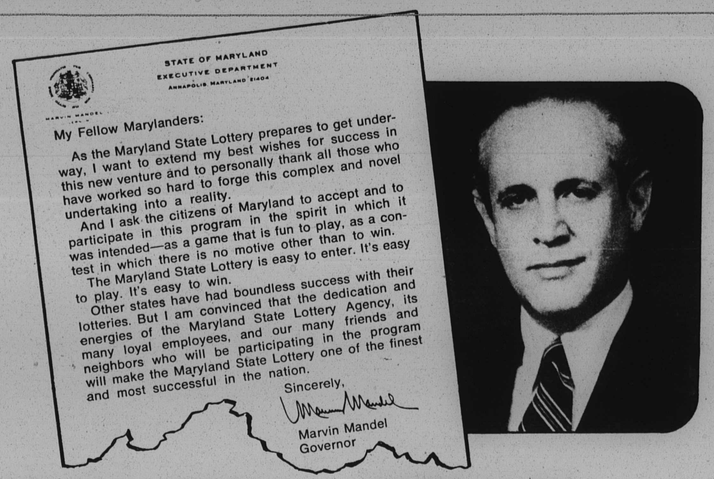


STATE OF MARYLAND
EXECUTIVE DEPARTMENT
ANNAPOLIS MARYLAND 21404

MARVIN MANDEL
GOVERNOR

My Fellow Marylanders:

As the Maryland State Lottery prepares to get underway, I want to extend my best wishes for success in this new venture and to personally thank all those who have worked so hard to forge this complex and novel undertaking into a reality.

And I ask the citizens of Maryland to accept and to participate in this program in the spirit in which it was intended—as a game that is fun to play, as a contest in which there is no motive other than to win.

The Maryland State Lottery is easy to enter. It's easy to play. It's easy to win.

Other states have had boundless success with their lotteries. But I am convinced that the dedication and energies of the Maryland State Lottery Agency, its many loyal employees, and our many friends and neighbors who will be participating in the program will make the Maryland State Lottery one of the finest and most successful in the nation.

Sincerely,

Marvin Mandel
Governor

WHY STATE LOTTERIES?

The past 10 years have seen the creation of eight state lotteries and discussion of lotteries in a number of other states around the nation.

Why this intense interest to establish lotteries? It can be attributed to several factors, observers feel, but the major one is the acute need to create new sources of state revenue.

In 1971, for the first time in a decade, state government expenditures on the national level exceeded revenue from all sources. State revenues around the nation rose 9.3% in 1971 to a record $97.2 billion, but expenditures rose even more—16.2% to a total of $98.8 billion, creating a deficit of $1.6 billion. At the same time, the public has been displaying increasing resistance to new or higher taxes, especially property taxes.

Faced with these circumstances, states have been turning more and more to lotteries and, in some cases, to off-track betting, in an effort to supplement revenue and relieve pressure on broadbased taxes.

WISHBONE IS NEW LOTTERY LOGO

A Rabbit's foot, crossed fingers, a four-leaf clover, horseshoes—all were considered as possible symbols for the Maryland State Lottery Agency. Finally, a dark-horse - the wishbone - was chosen.

Combined with the words "Maryland State Lottery," the wishbone logo will be printed on all lottery tickets and used in promotional literature being prepared by the new agency.

According to David Konig, lottery advertising manager, the symbol was chosen from a number of suggested logos submitted by the lottery's advertising agency and by lottery staff members. "We finally chose the wishbone, "Mr. Konig said, "because it not only brings good luck to the person who winds up with the longest segment but, to our knowledge, its use in a logo is unique."

By the time the lottery gets underway, it is hoped that the new symbol will be a familiar sight around the state, appearing in advertisements, on billboards and on store posters and decals identifying locations where tickets are sold.

QUESTIONS & ANSWERS

Who operates the lottery?

The lottery is operated by a full-time state agency known as the Maryland State Lottery Agency. The lottery agency is located at 711 West 40th Street, Baltimore, Maryland 21211.

Who sets lottery rules?

Lottery rules are established by the Maryland State Lottery Commission, a five-member board appointed by the governor with the advice and consent of the state Senate. George P. Mahoney is chairman of the commission and John M. Martin, of Catonsville; Ackneil M. Muldrow II, of Baltimore; Edward C. Wilson, of Brookeville, Montgomery County, and Morgan C. Wayson, of Lothian, Anne Arundel county, are commission members.

Who may participate in the lottery?

Any one 18 or over may buy lottery tickets and any ticket holder is eligible to win in the lottery, even those under 18 who receive tickets as gifts.

Are lottery winnings taxable?

Yes, winners must pay federal and state income taxes on money they receive from lottery drawings.

What happens to revenue from ticket sales?

After necessary operating expenses are deducted, half of the revenue from weekly ticket sales is used to pay winners' prizes and the other half goes into the general fund of the state to finance a wide variety of state projects.

Where do winners claim their prizes?

Winners should take their winning tickets to any one of a number of lottery claim centers which will be set up around the state. There, tickets will be registered and passed on to the State Lottery Agency headquarters for validation. Shortly thereafter, winners will receive their checks in the mail.

How does the lottery agency prevent forgery?

Strict security measures are enforced throughout the entire lottery system and the lottery ticket itself incorporates the latest measures against alteration or forgery.

Where will weekly drawings be held?

The colorful lottery trailer or "Drawingmobile" will be taken to various areas of the state for the weekly public drawings. The public will be invited to attend, and a member of the audience will actually select at random the digits that will constitute the winning lottery number.

Will lottery tickets be sold by machines?

No, not at the outset. Ticket sales will be handled by sales clerks only, But at a later date it may be that the lottery agency will establish a procedure for machine sales at various locations around the State.

Will it be possible to buy a "season ticket"?

Eventually the lottery agency hopes to have a procedure for selling season tickets.

How about a daily lottery?

A state-conducted daily lottery is one of the primary goals of the lottery commission, but it may be some time before the programming and operational detail for such a drawing can be worked out.

A RUNDOWN ON SEVEN OTHER STATE-CONDUCTED LOTTERIES

Seven other states are now conducting lotteries. They are Connecticut, Massachusetts, Michigan, New Jersey, New Hampshire, New York and Pennsylvania.

In addition, New Jersey conducts a daily lottery as well as a weekly lottery and Pennsylvania has a special "Lucky 7" weekly lottery in addition to its regular lottery each week. Here is a rundown on each state's game and prize structure:

CONNECTICUT

Winners match a five-digit number and weekly prizes range from $20 to $5,000. Weekly winners are eligible for a Grand Prize drawing with a top prize of $75,000. Approximately 1.5 million tickets are sold per week at 50¢ each and net lottery revenues go to the general treasury.

MASSACHUSETTS

Winners match a six-digit number and receive prizes ranging from $25 to $50,000 in the weekly drawing. To qualify for grand prize drawing of $1 million ($50,000 a year for 20 years) once every six weeks or so, participants must match five digits of any six digit number from a weekly drawing. Tickets are 50¢ each and approximately 3.17 million are sold each week. Revenue is allocated to towns and cities of the state.

MICHIGAN

Newest of the seven, Michigan sells tickets at 50¢ each and offers weekly prizes numbering in the thousands starting with $25. An estimated 5.5 million tickets are sold weekly and the top prize winner must match a six digit number. A million dollar prize ($50,000 a year for 20 years) is offered every four or five weeks and all ticket holders who have claimed prizes in previous weekly drawings are eligible. Proceeds go to the state's general fund.

NEW JERSEY

Weekly prizes range from a low of $40 to a high of $50,000. A million dollar drawing ($50,000 a year for 20 years) is held approximately every six weeks with holders of tickets matching the last three digits of weekly winning numbers eligible. New Jersey's daily drawing offers prizes ranging from $2.50 to $2,500 based on matches of a five-digit number. Tickets for both weekly and daily drawings are 50 cents and some five million persons participate in the combined daily and weekly drawings, with revenue earmarked for state aid to education.

NEW HAMPSHIRE

First of the modern lotteries, New Hampshire has a weekly low prize of $10 and a grand weekly prize of $5,000. Approximately 250,000 tickets are sold weekly and a grand drawing is held about every four weeks for $100,000. All ticket holders who claimed prizes in previous weekly drawings are eligible. The state also offers a season ticket plan and funds from the lottery go to public education.

NEW YORK

New York started out with $1 tickets but now features a 50 cent ticket with prizes each week from $50 to $50,000. Weekly sales run about 3.8 million and there is one winner for every 1,000 tickets sold. Revenue is allocated to the state's general fund. There is no so-called millionaire drawing.

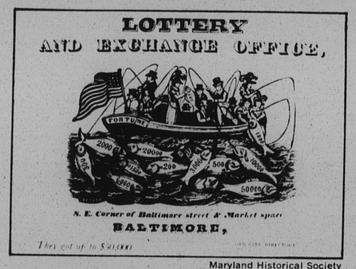
PENNSYLVANIA

Pennsylvania has a regular weekly drawing with prizes from $40 to $50,000 on a six-digit number match. All those with a last-digit match qualify to participate in a millionaire's drawing ($50,000 a year for 20 years) which is generally held every eighth week. Pennsylvania also holds a "Lucky 7" drawing where tickets cost $1 and weekly prizes range from $50 to $75,000. Players must match a six-digit "bonus" number to win. About 5.5 million Pennsylvanians play the combined lotteries each week and revenues go to tax relief for the elderly.

THE MARYLAND LOTTERY—EIGHTH STATE LOTTERY IN THE NATION

The new Maryland State Lottery was created by the Maryland General Assembly during its 1972 session and approved overwhelmingly by the voters in a referendum last November. Across the state, the vote in favor of the lottery averaged three to one, and in some counties it ran as high as five to one. But while the lottery is the state's newest agency, lotteries themselves are far from new. In fact, it might be said that the establishment of the lottery in Maryland was a case of history repeating itself.

Lotteries can be traced back in recorded time to biblical days when many important civil matters were decided by lot. Lotteries were used by kings and emperors to finance building projects or to increase revenue. From the 15th century on, lotteries were rather common in Europe. In England, money raised by lottery was put to various uses, including paying some of the costs of colonizing Virginia. A writer of the time described lotteries as "a fair way to reach the pockets of misers and persons disposed to dissipate their funds."



Maryland Historical Society

THE FIRST LOTTERY: WHERE AND WHEN

The first weekly drawing of the new Maryland State Lottery is expected to be held in Charles Center in downtown Baltimore in late May or early June. And the public will be invited to attend. Tickets for the first drawing will go on sale about 10 days earlier. A stage will be set up to accommodate the special equipment that will be used to select six digits at random—the six digits that will comprise the first winning lottery number.

A number of state and city officials are expected to be on hand for the first drawing including Governor Mandel, Baltimore City Mayor William Donald Schaefer, State Senator John C. Coolahan and Baltimore City Delegate Joseph S. Bonvegna. Senator Coolahan and Delegate Bonvegna authored the legislation that enabled the creation of the Lottery during the 1972 session of the General Assembly.

In the event of rain, arrangements will be made to hold the first drawing in the Morris Mechanic Theater in Hopkins Plaza or another indoor location.

Through the cooperation of the City Department of Transit and Traffic, the lottery's "Drawing mobile," the colorful van that will travel the State to weekly drawing sites, will be on view at Baltimore and Hanover streets from 10 a.m. until 2 p.m. on the day of the drawing.

WELCOME Lottery receptionist Cheryl L. Healey greets a visitor to lottery headquarters at 711 West 40th Street. Ticket security requires that visitors sign in and out and wear badges designating which areas they are cleared to visit.

It is not surprising, then, that the earliest colonists in America turned to lotteries to finance a wide variety of projects. In 1775, for example, the Continental Congress adopted this resolution: "That a sum of money be raised by way of lottery for defraying the expense of the next campaign . . ." with the lottery to be drawn in Philadelphia.

Governmental bodies were not the only ones to use lotteries or fund raising. In 1762, Princeton University used a lottery to raise $2,000 and three years later, Harvard raised $3,200 for the construction of student housing units. In Baltimore, the first monument to honor the memory of George Washington was constructed with a fund of $100,000 raised by statewide lottery. History books indicate the initial $100,000 was not enough to complete the monument and the state had to contribute another $100,000 to finish the project in 1829. Lottery prizes were not always cash either. In 1793, a lottery was launched to raise funds for the building of Washington, D. C. The grand prize was described as "one superb hotel" with baths and outhouses, valued at $50,000.

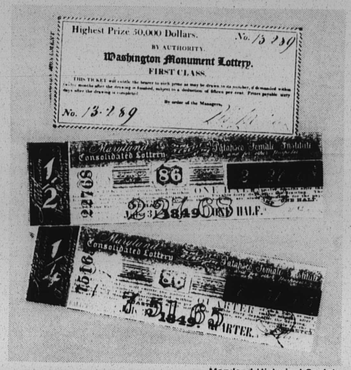
Despite their popularity, though, the tide began to turn against lotteries in the early 1800's. In 1827, postmasters and their assistants were barred from selling lottery tickets and in 1868, Congress prohibited the depositing in any post office of lottery posters, circulars, and letters.

A lot of this animosity toward lotteries can be traced to the Louisiana State Lottery which in the mid 1800's grew to enormous proportions and reached into many southern and east coast states. At its height, the Louisiana lottery was selling approximately $2 million worth of tickets per week, but scandal and corruption crept into the lottery organization and the federal government forced its discontinuance in 1893.

For 70 years following the closing of the Louisiana lottery, no legal public lotteries of any sort were held in the nation. During those years, 35 state constitutions were written or amended to outlaw lotteries - a direct result of public outrage over arrogant and corrupt practices of earlier lotteries. It was not until the 1930's that the great depression brought a rekindling of interest in lotteries, which in turn was heightened by the financial pressures of World War II.

Maryland Historical Society

In 1963, the state-sponsored public lottery was finally revived in New Hampshire, and four years later, a second lottery was established in New York State on a monthly basis. Despite these two ventures, it was not until early 1971 that the public's appetite was aroused with the advent of the New Jersey State Lottery. Following a year of careful study, the New Jersey lottery began with weekly drawings, a 50¢ ticket price, and a high-level prize structure. The New Jersey venture was an instant success, producing revenues that were several times as much as anticipated. The New Jersey operation set the pattern for the three states that followed with public lotteries: Massachusetts, Pennsylvania, and Connecticut. In fact, the New Jersey Lottery was so successful that the two earlier state lotteries in New Hampshire and New York were redesigned along the lines of the New Jersey lottery. Michigan approved a lottery in 1972 and began selling tickets late that same year. That brought to seven the number of states with lotteries and in November, 1972, Maryland became the nation's eighth state to approve a lottery.



Maryland Historical Society

LOTTERY TICKETS CAN BE SOLD BY STATE & LOCAL AGENCIES

State and local governments looking for ways to raise additional revenue may be interested in serving as sales agents for the Maryland State Lottery Agency.

According to James P. Slicher, director, the attorney general's office has ruled that units of both state and local governments can handle lottery ticket sales if they are interested.

Ticket agents will receive 5% on each ticket sold. Tickets will be 50¢ each and it is hoped each sales outlet will sell at least 400 tickets per week. Sales agents will be allowed to return unsold tickets by a certain date prior to each week's drawing.

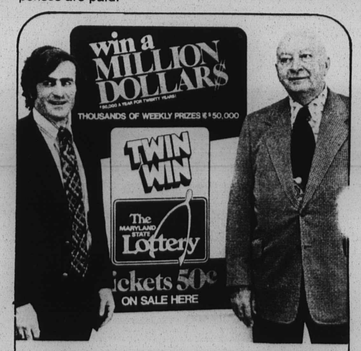
"There is some precedent for local governments handling ticket sales," Mr. Slicher said. "It has come to our attention that in Michigan, the City of Dearborn offers its employees tickets on a payroll deduction plan and sells approximately 2,000 a week."

BANKS TO PLAY VITAL ROLE

The banks of Maryland will play a vital role in the lottery operation. Over the past weeks, the lottery has been in contact with bankers from around the state, inviting them to serve as both distribution points for lottery tickets and as depositories for lottery funds.

A representative number of banking companies around the state have agreed to work with the lottery agency and there will be over 300 cooperating banks ranging in size from the largest with more than 100 branches, down to a number of small banks with only one office.

Each week, lottery agency vans will deliver supplies of lottery tickets to certain main office locations for further distribution by the banks to their participating branches. Sales agents will be able to pick up their tickets each week at bank branches on a certain designated day. Cash that is turned in from sales will be transferred that same day to central banks where accounts will have been established. From that point funds will go directly into the account of the state treasurer. Should projected ticket sales hold up, this will result in the state's gaining approximately $24 million per year in additional revenue after all expenses are paid.



TOP STAFF MEMBERS James P. Slicher, right, and Stanley S. Fine are the two top staff members of the new State Lottery Agency. Mr. Slicher, lottery director, formerly served in the governor's cabinet as secretary of the Department of Budget and Fiscal Planning. Mr. Fine, who was a legislative aide to Gov. Mandel, is the lottery's chief deputy director.