

**NEW JERSEY STATE
LOTTERY COMMISSION
1975 ANNUAL REPORT**
A Year of Successful Innovation

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LETTER OF TRANSMITTAL

April 5, 1976


*The Honorable Brendan Byrne
Governor of New Jersey
Members of the New Jersey Legislature*

Gentlemen:

On February 16, 1970, the State Legislature enacted the State Lottery Law (CH. 13, Laws of N.J. 1970), which provided for the establishment and operation of the New Jersey State Lottery.

The law further provided that the Lottery Commission "make an annual report, which shall include a full and complete statement of lottery revenues, prize disbursements and other expenses to the Governor and the Legislature, including such recommendations for changes in this act as it deems necessary or desirable."

The State Lottery Commission, in accordance with those provisions, herewith respectfully submits its Annual Report for the period ending June 30, 1975.



HENRY N. LUTHER III
Director and Secretary



DONALD B. VALK, Chairman
JAMES J. FLYNN, JR.
JOHN L. KEAVENEY
REESE PALLEY
JEROME SEIDEN

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FINANCIAL SUMMARY

Gross Revenue	\$76,819,817
Prize Allocations	\$36,719,260
Funds Available for contribution to Education and State Institutions for Fiscal Year ended June 30, 1975 ..	\$36,133,162

This report contains audited fiscal 1975 (July 1, 1974-June 30, 1975) figures and editorial content updated through March 1, 1976.

OPENING STATEMENT

Fiscal '75 was a year of innovation and more "firsts" for the New Jersey State Lottery. It was a year that set in motion new games and concepts which are still producing a profound impact on the Lottery.

In its fundamental mission of earning revenues for education and State institutions, the Lottery turned more than \$36 million over to the State Treasury during the 1974-75 fiscal year. This was accomplished while reducing administrative and operational costs to only 4.9 cents out of every Lottery dollar.

While 41.7 cents of each Lottery dollar went to education and State Institutions, the other biggest portion of 47.8 cents went directly back to the consumers in prizes. During the year \$36,719,260 was allotted for prizes to more than 400,000 players.

The Lottery's continuing effort to provide new and interesting games gave New Jersey two exciting "firsts" during the final weeks of the fiscal year.

On May 22, 1975, the Lottery introduced the nation's first legal game which gives the public the opportunity to select their own Lottery numbers. It was given the appropriate name of "Pick-It." So successful was the initial six-month experiment that the Lottery has extended and expanded the game.

Less than a month after "Pick-It" was born, the Lottery on June 16, 1975, gave its players New Jersey's first Instant Lottery game, called "7-11-21." The public's response was phenomenal and New Jersey's game quickly became the most successful instant lottery of any state. The game went on to produce sales of approxi-

mately 29 million tickets and revenues of \$13 million to education and State institutions. This momentum of success carried over to New Jersey's second instant game, the "1776 Instant Lottery."

The New Jersey Lottery's flair for the imaginative also was evident during another major Lottery event held in Fiscal '75, Jersey Sweepstakes II. This unique marriage of big Lottery prizes and a major thoroughbred horse race was held on April 26, 1975, at Garden State Park.

The constant effort to help keep the New Jersey Lottery attractive and competitive resulted in a major facelifting of the Lottery's reliable mainstay, the Weekly Lottery. A new Weekly game, named the Jersey Jackpot, was introduced in late November, 1974. It features simplicity of play, twice as many winners, plus a new top "Jackpot" prize of \$250,000.

In today's marketplace, the Lottery cannot afford complacency and the status-quo. The record of Fiscal '75 demonstrates dramatically that the New Jersey Lottery will never stop trying to give its consumers what they really want.

OPERATIONS

The New Jersey State Lottery was authorized in a public referendum on November 11, 1969 by the adoption of a Constitutional Amendment. The amendment was overwhelmingly approved by 81.5% of the electorate.

Within two weeks of the referendum the Legislature adopted a joint resolution creating a State Lottery Planning Commission. After extensive investigations, studies and hearings, the Commission submitted a detailed report to the Governor and Legislature on February 9, 1970, along with proposed legislation for enactment of a State Lottery Law. One week later, the State Lottery Law was approved by the Legislature and signed by the Governor.

Under provisions of the State Lottery Law, a Division of the State Lottery was established consisting of a bi-partisan State Lottery Commission and an Executive Director appointed by the Governor with the advice and consent of the Senate.

The law also specified that no less than 30 percent of the total revenues accruing from the sale of Lottery tickets shall be dedicated for State Institutions and State aid to Education.

On January 7, 1971, the Commission held its first drawing and became the first lottery to conduct a 50-cent weekly drawing with all prizes based on a six-digit weekly number. Since the introduction of this new lottery concept, innovation has become synonymous with the New Jersey State Lottery.

In November of 1972, New Jersey pioneered the first daily lottery. New Jersey was the first to develop "millionaire" drawings and through June 30, 1975 enabled 39 lucky people to become "Millionaires" as a result of playing the Weekly Lottery. In 1972, the Lottery initiated a special statewide telephone number which provides up-to-date winning number information. It also introduced the "Clover Club," a subscription plan in which Lottery players purchase a subscription ticket in the Weekly Lottery for 12, 24 or 52 week periods.

November 1974 saw a complete revision of the "Weekly" game. The Jersey Jackpot, a new weekly Lottery, was inaugurated with prizes ranging from \$25 to \$250,000, based on the matching of one 3-digit number, or both 3-digit numbers selected each week. The "Millionaire" feature in the original "Weekly" game was retained as an integral part of the Jackpot game.

And, the Lottery continued with such exciting challenges as Jersey Sweepstakes I in the fall of 1974, and Jersey Sweepstakes II, a successful repeat of a special Lottery-live horse race game held in the Spring of 1975. In May of 1975, the nation's first legal numbers game was introduced by the New Jersey State Lottery, and in less than a month, New Jersey started its first Instant Game, "7-11-21."

In the fall of 1975, the Lottery launched its second Instant, a revolutionary new game called "1776," with prizes and theme based on the year of the American Revolution. It featured a grand prize of \$1,776 a week for life... the highest prize of any Lottery in the country.

The Lottery continues with its search for new and better games: Off the drawing boards is "The Garden Stakes," a new weekly overlay game with 16 chances to win on every ticket, every week, plus a grand prize of \$1,000,000, and a third Instant Lottery, probably incorporating a presidential year election theme.

THE COMMISSION AND ITS STAFF

The New Jersey State Lottery is governed by a Commission of five non-salaried members and a full-time Director. The present members of the Commission are Donald B. Valk of Madison, Chairman; James J. Flynn Jr. of Perth Amboy; John L. Keaveney of Shrewsbury; Reese Palley of Atlantic City and Jerome Seiden of West Orange. Henry N. Luther III, of Parsippany-Troy Hills is the Director and Secretary of the Commission. The Commission regularly meets once a month.

Serving under the Director are four deputies. They are Gloria Decker, Research and Development; William Carmody, Operations; Richard Berns, Marketing and Sales; and Bruno Verducci, Security and Audits. Joseph Mulé is the Lottery's Chief Fiscal Officer.

The State Lottery has its headquarters on the third floor of the Department of Treasury, Taxation Building, West State and Willow Streets, Trenton, just across from the historic Old Barracks and adjacent to the State Capitol complex.

To better serve the residents of the State, the Lottery is divided into four sales districts with offices in East Orange, Atlantic City and Howell. The East Orange operation supervises two districts, the northwest and northeast sections of New Jersey. The four district managers are John Nuneville, Gil Bagot, Harris B. Fried and Harry Van Sciver.

CHRONOLOGICAL REVIEW

July 1, 1974

Lottery hits well over \$200,000,000 mark in benefits to State Education and Institutions.

July 10, 1974

35th "50¢ Millionaire" Drawing, Garden State Arts Center. The winner—Helen Trela of Maplewood.

July 25, 1974

Revamped Daily Lottery presents its largest single Grand Drawing Prize of \$75,000 to George Chambers and Dorothy Barrett of Sussex.

August 10, 1974

New Jersey Lottery introduces first "Jersey Sweepstakes"—combining big-money Lottery cash prizes and the excitement and color of a major horse race at Monmouth Park Race Course on October 26, 1974.

September 13, 1974

36th "50¢ Millionaire" Drawing, Rutgers University. John Scaglia of Vineland became New Jersey's 36th member of the Millionaire Club.

October 26, 1974

Ticket sales for "Jersey Sweepstakes I" break record for special single-event New Jersey Lotteries. Season's record crowd of nearly 30,000 swarms Monmouth Park. Thomas DeBio of Riverdale and William Kocsis of Freehold each win \$100,000 by owning winning Lottery number assigned to first place horse in Sweeps—Lord Rebeau.

November 4, 1974

Commissioner Donald B. Valk, a charter member, is appointed Chairman of the New Jersey State Lottery Commission.

November 20, 1974

The Jersey Jackpot, a revised easy-to-play 50¢ Weekly game, goes on sale with more and bigger prizes as high as \$250,000.

November 22, 1974

37th "50¢ Millionaire" Drawing, State Museum Auditorium in Trenton. The newest Millionaire of a now sizeable group of elites—Rosa Steimel of Union.

December 19, 1974

First Jackpot Drawing with a \$250,000 top prize in the new Weekly Lottery game. Mrs. Jennie Coombe of Blenheim won it!

January 10, 1975

Lottery Commission announces award to American Totalisator Co., Inc., for 6-month test operation of nation's first legal 3-digit pick-your-own number Daily Lottery.

January 22, 1975

38th "50¢ Millionaire" Drawing, Montclair State College. Won by May F. Lyons of Paterson.

March 12, 1975

"Jersey Sweepstakes II" is introduced—a major horse race with special Lottery prizes as high as \$100,000 to be held at Garden State Park, April 26.

April 22, 1975

39th "50¢ Millionaire" Drawing at Fairleigh Dickinson University in Hackensack. G. & A. Marvinney of Franklin Lakes won top prize.

April 26, 1975

For the first time in history an entire New Jersey State Lottery event, "Jersey Sweepstakes II" is televised to every part of the State, as well as to New York and Philadelphia. Twin sisters from Jersey City, Emma and Anne Eckhardt were the first lucky winners to claim the top prize of \$100,000. Howard Harrelson, a Princeton milkman, also hit the cream for \$100,000.

May 15, 1975

Jersey Jackpot Weekly Lottery awards its biggest prize pot in its five month history—11 finalists compete for a total of \$605,000.

May 22, 1975

The Lottery initiates nation's first legal "pick-your-own 3-digits" daily Lottery numbers game. Game called "Pick-It." Tickets go on sale at 350 vending machines located throughout State. "Pick-It" gives Lottery, for the first time, the realistic potential to compete with the illegal numbers racket.

June 2, 1975

"Pick-It" numbers game records highest payoff since May 22nd start—a 50¢ straight bet returned \$869.50 (1739 to 1). Records to date conclude that prizes in new "Pick-It" game are running ahead of winning odds paid by illegal numbers racket. From its inception and through June 30, "Pick-It" averages 620 to 1 for a straight bet.

June 16, 1975

Lottery introduces "7-11-21", its first Instant Lottery, featuring instant cash for prizes up to \$10,000 and special grand prize drawings for a prize of \$1,000 a week for life.

June 19, 1975

First Grand Prize Drawing of "7-11-21" Instant Lottery. Robert Shanholtz of Pompton Lakes is the first winner of \$1,000 a week for life!

July 23, 1975

40th "50¢ Millionaire" Drawing, Garden State Arts Center. Henry Mancini, popular composer-conductor helps select winner—and the winner was Mrs. Rose Mullen of Parsippany.

August 21, 1975

Second Grand Prize Drawing in the "7-11-21" Instant Lottery for \$1,000 a week for life. Won by Richard Glita of Clifton.

October 20, 1975

Third Grand Prize Drawing in the "7-11-21" Instant Lottery Game—won by Ernest Gorab of North Haledon.

November 3, 1975

41st "50¢ Millionaire" Drawing, Morris County Community College. The winner was Ruben Belvin of Brooklyn, New York.

November 17, 1975

The Lottery introduces the "1776" Instant Lottery, a revolutionary game plus a Grand Drawing first prize of \$1,776 a week for life—the biggest prize in Lottery history!

November 18, 1975

Lottery announces one year extension and expansion of highly successful "Pick-It" numbers game.

December 31, 1975

Lottery announces termination of the "Daily" Lottery due to the overwhelming success of "Pick-It", the daily legal 3-digit numbers game.

January 27, 1976

Eric C. Leek of North Arlington becomes Lottery's biggest winner to date, winning the "1776" Instant Lottery Grand Prize of \$1,776 a week for life.

February 5, 1976

150 additional "Pick-It" machine locations announced by Lottery. Brings number to 500 available throughout the State.

February 16, 1976

42nd "50¢ Millionaire" Drawing, Parsippany Hills High School. Stanley Sapinski and Helen Deptuch of Clifton took home the top prize.

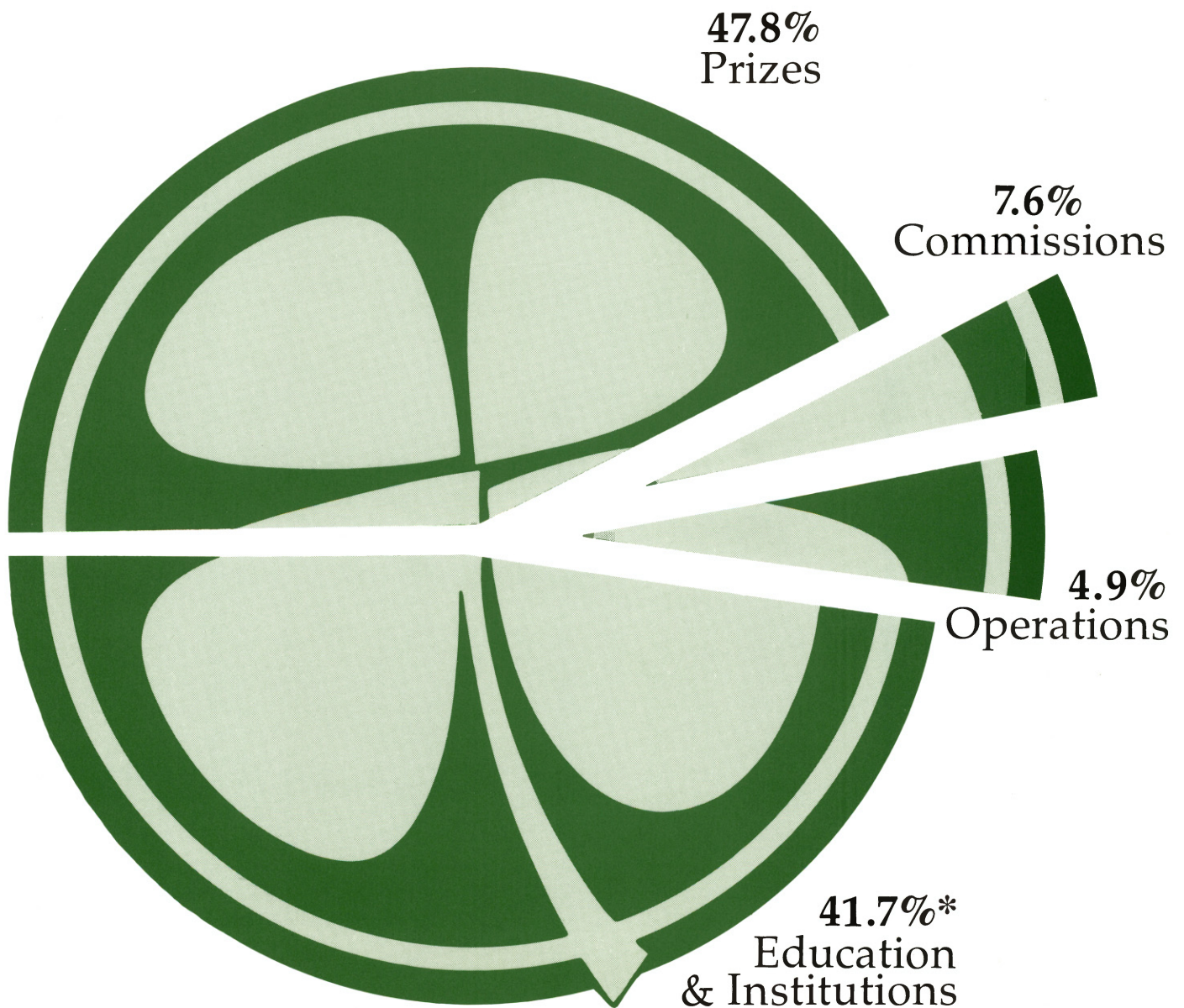
FINANCIAL

Each Lottery game produces different percentages for prize awards and contributions to the designated State beneficiaries. Generally, however, since the Lottery's inception, out of every dollar wagered by the public, 45% or 45 cents is returned as prizes to holders of winning tickets.

Although the law specifies a minimum of 30 percent of Lottery revenues be contributed to the State for education and institutions, the actual amount for the 1975 fiscal year was much greater—41.7 cents out of every dollar.

Careful and highly efficient day-by-day administration of the Lottery made this a reality.

During Fiscal 1975 only 4.9 cents of every dollar went for operating and promotional expenses. The other 7.6 cents of every dollar was allocated for commissions and bonuses to approximately 4,000 agents who sell Lottery tickets and for fees to distributing banks.



**Percentage includes interest earned on investments.*

The above "pie" figures are attributable only to the 1975 Fiscal Year.

STATEMENT OF REVENUES AND ALLOCATION OF REVENUES NEW JERSEY STATE LOTTERY COMMISSION

	42 Months ended June 30, 1974	12 Months ended June 30, 1975	Total	Percent of Total Revenues
REVENUES:				
Gross Sales	\$412,172,411	\$ 76,819,817	\$488,992,228	100.0
Less: Commissions to Agents and Banks	25,119,302	5,841,285	30,960,587	6.3
Net Revenues	387,053,109	70,978,532	458,031,641	93.7
ALLOCATION OF REVENUES:				
Aid to Education & State Institutions	123,651,771	23,045,946	146,697,717	30.0
Allotted for Prizes	185,565,933	36,719,260	222,285,193	45.5
Operating Expenses	14,922,804	3,779,005	18,701,809	3.8
Start-Up Costs	686,137	—	686,137	.2
	324,826,645	63,544,211	388,370,856	79.5
Unallocated Revenues	62,226,464	7,434,321	69,660,785	14.2
Interest Earned On Investments and Prepayment of Annuity Contracts	7,101,908	1,578,042	8,679,950	
Miscellaneous Income	125,112	5,005	130,117	
Miscellaneous Expense	(21,235)	—	(21,235)	
Unallocated Revenues Available For Education And Institutions	\$ 69,432,249	\$ 9,017,368	\$ 78,449,617	

TOTAL LOTTERY CONTRIBUTION TO EDUCATION AND STATE INSTITUTIONS

	42 Months ended June 30, 1974	12 Months ended June 30, 1975	Total
30% of Gross Sales	\$123,651,771	\$ 23,045,946	\$146,697,717
Unallocated Revenue and Interest	69,432,249	9,017,368	78,449,617
Forfeited Prize Awards	12,359,539	4,069,848	16,429,387
	\$205,443,559	\$ 36,133,162	\$241,576,721

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements are prepared on an accrual basis of accounting under generally-accepted accounting principles, with minor variations to conform to the accounting requirements of the State of New Jersey.

Apportionment of Gross Revenues

New Jersey State Lottery Law requires that no less than 30% of gross revenues must be dedicated for aid to education and State institutions. The State Lottery Commission has designated that unallocated revenues be reserved for aid to education and State institutions.

The State Lottery Commission has designated that 45% (50.275% on the Daily Lottery, 50% on "Pick-It" and 45.4% on "7-11-21" Instant) of gross revenues be reserved for awards for participants as prizes and bonuses.

Unclaimed Prize Awards

As required by the New Jersey State Lottery Law, prize monies not claimed within one year from date of drawing are forfeited and designated for aid to education and State institutions.

Recognition of Income and Expense

Revenues are recognized for weekly lotteries in the month during which the related lottery drawing is held, and for daily lotteries in the month during which the related daily lottery reporting period ends (all lottery sales reporting periods end on Wednesday of each week). Operating expenses are recognized in the period during which the expense was incurred.

Deferred Revenue

The Lottery sells Clover Club memberships which entitle the member to participate in 12 to 52 weekly lottery drawings. The revenue from the sale of these memberships is prorated over the drawings in which the members participate. The portion of the revenue pertaining to drawings to be held subsequent to June 30, 1975 has been recorded as deferred revenue.

Obligation for Millionaire Prizes

The obligation for millionaire prize awards payable in installments at June 30, 1975 has been recorded at the present value of the future payments utilizing discount rates of 8% to 9.08% (amount required at June 30, 1975 to purchase an annuity at the specified rates which will yield a series of benefit payments equal to the prize award installment payments).

Annuity contracts with discount rates of 8% to 9.08% have been purchased for all the millionaire prize awards payable in installments for which the final drawing has been held. These annuities are valued at cost plus the discount earned to June 30, 1975 less any benefit payments received before June 30, 1975 (the present value of the remaining installment payments).

Property and Inventory

The Commission follows the State of New Jersey's policy of not capitalizing personal property and inventory. Items of this nature are recognized as an expense during the period in which they are received.

2. ADJUSTMENT TO OPERATING EXPENSES

Actual operating expenses of \$4,160,837 and unliquidated claims of \$33,906 for the period ending June 30, 1975 were reduced by prior year encumbrance cancellations which amounted to \$415,738.

WINNERS SCORECARD

The following prizes were generated by the State Lottery from January 1, 1971 through June 30, 1975.

"Millionaire" Lottery Winners

Amount of Cash Prize	Total Winners	Total \$ Awarded
\$1,000,000	39	\$ 39,000,000
\$ 200,000	32	\$ 6,400,000
\$ 100,000	48	\$ 4,800,000
\$ 50,000	7	\$ 350,000
\$ 10,000	602	\$ 6,020,000
\$ 500	9,498	\$ 4,749,000
\$ 100	92,515	\$ 9,251,500
Sub-Total	102,741	\$ 70,570,500

Weekly Lottery Winners

Amount of Cash Prize	Total Winners	Total \$ Awarded
\$ 50,000	740	\$ 37,000,000
\$ 10,000	57	\$ 570,000
\$ 5,000	110	\$ 550,000
\$ 4,000	5,862	\$ 23,448,000
\$ 2,500	1,970	\$ 4,925,000
\$ 400	58,123	\$ 23,249,300
\$ 250	19,670	\$ 4,917,500
\$ 40	581,265	\$ 23,250,600
\$ 25	426,033	\$ 10,650,825
Sub-Total	1,093,830	\$128,561,225

Jersey Jackpot Winners

Amount of Cash Prize	Total Winners	Total \$ Awarded
\$ 250,000	16	\$ 4,000,000
\$ 50,000	29	\$ 1,450,000
\$ 25,000	16	\$ 400,000
Sub-Total	61	\$ 5,850,000

Daily Lottery Winners

Amount of Cash Prize	Total Winners	Total \$ Awarded
\$ 10,000	305	\$ 3,050,000
\$ 2,500	969	\$ 2,422,500
\$ 1,000	310	\$ 310,000
\$ 225	24,186	\$ 5,441,850
\$ 25	400,213	\$ 10,005,325
\$ 2.50	3,695,900	\$ 9,239,750
Sub-Total	4,121,883	\$ 30,469,425

Daily Lottery Grand Prize Winners

Amount of Cash Prize	Total Winners	Total \$ Awarded
\$ 75,000	6	\$ 450,000
\$ 5,000	30	\$ 150,000
\$ 100	343	\$ 34,300
\$ 50	3,563	\$ 178,150
Sub-Total	3,942	\$ 812,450

Sweepstakes Lottery Winners

Amount of Cash Prize	Total Winners	Total \$ Awarded
\$ 100,000	5	\$ 500,000
\$ 50,000	6	\$ 300,000
\$ 25,000	3	\$ 75,000
\$ 10,000	35	\$ 350,000
\$ 5,000	37	\$ 185,000
\$ 2,500	33	\$ 82,500
\$ 1,000	333	\$ 333,000
\$ 500	306	\$ 153,000
\$ 250	322	\$ 80,500
Sub-Total	1,080	\$ 2,059,000

Pick-It Lottery Winners

May 22, 1975—		
June 30, 1975		
(34 days)	26,728	\$ 2,255,000

Instant Lottery Winners

June 16, 1975—		
June 30, 1975		
(15 days)		\$ 2,006,000

GRAND TOTALS	5,350,265	\$242,583,600
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DEPARTMENT OF THE TREASURY DIVISION OF THE STATE LOTTERY ALLOCATION OF LOTTERY REVENUES FISCAL YEAR ENDED JUNE 30, 1975

All funds transferred from the State Lottery Fund to the General State Fund during the fiscal year 1974-75 were applied toward the appropriation made to the Department of Education for equalization incentive aid.

The total amount of the appropriation for such purpose was \$459.1 million. Lottery funds of approximately \$36 million represent 7.8 percent of such total.

These monies were distributed and paid to local school districts through the State of New Jersey. They represented general State support of education and could be used for most any educational activity conducted by local school districts including, but not limited to, instructional services, curriculum workshops, recreation programs, textbook purchases, audio-visual equipment, field trips for students and most any expenses which would be considered part of a school district's operations budget.

THE DIRECTOR LOOKS AHEAD

No report on the New Jersey State Lottery for Fiscal '75 would be complete without special recognition to those individuals who successfully led the Lottery through its first four-and-a-half years. They are Ralph F. Batch, the Executive Director of the Lottery from its inception in 1970 to January 1973, and my two immediate predecessors as executive directors, Charles C. Carella and Beatrice S. Tylutki. Despite the general economic problems of inflation and recession, the Lottery continued to prosper, thanks to Mr. Carella's and Ms. Tylutki's laudable efforts.

The ideas they generated and implemented are still producing beneficial results for the Lottery.

And, it is my intention, as executive director, to maintain and continue the high performance records established by my predecessors.

Now, what of the future?

The rights, convenience and desires of the Lottery's consumers will continue to be of paramount concern. Working closely with other

State agencies such as the Office of Consumer Protection and the Attorney General, the Lottery will constantly seek ways to protect the interest of the public. These include constant efforts through the media to keep the public fully informed on all aspects of Lottery operations and campaigns, utilizing paid newspaper and radio advertising, when necessary, to seek the winners of unclaimed prizes.

This concern for our consumers, of course, must also concentrate on trying to satisfy their demands for new and more attractive Lottery products.

Toward this end, the Lottery discontinued the old Daily Lottery game, a decision clearly based on declining sales, and extended and expanded the daily "Pick-It" legal numbers game, again a decision clearly based on favorable consumer response.

The highly successful concept of combining big Lottery prizes with major horse races introduced by Jersey Sweepstakes I and II will soon be used again by the Lottery during Fiscal '76 with some new and innovative changes in format.

The smashing success records of New Jersey's first two Instant Lottery games make it essential that the Lottery start planning another new and different instant game for the summer of 1976. Such planning is under way.

And the Lottery will continue to monitor closely the public's acceptance of the Weekly Jersey Jackpot Lottery to determine whether further modifications are needed to keep the game attractive and competitive.

All this endeavor in behalf of the Lottery's consumers has the full support and cooperation of the Administration of Governor Brendan Byrne, the members of the New Jersey Lottery Commission and the loyal and dedicated management and staff of the Lottery. My personal thanks to every one of them.

COMMISSION RECOMMENDATIONS

In the '72, '73 and '74 Lottery Annual Reports, the Commission urged our Washington legislators to repeal certain Federal laws, most notably those which prohibited the Lottery to use broadcast media and the mails to disseminate information and news of other legitimate activities.

With the help and extensive efforts of New Jersey's representatives and senators, the passage of a long awaited bill lifting the antiquated restrictions imposed on the Lottery became a reality in January of 1975. To these people who worked so hard in the Lottery's behalf, we extend our sincere thanks. These inroads greatly enable the Lottery to operate more efficiently.

But there are still many restrictions imposed on the Lottery. We urge the legislators to repeal Federal statutes which still prohibit the Lottery to use the mails in conjunction with the "Clover Club" subscription plan in inter-state activities.

Further, we wish to register strong opposition with our Washington legislators regarding the twenty per cent withholding amendment on all legalized gambling in H. R. 10612.

We support total removal of any withholding tax provision—which means deleting Section 1207 of H. R. 10612, and we also support two provisions already incorporated in H. R. 10612 which would, (1) exempt State lotteries from the two per cent excise tax as well as, (2) exempt State lotteries from the \$500 a year occupational tax.

The reasons for our opposition to the legislation are as follows:

1. It discriminates against State-operated lotteries and prize winners.
2. It makes illegal gambling more attractive to the public. Racketeers and organized crime are the beneficiaries of this legislation. We are trying to move in the opposite direction and have made some inroads through our Pick-It Lottery.
3. This would result in an administrative burden to the Lottery states by requiring separate financial records and an increase in clerical staff at a time when we are attempting to cut our operational budget to allow more revenue for State aid for education and institutions and agencies.
4. The thrill for the lottery winner is in receiving the advertised prizes. The winners should have the benefit of the full amount of the prize, including any interest that may be earned prior to the time the tax is due. The new unearned income tax for New Jersey exempts lottery winners from this tax.
5. Lottery sales are dependent upon public enthusiasm and support. It diminishes the romance and dreams that now encourage sales. Thus, State revenues would be adversely affected.

The New Jersey Lottery Commission joins with the other eleven operating State lotteries, representing close to eighty million people in opposition to the legislation. The twelve State lotteries expect to gross close to two billion dollars in revenue in 1976 and return an estimated eight hundred million dollars to meet some public need.

And, we again urge Washington to totally eliminate federal income tax from Lottery winnings.

ACKNOWLEDGEMENTS

The tremendous successes of the two Jersey Sweepstakes Games, the Jersey numbers game "Pick-It," and the "7-11-21" and "1776" Instant Lotteries demonstrate that New Jersey continues to be the pacesetter in new games with overwhelming public appeal. Once again, the Lottery Commission expresses a most sincere thank you to Governor Brendan Byrne, to the members of the New Jersey Legislature, to members of the New Jersey Racing Commission, and to officials of all other state governmental agencies for their continued support and cooperation in making the New Jersey State Lottery the most innovative and viable lottery in the country, as well as a major source of revenue for State aid to Education and Institutions.

The Lottery Commission is most appreciative and grateful to the people of the State of New Jersey for their continued trust and support. We are confident that in the year ahead the number of Lottery winners will be sizeably increased as new and exciting games are introduced.

NEW JERSEY STATE LOTTERY OFFICES

*New Jersey State Lottery
Taxation Building
State & Willow Streets
Trenton, New Jersey 08625
609-292-4331*

SOUTHERN DISTRICT

*Harris B. Fried, District Manager
New Jersey State Lottery
Arcade Building
Tennessee Ave. & Boardwalk
Atlantic City, N.J. 08401
609-344-0700
Atlantic, Burlington, Camden, Cape May,
Cumberland, Gloucester and Salem Counties*

CENTRAL DISTRICT

*Harry Van Sciver, District Manager
New Jersey State Lottery
272-D Highway #9
Howell, New Jersey 07731
201-780-2420, 21, 22
(east side Route 9, south of Freehold Circle)
Mercer, Middlesex, Monmouth and
Ocean Counties*

NORTHWEST DISTRICT

*Gil Bagot, District Manager
New Jersey State Lottery
44 Glenwood Avenue
East Orange, New Jersey 07017
201-648-2500, 01, 02, 03, 04
Essex, Hunterdon, Morris, Somerset, Sussex,
Union and Warren Counties*

NORTHEAST DISTRICT

*John Nuneville, District Manager
New Jersey State Lottery
44 Glenwood Avenue
East Orange, New Jersey 07017
201-648-3834, 35
Bergen, Hudson and Passaic Counties*

