

THE ARIZONA LOTTERY

Celebrates Its 25th Anniversary Year

By Susan Lanier-Graham

Most Arizonans are familiar with the Arizona Lottery—whether it's the Scratchers or the on-air drawings. The positive impact on local retailers and Arizona's economy is something the Arizona Lottery celebrates during its 25th year.

The Arizona Lottery is operated entirely from generated revenue, receiving no Arizona General Fund dollars. In fact, since July 1981, the Arizona Lottery has returned almost \$2 billion in net profits to the state. Proceeds from generated revenue go to support a variety of Arizona projects.

According to Kevan Kaighn, Public Information Officer for the Arizona Lottery, "Sales revenue funds a variety of beneficiaries, which are either legislatively mandated or the result of voter initiative. Lottery revenues are distributed as follows:

- Powerball funds go to the State General Fund and Mass Transit
- Pick 3 and Bingo Scratchers to the Heritage Fund
- The Pick, Fantasy 5 and remaining Scratchers help fund the Local Transportation Assistance Fund, County Assistance Fund, Heritage Fund, Healthy Arizona, State General Fund, and Mass Transit

● Economic Development Scratchers go to the Commerce and Economic Development Fund, administered by the Arizona Department of Commerce for such programs as Arizona Main Street

● Thirty percent of unclaimed prizes annually help fund the Court Appointed Special Advocates (CASA), a program administered by the Supreme Court, which trains volunteers to serve as courtroom advocates for abused, abandoned and neglected children.

But what are the benefits for a local retailer to participate in the Arizona Lottery? The bottom line is revenue. In FY06, retailers received a record \$31.1 million in commissions. Since inception, the Lottery has paid retailers \$379 million in commissions. The 6.5% to 7% commission retailers receive is high in comparison to other state lotteries and provides one of the highest returns when compared to other products on a profit-per-square-foot basis. There are currently 2,600 licensed retailers in the state and statistics show that customers buying Lottery tickets nearly always purchase additional retail items.

The Arizona Lottery has worked hard to make the process



(L-R) John Hogg, Director of Sales & Marketing and Art Macias, Executive Director

easy for retailers. The application is available online at www.arizonalottery.com/Retailer.asp.

According to Art Macias, Executive Director for the Arizona State Lottery, "The licensed retailers are our partners." The Lottery already offers numerous services to retailers to help them with Lottery sales and general business practices. For example, they offer Retailer Loss Prevention training that helps retailers learn ways to prevent theft from the outset. The Lottery encourages retailers to conduct background checks on prospective employees, to keep a detailed inventory of instant Lottery products and even provides sample inventory sheets.

The Lottery has established a 24-hour hotline for retailers. Macias stresses that the organization realizes the key to continued success is listening to and including retail partners in their efforts. "We've taken retailer forums on the road across the state and reached out to AFMA and retailer audiences at the corporate level."

The Arizona Lottery—AFMA Industry Council, to be established by the end of the year, is designed to be the key to a research initiative focusing on the retailers. The initiative will seek ways for the Arizona Lottery to gain greater insight

into how to better serve the "sales force," better serve the end customer, and grow the bottom lines.

Governor Janet Napolitano appointed Macias Executive Director of the Arizona Lottery a year ago. Prior to that appointment, he had served as the Governor's Director of the Arizona Department of Weights and Measures since July 2003.

Macias says the experience at Weights and Measures has helped him excel as Executive Director of the Lottery. "After two weeks on the job at Weights and Measures, the 2003 fuel supply interruption resulted in the forging of close working relations with the industry." As that relationship strengthened during his tenure at Weights and Measures, Macias realized a greater appreciation for the industry and sharing a common goal of providing the highest level of service.

When he moved over to the Arizona Lottery, he says he took that appreciation with him. "That insight, appreciation, and collaboration continue to serve me and the Lottery well. It made for less of an already steep learning curve."

One of the many changes Macias has brought to the Arizona Lottery



is the increased use of technology. New technology has created greater efficiency in Lottery operations, which leads to greater convenience for the retailers and players, which then leads to increased sales.

The Arizona Lottery is 25 years old and the organization is celebrating in grand style. The \$250,000 Jubilee Scratchers is the highest Scratchers top prize ever. In addition to cash awards and a chance at the \$250,000 prize, there are also opportunities to enter the Second Chance drawings. The first of two drawings will be held on New Year's Eve and offers one \$250,000 prize, six \$25,000 prizes, and several merchandise awards.

The Lottery continues to develop new games as well. Holiday Scratchers went on sale in mid-October and a Phoenix Suns Scratchers debuts in November. A Wheel of Fortune Scratchers is slated for the near future, offering cash, merchandise, and trips.

This anniversary not only marks a quarter century of lottery success in Arizona, it is also a record-breaking year. The state will receive \$141 million in net profit—the highest return in the Lottery's history.

Macias gives much of that credit to the retailers. "Arizona is fortunate to have a vigorous retailer industry—the success of the Arizona Lottery and its beneficiaries is certainly a testament to the many retailers for whom I've developed a deep respect."

Macias committed to making Arizona a better place to live while at Weights and Measures. That goal means even more to him at the Arizona Lottery. "My goal 'to make Arizona a better place to live' has taken on even greater meaning at the Arizona Lottery, commensurate with the depth of our collaboration with the retailer industry."



The award Art is holding is from the first annual Economic Engines of Arizona Awards, sponsored by Arizona Business Magazine. The lottery was recognized for their economic impact on Arizona in the category of service.

Art Macias, Executive Director Arizona Lottery

Education: Bachelor of Arts degree in Economics from Brandeis University. French Master's in International Management from the Ecolé Supérieure des Sciences Economiques et Commerciales (ESSEC) in Paris, France as a Rotary Ambassadorial Scholar.

Career: Served seven years as the Director of the Community and Economic Development Department for the City of Douglas on the U.S.-Mexico border in southeastern Arizona. In July 2003, he was the Governor's Director of the Arizona Department of Weights and Measures, and then was appointed Executive Director of the Arizona Lottery by the governor in November 2005. Mr. Macias also serves as the Vice Chairman of the Border Trade Alliance (BTA), a non-profit organization that advocates on behalf of policies and initiatives designed to improve border affairs and trade relations among the NAFTA nations. He is also active as a member of the Arizona-Mexico Commission and sits on the board of directors of the Arizona Latino Research Enterprise (ALRE). He was recently appointed to serve on the Governing Committee for Tax Deferred Annuity and Deferred Compensation Plans.

Skill or trait that has helped most during career: "Listening has created the greatest opportunities for understanding, collaboration, growth and ultimately success."

Personal: Married to Gabriela Macias—his spouse, friend, and insightful advisor of five years.

Hero: Jesus Christ

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