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**Testimony Before
The Senate Committee on Federal And State Affairs
Senate Bill 169**

Sherriene Jones-Sontag, Kansas Lottery

Mr. Chairman and Members of the Committee:

Thank you for your consideration of Senate Bill 169. SB 169 would amend K.S.A. 2016 Supp. 74-8702 to authorize the use of electronic product dispensers (also known as vending machines) to dispense Kansas Lottery products at select Lottery retailer locations.

Once fully implemented, conservative estimates project the use of electronic dispensers in Kansas would initially increase lottery sales by \$25 to \$30 million annually, increase retailer commissions by \$1.3 to \$1.5 million annually, and increase transfers to the state by \$8 to \$10 million annually.

As an industry best practices standard, 38 U.S. lotteries including Missouri, Oklahoma and Colorado have used electronic dispensers for years to deliver and sell their lottery products. The 2016 Efficiency Review by Alvarez & Marsal recommends the Kansas Lottery be allowed to invest in and install electronic dispensers.

The Lottery is frequently asked by its lottery retailers if such dispensers are available in Kansas because they want a better way to track inventory, sales, to reduce customer wait times and specifically labor costs. Lottery retailers who have locations in other states where electronic dispensers are used report better lottery sales by 30% to 50% and have cut their lottery labor costs in half.

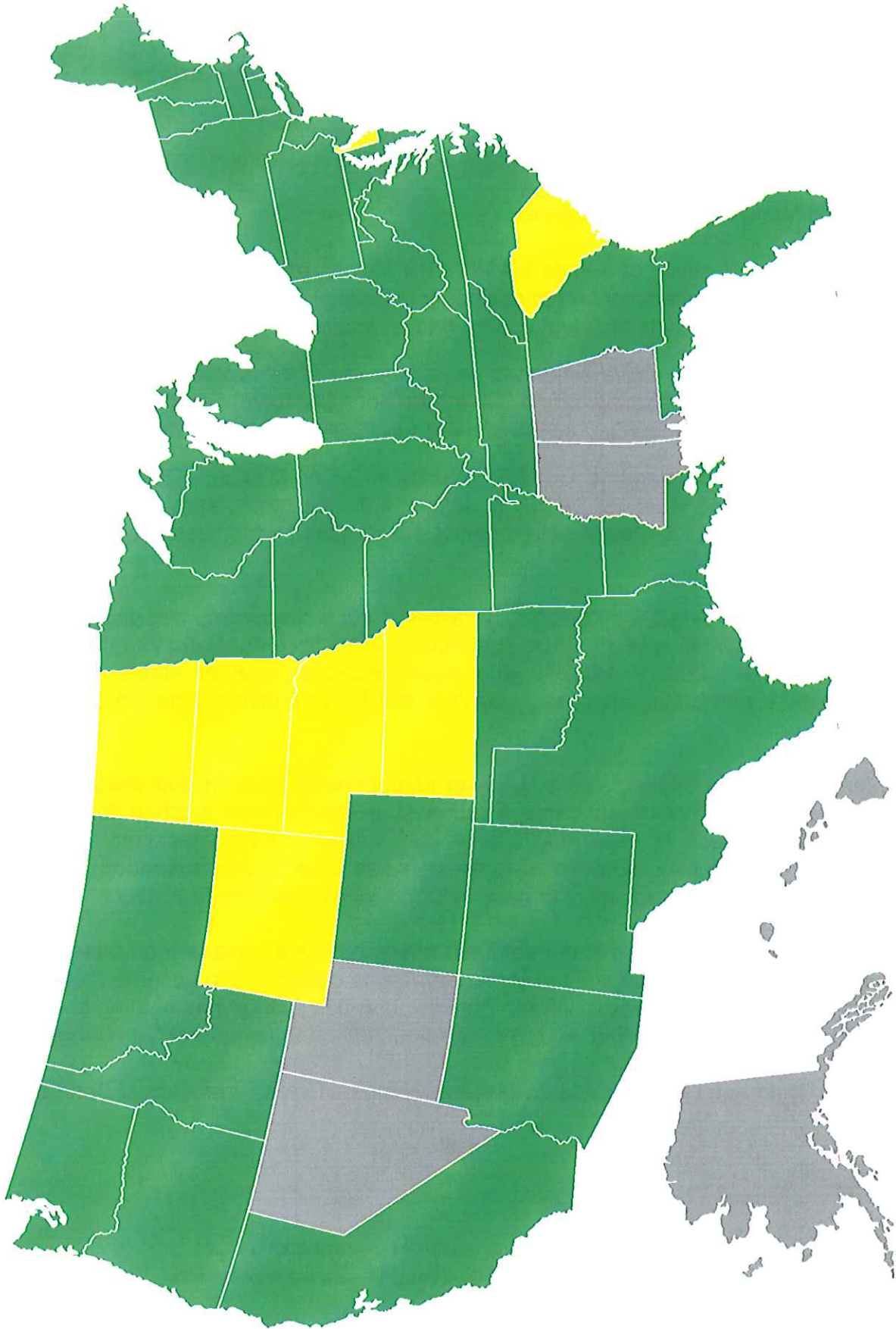
The dispensers also would improve the delivery of lottery instant scratch and draw games as they would serve as another point of purchase location in a lottery retail location for players. This additional point of purchase is especially critical during times of high jackpots when casual or infrequent players want to play, sometimes jamming sales lines to the frustration of our retailers. Sales and transfers grow at a much quicker pace in states with electronic dispensers.

This bill does not "expand" the reach of the Kansas Lottery, but simply allows the Lottery to implement an industry best practice and further modernize its operations to become more efficient and effective in today's business environment. Furthermore, this change has nothing to do with the Kansas Expanded Lottery Act and that act remains untouched by these requested changes.

Again, thank you Chairman LaTurner and Committee Members for consideration of Senate Bill 169.

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SELF-SERVICE ELECTRONIC DISPENSERS IN THE U.S.



- State Lotteries with Self-Service Electronic Dispensers
- State Lotteries with No Self-Service Electronic Dispensers (DE, KS, ND, NE, SC, SD, WY)
- Non-Lottery States (AK, AL, HI, MS, NV, UT)