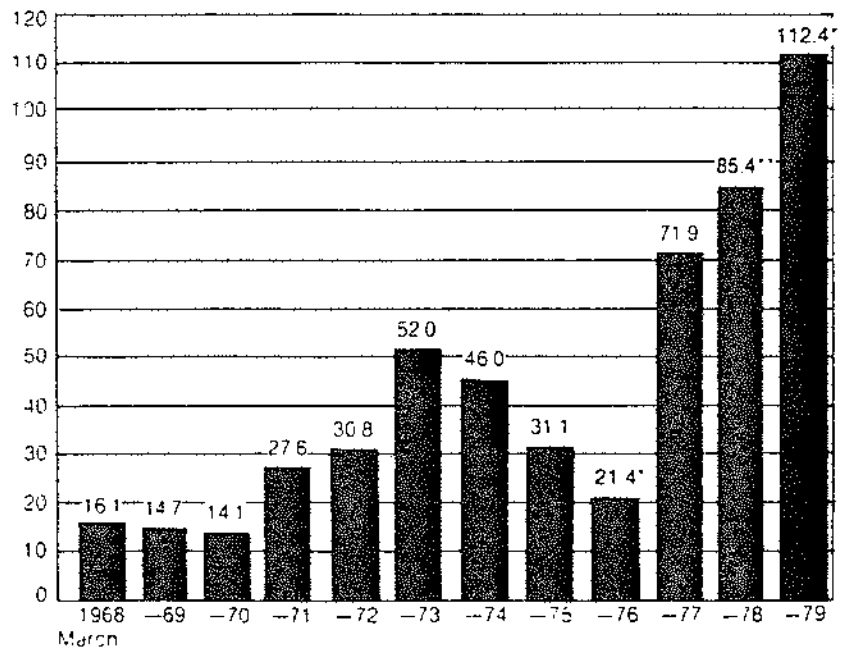
in just 3 years
the Empire Stakes
have already earned

\$277 million

FISCAL YEARS 1977-1979

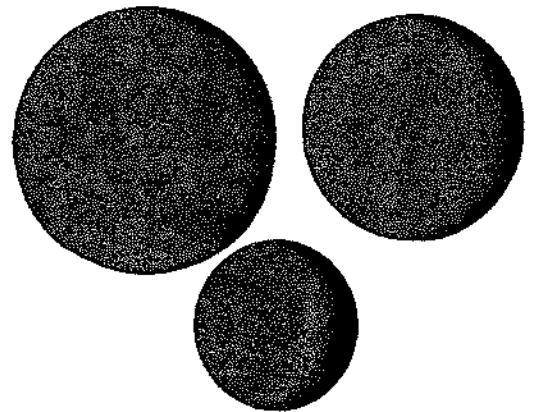
PRIZES

(in millions of dollars)



*lottery suspended in October 1975

**Includes Free Tickets



the last 3 years
prizes added to

\$229 million

in addition,
\$40 million
in Free Tickets
were awarded



\$2,000,000 Winners

Five people who work together in the cafeteria of an elementary school in Clarence, New York, (near Buffalo) were the first winners of \$2,000,000 in New York's Olympic Lottery.

Mary Krantz, Lorraine Corbett, Rose Marie Szczublewski, Natalie Kroth and Joe DePalmo are sharing the \$100,000 a year payments which are being made for 20 years to the winners.



The New York State Lottery

60 WALL STREET, 12TH FLOOR
NEW YORK STATE PLAZA
ALBANY, NEW YORK 12242

6000 QUINN
ALBANY

December 27, 1979

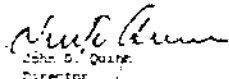
The Honorable James H. Tully, Jr.
Commissioner, New York State Department of Taxation
and Finance
Executive Bureau
State Campus
Tax & Finance Building
Albany, New York 12227

Dear Commissioner Tully:

In accordance with the provisions of subdivision c of section 1604 of the tax law, I am pleased to submit herewith a copy of the annual report of the Division of the Lottery for fiscal year 1978-79.

The information in this report will provide the "Summary of Lottery revenues, prize disbursements and other expenses" for fiscal year 1978-79 required in your report to the Governor and Legislature as specified in the above statute.

Sincerely,


John D. Quinn
Director

PAST THE HALF BILLION

\$277 million for Education \$229 million for Prizes

MUCH HAS HAPPENED since September 8, 1976.

New York State Lottery ticket sales were resumed on that date amid doubts, uncertainty and some reason to be skeptical about success.

A single lottery game, its concept entirely new to the State and its price twice what players had been accustomed to paying, was introduced.

A \$60 million goal in revenues to be raised for the State was formidable even for 12 months of a full fiscal year, not to say the less than seven that were available before March 31, 1977.

Three fiscal years later much had happened:

- \$277.2 million was raised for State purposes, principally for the support of education;
- \$229.4 million was paid out in prizes;
- \$42.8 million was paid in commissions to private businesses for the sale and distribution of tickets.
- One instant game grew into six different games, offering the most diversified Lottery mix ever available in New York.

The \$277.2 million produced revenues for the State at a rate of:

- \$92.3 million a year;
- \$8.9 million a month;
- \$2.1 million a week;
- \$420,000 every business day.

The \$229.4 million in prizes produced:

- 44.3 million winners of from \$2 to \$2,000,000;
- 3 winners of \$2,000,000;
- 21 winners of at least \$1,000,000;
- 1 winner of \$981,641, believed to be the largest lump sum lottery prize ever paid in the United States;
- More than 59,000 winners of \$100 or more.

In addition to the \$229.4 million paid out in cash prizes, \$40 million free tickets were awarded as prizes.

Since New York resumed Lottery operations in September, 1976, sales passed the half-billion dollar mark during the 1978-79 State fiscal year and by the middle of the next fiscal year are expected to surpass the gross receipts of all nine years of the previous lottery.

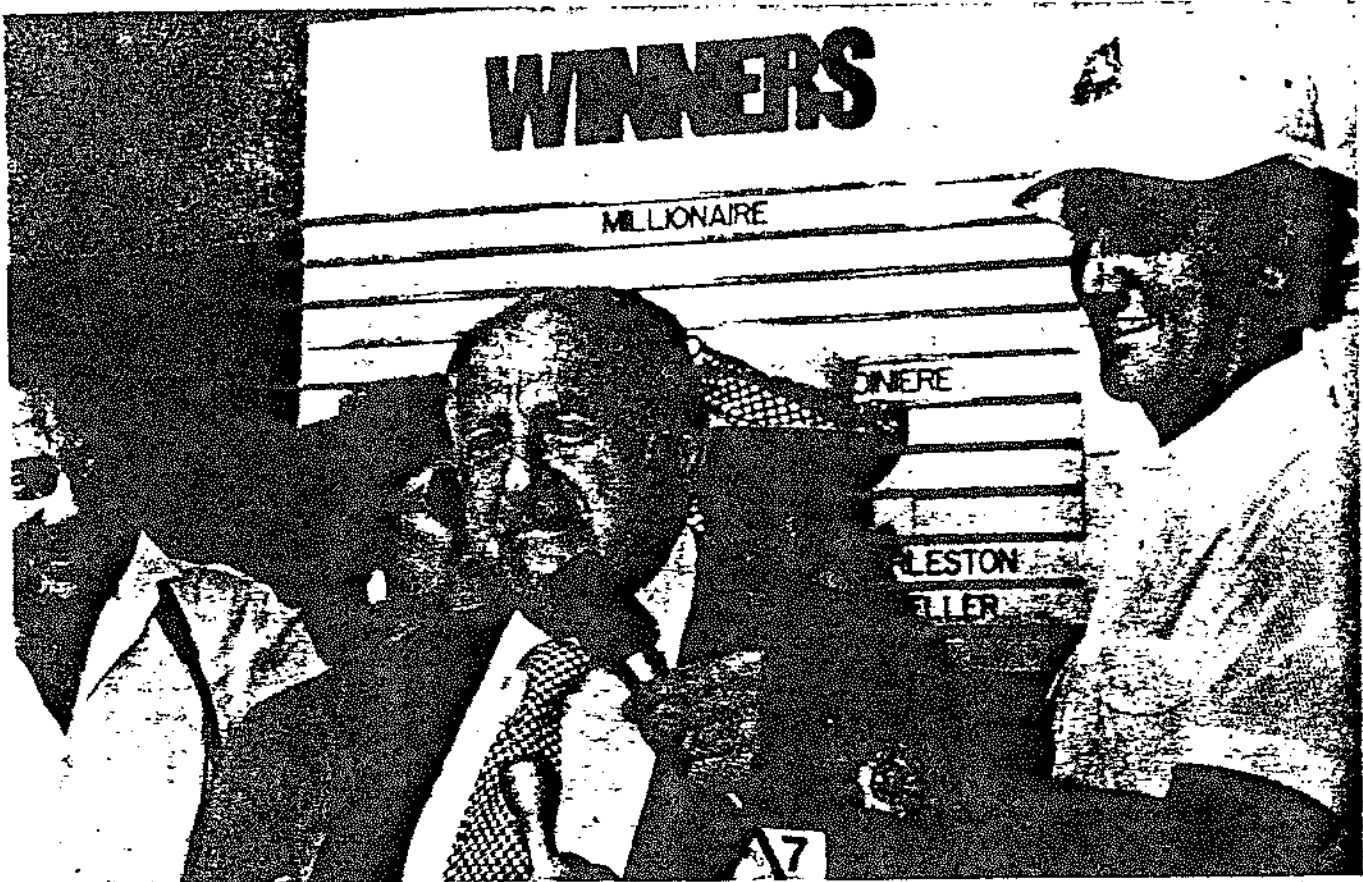
The fiscal year ending March 31, 1979, was the third straight year in which the Lottery raised more than \$90 million for State purposes, principally for the support of education.

By law 45% of gross sales revenue goes to support education. Regular Lottery proceeds are distributed to school districts under the State's aid formula by the Commissioner of Education. Olympic Lottery proceeds are deposited in a special trust fund which will help support winter sports education programs in New York State after the 1980 Olympics. Not more than 40% of sales revenue may be paid in prizes according to the law and not more than 15% to pay for the administrative costs of operating the Lottery, including the payment of commissions to sales agents.

The Olympic Lottery Law requires that all revenues from the sale of Olympic Lottery tickets, after deductions required by the save-harmless provisions of the law, be deposited in a special trust fund. A board of trustees will oversee expenditures from this fund. The save-harmless provision in the Olympic Lottery Law was enacted in anticipation that the Olympic Lottery might compete with the regular Lottery and in so doing divert funds from education assistance. The save-harmless provision in the law was used during the last fiscal year but has recently been changed. Because of this change, it is anticipated that more of the revenue from the Olympic Lottery will go to the Special Trust Fund.

By the end of the first fiscal year as the new Lottery, \$90.7 million had been turned over to the State. Special legislation that year had authorized use of net Lottery proceeds to assist in balancing the state budget. By the end of the second fiscal year another \$96.2 million had been accumulated. This money went to education. By the end of the third fiscal year (March 31, 1979) another \$90.3 million had been turned over to the State. \$88.3 million of this amount went to education and \$2 million was placed in a *Winter Sports Education Trust Fund* for the benefit of winter sports education and physical fitness. None of this \$2 million will be used to support the 1980 winter games themselves. It, along with other money now being earned for the Olympic Lottery during the 1979-80 fiscal year, can only be used after the 1980 Winter Olympic Games are over.

By the end of the 1978-79 State fiscal year, New Yorkers were enjoying the most diversified mix of games ever offered since the Lottery was established in 1967.



There were two instant games, the **I LOVE NEW YORK** and **SLOT MACHINE** games; the \$10 **OLYMPIC LOTTERY**, and **LOTTO**, a weekly pick-your-own numbers game. Ready for announcement and implementation early in April were the return of the 50-cent weekly lottery, to be offered on an experimental basis, and **KENO**, an adaptation of **LOTTO** which offered a fixed odds payoff of \$500 for a fifty-cent bet on a correct four-number match.

The instant game remained as New York's most popular lottery game, continuing to account for more than 80 percent of all sales. In the period ending March 31, 1979, New York had offered 14 lottery games, nine of them instant games.

LOTTO, a pick-your-own weekly numbers game in which players choose six numbers from forty, made its debut early in November, 1978, during the 1978-79 fiscal year. **LOTTO** is an off-line game, utilizing bet slips validated at selected agent locations around the State and collected centrally, at White Plains, for processing. The winning numbers — six plus a supplementary number — are drawn on TV on Saturday night. Prizes are paid on a pari-mutuel basis.

The **Olympic Lottery**, a major innovation on behalf of a New York State winter sports education program, began its second year with the added feature of an instant game. The game began with a currency type \$10 ticket that offered a number combination to be matched with numbers selected on stated drawing dates at approximately three-month intervals. An instant win

"This country has been fantastic to me. God Bless you all," Jack Shar says as he is declared the winner of \$1,000,000 in the Lottery's weekly game. With the 73-year old retired lawyer from Great Neck, Long Island, is Singing Star Pal Boone. Shar came to this country in 1976 from Southwest Africa.

feature was added for the third draw through the use of a "Surprise Package" Ticket contained in a tear-open pouch. This gave the ticket purchaser an on-the-spot chance to win a free ticket, \$20, \$50, \$100 or a "Day at the 1980 Olympics at Lake Placid." Ticket buyers also had a chance to win entry into a drawing for the top prize of \$2,000,000 payable at \$100,000 a year for twenty years.

The Lottery continues to seek a tax exemption for prize winnings, both on the State and federal level, and to have all unclaimed prizes which by law are presently returned to the State as Lottery proceeds, be made available for special bonus drawings and to pay extra prizes to the public. In each of the years since 1976, the Lottery has endeavored to have legislation in support of these goals passed and will continue its efforts on this behalf.

Since the new Lottery began in September 1976, more than \$6.5 million has been returned to the State in unclaimed prize money. Under the current law, winners have one year in which to claim their prizes. After that time, the money returns to the State as revenue from Lottery proceeds. On March 31, 1978, approximately \$1.7 million and on March 31, 1979 approximately \$4.9 million in unclaimed prize money was turned back to the State.

NEW YORK STATE LOTTERY

STATEMENT OF REVENUE AND REVENUE ALLOCATIONS FOR THE FISCAL YEAR ENDED MARCH 31, 1979*

FISCAL YEAR ENDED
MARCH 31, 1979

REVENUE	
Lottery ticket sales	
Instant Game Four	\$23,602,234
Instant Game Five	53,467,349
Instant Game Six	2,722,814
Instant Game Seven	47,048,592
Instant Game Eight	27,510,936
Lotto Game	6,374,922
Olympic Game	15,229,490
Weekly and Subscription Games	10,887,831
Interest income	3,111,001
Total	\$189,955,169
Less vendor and bank commissions	15,823,030
NET REVENUE FROM LOTTERY OPERATIONS	\$174,132,139
REVENUE ALLOCATIONS	
Lottery prizes paid	\$71,024,260
Provision for unclaimed and future prizes	2,858,476
Total revenue allocated to prizes	\$73,882,736
Administration expenses	\$15,625,000
Less excess actual expenses and accruals over provision	821,669
Provision for administration expenses	\$14,803,331
Net revenue allocated to education	\$85,446,072**
TOTAL REVENUE ALLOCATIONS	\$174,132,139

*Subject to Final Reconciliation and Audit

**Excludes revenues for education from previous years operations

NEW YORK STATE LOTTERY

STATEMENTS OF REVENUE AND REVENUE ALLOCATIONS FOR THE FISCAL YEAR ENDED MARCH 31, 1978 AND FOR THE SIX MONTHS ENDED MARCH 31, 1978

	FISCAL YEAR ENDED MARCH 31, 1978	SIX MONTHS ENDED MARCH 31, 1978
REVENUE		
Lottery ticket sales		
Instant Game Two	\$63,471,000	
Instant Game Three	58,773,000	\$48,883,000
Instant Game Four	33,163,000	33,163,000
Weekly Game	40,442,000	16,847,000
Interest income	1,318,000	710,000
Total	197,167,000	99,603,000
Less vendor and bank commissions	13,841,000	7,215,000
NET REVENUE FROM LOTTERY OPERATIONS	\$183,326,000	\$92,388,000
REVENUE ALLOCATIONS		
Lottery prizes paid	\$74,715,000	\$40,143,000
Provision for unclaimed and future prizes (net)	3,509,000	(923,000)
Total revenue allocated to prizes	78,224,000	39,220,000
Provision for administration expenses	16,633,000	8,509,000
Less excess provision over actual expenses and accruals (fiscal year ended March 31, 1978)	128,000	128,000
Net administration expenses	16,505,000	8,372,000
Net revenue allocated to education	88,597,000	44,796,000
TOTAL REVENUE ALLOCATIONS	\$183,326,000	\$92,388,000

(The complete notes on the financial statements are on file at the New York State Lottery Offices in Albany and are available for public inspection.)



Linda Donnelly and her husband, George, are all smiles after Linda became the 21st New York State Lottery millionaire. Linda, 30, won \$50,000 a year for 20 years in the Bingo II Instant Lottery. The Wales Center (south of Buffalo) housewife is a former window display arranger. With her is Pianist-Comedian Victor Borge.

**Deloitte
Haskins Sells**

REPORT FROM

New York State Lottery,
22nd Street Building
100th State Plaza,
Albany, New York 12242

Dear Sirs:

We have examined the statements of revenue and operating
indications of the New York State Lottery for the twelve
year period March 31, 1970, and for the six months ended
March 31, 1972. Our examinations were made in accordance
with generally accepted auditing standards and, as required,
included such tests of the accounting records and such other
auditing procedures as we considered necessary in the
circumstances.

In our opinion, the aforementioned financial statements
present fairly the results of the operations for the periods
mentioned herein. March 31, 1972, and for the six months
ended March 31, 1972, in accordance with the auditing
standards with that of the auditing standards.

Sincerely,

Deloitte Haskins & Sells



A beaming Matthew Porter, 39-year old undercover policeman for the New York City Transit Authority, gets a hug from Comedienne Phyllis Diller after he became the million-dollar winner in New York's weekly lottery, THE PLAYOFFS. Counting winnings in preliminary drawings, Porter won altogether \$1,066,550.

PRIZES PAID

IN THE NEW YORK STATE LOTTERY to 3/31/79

PRIZE	Number of WINNERS	TOTAL
\$2,000,000	3	\$ 6,000,000
1,000,000	21	21,000,000
Colossal	1	981,641
100,000	15	1,500,000
75,000	5	375,000
50,000	17	850,000
28,200	5	141,000
26,500	15	418,359
25,000	35	875,000
20,000	81	1,620,000
15,000	81	1,215,000
10,000	727	7,030,180
5,000	3,201	16,005,000
3,000	222	666,000
2,500	2,469	6,172,500
1,000	5,588	5,588,000
500	13,751	6,875,500
200	1,219	243,800
100	31,680	3,168,000
50	75,384	3,769,200
25	15,179	379,475
20	554,425	11,088,500
10	255,004	2,550,040
5	12,813,757	64,068,785
2	30,538,574	61,077,148
Lotto	56,245	2,544,676
Misc.	4,483	3,198,538
Subtotal	44,372,187	229,401,342
Free Tickets	38,961,812	40,207,430
TOTAL	83,333,999	\$269,608,772