

In games of chance, promises don't mean very much

Ronald Reagan was president when I bought my first and last lottery ticket. There had to be better ways to squander a dollar than trying for a lottery jackpot, since the odds against a player are in the millions.

Now I hear debates everyday about the New Mexico Lottery. Under state



Milan Simonich
Ringside Seat

law, it has to provide 30 percent of its revenues for college scholarships. Dan Salzwedel, chairman of the lottery board, said this system is strangling ticket sales.

"We're going to continue to drop off with this outdated business model because [operational] expenses are going up," Salz-

wedel said.

The lottery's management team is in lockstep with lobbyists for lottery vendors in trying to revamp how the numbers game operates. Opposing them are certain legislators of both parties and the public policy organization Think New Mexico.

Salzwedel and the lobbyists for vendors are backing a controversial bill by state Sen. John Arthur Smith, D-Deming. It would eliminate the 30 percent funding requirement for college scholarships and allow the lottery to pour more money into prizes and promotions for its games of chance.

If the lottery is free to spend as it pleases to entice more gamblers, Salzwedel said, it eventually will raise addi-

Please see story on Page A-8

Promises aren't much

Continued from Page A-1

tional money for college scholarships. How much more?

"We can't answer that," Salzwedel said.

But, he said, his hope is that the change would add \$11 million to \$18 million to the scholarship program in three to five years.

A review of lottery ticket sales made me skeptical of Salzwedel's claim that business is hurting.

In fiscal year 2016, the New Mexico Lottery had gross revenues of \$154.4 million, a record. Thirty percent, or \$46.3 million, went to college scholarships, another record. And revenues for the first two quarters of this fiscal year were even better than in 2016.

Salzwedel said revenue rose because of sales of national Powerball tickets when jackpots soared, something that happens only occasionally.

Yet, since 2008, when New Mexico legislators first required the lottery to turn over 30 percent of its gross revenues for scholarships, the amount going to the college fund has exceeded \$40 million every year. Think about that. A system that the lottery says is broken has supplied at least \$40 million annually for scholarships, helping students receive college degrees and enter the workforce with little or no debt on loans.

The real drawback in that time was that state universities kept raising tuition, knowing they had a cash cow in the lottery fund.

Salzwedel, who also sits on the board of regents of Western New Mexico University, said the lottery could do even more for students if it weren't restrained by a bad business model.

He pointed out that the number of scratch tickets sold by the New Mexico Lottery dropped every year from 2008 through 2014. Sales rebounded nicely the last two years, something the lottery staff attributes to offering higher payouts that drew more gamblers.

Salzwedel says this is the model the lottery must follow if it's to make more money. Most state senators agreed with him last week. They voted 24-17 to scrap the 30 percent threshold for college scholarships and give the lottery a five-year trial to

increase sales by offering higher prizes. The proposal, Senate Bill 192, now goes to the House of Representatives.

The lottery staff has a formidable opponent at the Capitol in Fred Nathan, executive director of Think New Mexico.

"The only people bearing the risk of this scheme are the students," Nathan said. "Revenue for the vendors would go up with the change."

And those vendors are well-represented at the Capitol.

"The biggest proponents of the bill, as always, are the lobbyists for the three multinational gaming corporations that contract with the lottery," Nathan said.

One of these lobbyists is Pat Rogers, representing Scientific Games. He is a former Republican national committeeman and an ally of Gov. Susana Martinez.

Mickey Barnett, another former national committeeman of the Republican Party, and Dan Najjar are the lobbyists for Intralot Inc. State records show that Georgia-based Intralot donated \$50,000 last September to the political committee Advance New Mexico Now, which is run by Martinez's adviser.

The other lobbyist is Vanessa Alarid, who's married to state Rep. Antonio "Moe" Maestas, D-Albuquerque. She represents International Gaming Technologies.

With their win in the Senate, the lobbyists and the lottery staff can now shift their attention to the House of Representatives. Nathan will fight them every inch of the way.

Salzwedel, who's earnest and well-intentioned, said the changes sought by the lottery would someday help more students go to college. But his promise that ticket sales will increase is speculative.

It's past time to rewrite the bill with financial guarantees so students don't end up with a smaller scholarship fund. Otherwise, all that's left are promises. And promises don't mean much when it comes to games of chance.

Ringside Seat is a column about New Mexico's people, politics and news. Contact Milan Simonich at 505-986-3080 or msimonich@sfnewmexican.com.