

May 24, 2006

By Dave McKinney, Sun-Times Springfield Bureau Chief

Who Would Want to Buy Illinois Lottery

If Gov. Blagojevich puts the lottery into someone else's hands, Illinois could soon have the first privately owned state lottery in the country since the late 1800s.

Questions abound over the governor's plan, chiefly: Who would pony up as much as \$10 billion to own a state lottery system with profits that haven't fluctuated much in the past decade? This year, the lottery is expected to sell about \$2 billion in tickets. After paying winners and overhead, the state should clear about \$665 million for schools.

That's enough cash to perhaps draw a look from private equity firms seeking a steady revenue stream, said gambling analyst Ralph Schackart with Chicago's William Blair & Co. "I'd think there would be some interested parties," he said.

GTECH Corp., a Rhode Island firm that holds the Illinois lottery's most valuable contract, indicated its interest in possibly running the state lottery but told the Associated Press Tuesday it needed more details.

GTECH made \$27 million last year and is represented by the governor's former congressional chief of staff, lobbyist John Wyma. The administration insisted Wyma had no role in crafting the lottery privatization plan.

Other questions include whether the math supports Blagojevich's revenue assumptions, whether a private takeover would trigger a lottery expansion and whether school dollars would be doled out fairly. Another significant issue is what steps the state would take to ensure that a lottery in private hands would operate without taint.

"The big question is whether you can keep controls in place, keep the integrity in place," said lottery consultant Michael Jones, who ran Illinois' lottery in the 1980s. "With this proposal, the governor is at least recognizing the potential of lottery and thinking private companies will recognize it as well, and that's what's interesting," Jones said.

The last privately run lottery to flourish in the United States was the Louisiana State Lottery Co., which bribed legislators and newspaper editors to stay afloat, sold tickets in virtually every U.S. city and made its New York owners rich. The U.S. Supreme Court sacked the business when it upheld a prohibition on using the mail to deliver lottery tickets.

Source: <http://www.suntimes.com/output/education/cst-nws-lottskul24.html>