

**SB 269 PROPONENT TESTIMONY OF
BRIAN O. NEILL, MICHIGAN LOTTERY COMMISSIONER
SENATE GOVERNMENT OVERSIGHT & REFORM COMMITTEE
SENATOR KRISTINA ROEGNER, CHAIR**

Good morning, Chair Roegner, Vice-Chair McColley, Ranking Member Craig and honorable members of the Government Oversight and Reform Committee.

Thank you for the opportunity to meet with you today. My name is Brian Neill, and I am the Michigan Lottery Commissioner. It has been my honor to serve as Commissioner for the last four years. I previously served as Chief Deputy and Deputy Commissioner of Compliance and Legal Affairs.

The Michigan Lottery was established in 1972 for the purpose of generating revenue to support Michigan schools. This year is our 50th anniversary. Since its inception, the Lottery has raised over \$26 billion for public education in Michigan.

We launched our internet-sales platform towards the end of FY14. The first full year of internet sales was FY15, which was also the first of seven consecutive record-setting years for Michigan Lottery. Our contributions to the School Aid Fund increased from about \$795.5M in FY15 to nearly \$1.42B in FY21 – an increase of about 78% over seven years. Total contributions from internet sales over those seven years exceeded \$650M.

When our iLottery program began, there were concerns about potential negative impacts on retail sales. We have not seen those negative impacts. Retail sales and commissions have grown significantly. Gross sales have grown from less than \$3B in FY15 to over \$5B in FY21. Payments to retailers have grown from about \$203.6M in FY15 to nearly \$371M in FY21 -- an increase of about 82% over the same seven years we offered internet sales.

There are about 10,500 retail locations across Michigan and we greatly value our partnerships with these businesses. We have taken deliberate steps to minimize negative impacts and to instead complement retail sales. For example, certain games were kept in-store only, online promotions and coupons drive traffic to stores, players can fund their online accounts with an Online Game Card purchased at retail, and players can cash some prizes they win online at retail – again, driving traffic to stores.

Internet sales also raise concerns about increases in compulsive gambling. These are very real concerns for any form of gambling, including iLottery. An internet-sales platform can, however, offer tools that would be difficult to replicate in traditional retail environments. Such tools include caps on deposits or wagers, tracking play history, session time limits or notices, cooling-off periods, and self-exclusion. Michigan offers responsible-gaming tools like these on its platform and was the first state lottery to receive certification from the National Council on Problem Gambling as part of its Internet Compliance Assessment Program.

These examples of ways to support retailers and responsible gaming are not exhaustive. They represent the current generation of ideas upon which the industry will continue to build and improve. The speed of that innovation and refinement will increase as more lotteries participate, ultimately benefitting our players, beneficiaries, and the industry as a whole.

Thank you again for the opportunity to meet with you today. I am happy to answer any questions you may have.