

PROPOSITION 1C: SHOULD CALIFORNIA AUTHORIZE THE SALE OF LOTTERY BONDS TO CLOSE THE BUDGET GAP?

Proposition 1C, which will appear on the May 19, 2009 special election ballot, would authorize the state to sell bonds that would be repaid out of future lottery revenues. Proceeds from the sale of the bonds would be used to help balance the 2009-10 budget. This *Budget Brief* provides an overview of Proposition 1C and the policy issues it raises. The California Budget Project (CBP) neither supports nor opposes Proposition 1C.

What Would Proposition 1C Do?

Proposition 1C was placed on the ballot by the Legislature as part of the February 2009 budget agreement, which assumed that the state would sell \$5.0 billion of bonds and use the proceeds to help close the 2009-10 budget gap.¹ Proposition 1C would make significant changes to the California State Lottery Act of 1984. Specifically, Proposition 1C, along with legislation passed as part of the budget agreement, would:

- **Authorize the state to sell bonds that would be repaid with lottery revenues.** Proposition 1C would allow the state to sell an unlimited amount of debt that would be repaid out of future lottery revenues. Interest payments received by investors on lottery bonds would be exempt from state income taxes.
- **Allocate lottery revenues for bond debt repayment.** Proposition 1C would allocate no less than 87 percent of lottery revenues for prizes and repayment of lottery bond debt.² Any funds remaining after the payment of prizes and bond debt service could be appropriated by the Legislature to pay any debt or other General Fund obligation. Current law allocates half of lottery revenues toward prizes, no more than 16 percent of revenues for lottery operations, and at least 34 percent of revenues for education.

- **Allow more than half of lottery revenues to be used for prizes and reduce the share used for operating expenses.** Proposition 1C would allow more than half of lottery revenues to be paid out as prizes and would reduce the maximum share of lottery revenues that could be used to support operating expenses from 16 percent to 13 percent. The Lottery Commission would determine the percentage of revenues that would be paid out as prizes. Proposition 1C would also allow the lottery to use any surplus operating funds for prizes, bond debt service, or appropriation to the state's General Fund. Currently, any funds remaining after payment of prizes and operating expenses are paid to education.³
- **Replace schools' share of lottery revenues with General Fund dollars.** If Proposition 1C is approved by the voters, schools will no longer receive a share of lottery proceeds. Beginning in 2009-10, schools – K-12 education, community colleges, the California State University (CSU), the University of California (UC), and other educational institutions – would receive a payment equal to what they received from the lottery in 2008-09. This appropriation would be adjusted annually for changes in enrollment and inflation, measured by the percentage change in per capita personal income. Proposition 1C would replace schools' share of lottery revenues with General Fund dollars regardless of whether the sale of lottery bonds actually occurs.

- **Increase the Proposition 98 “base” to reflect the increased General Fund appropriation to K-14 education.** Proposition 1C would count the 2009-10 General Fund payment to K-14 education toward the calculation of the Proposition 98 guarantee beginning in 2010-11. This would have the effect of increasing the Proposition 98 “base” by the amount of the additional General Fund appropriation, which would then grow over time at the rate of the overall Proposition 98 guarantee. Proposition 1C would also adjust the percentage factor used to calculate “test 1” of the Proposition 98 guarantee to reflect the amount K-14 education received from the lottery in 2008-09. This adjustment would allocate a larger share of General Fund revenues to K-14 education in test 1 years than would be required by current law.⁴
- **Create a special purpose trust to oversee the bond sale.** The trust would be governed by a five-member board consisting of the voting members of the State Public Works Board and chaired by the Director of Finance. Three of the board members – a majority – would be gubernatorial appointees. The State Treasurer and State Controller would also serve on the trust’s board. The trust would be able to issue bonds in any amount and on any terms it determines.
- **Authorize the Legislature to make future changes to the lottery.** Proposition 1C would allow the Legislature, by a two-thirds vote, to make changes for “the purpose of modernizing” the lottery. The Legislature’s authority would include changes to the operating rules, games, or devices used by the lottery.⁵ Currently, the Legislature can only make changes to the lottery to provide additional monies to education.
- **Expand the authority of lottery administrators.** Proposition 1C would allow the Lottery Commission to issue no-bid contracts for expenditures of up to \$500,000. Currently, contracts that exceed \$100,000 must be submitted for competitive bidding.

What Would Proposition 1C Mean for the Budget and School Funding?

The February 2009 budget agreement assumes the state will sell \$5.0 billion of bonds, use the proceeds to help balance the 2009-10 budget, and repay the debt out of future lottery revenues.

While the bond proceeds would help address the current budget shortfall, this transaction would divert lottery revenues to pay for increased prizes and debt service – revenues that are currently allocated to education. The Legislative Analyst’s Office (LAO) estimates that if the state sells \$5.0 billion of lottery bonds in 2009-10, “annual debt-service payments to investors could total between \$350 million and \$450 million each year for 20 to 30 years.”⁶

Proposition 1C would also increase funding for schools and therefore boost demands on the budget by replacing schools’ allocation from the lottery with General Fund dollars beginning in 2009-10. Funding for K-14 education would likely increase since the Proposition 98 “base” would be adjusted, beginning in 2010-11, to reflect the additional General Fund payment to schools in lieu of amounts previously received from lottery proceeds. In future years, this amount would be adjusted for changes in enrollment and inflation as part of the overall Proposition 98 guarantee. For educational institutions outside of the Proposition 98 guarantee, the General Fund allocation in lieu of lottery proceeds would be adjusted annually for enrollment and inflation.

Since the late 1980s, the annual growth in Proposition 98 spending has significantly outpaced that of lottery sales (Figure 1). Lottery revenues increased at an average annual rate of 1.8 percent between 1988-89 and 2007-08. In contrast, Proposition 98 spending rose by an average of 5.9 percent during the same period – more than three times the growth in lottery revenues. The LAO notes that over the long term, “General Fund payments to educational institutions likely would grow faster and more consistently than the payments that the schools now receive

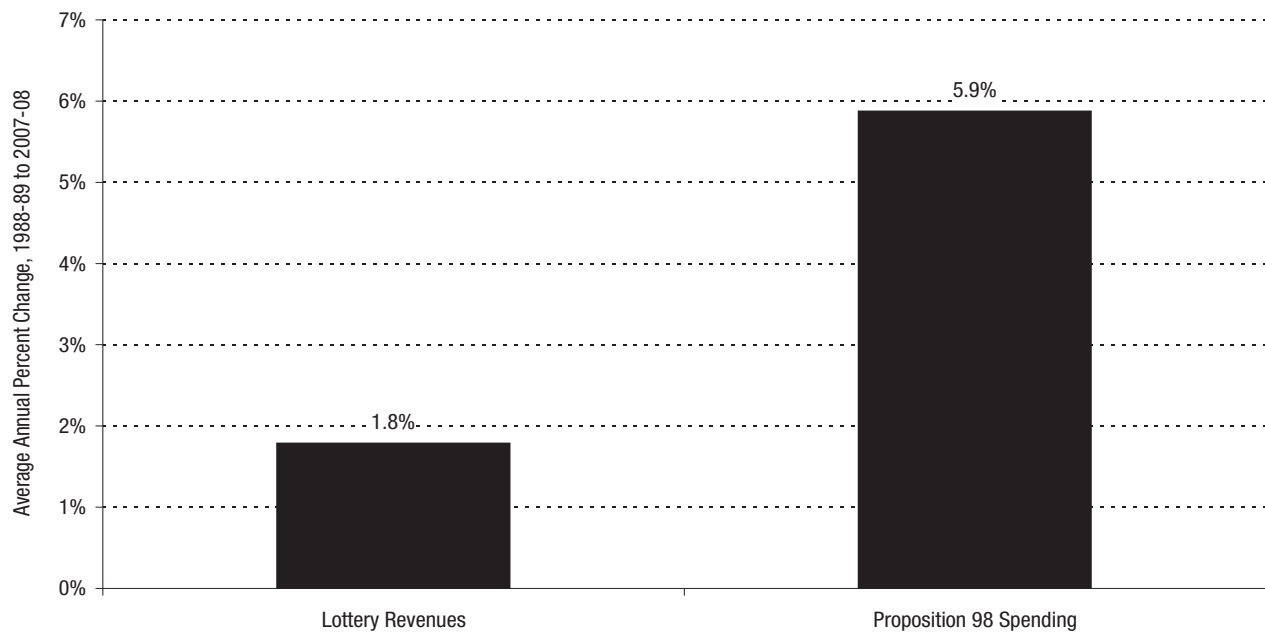
Where Did the Lottery Come From and What Does It Support?

Proposition 37, the California State Lottery Act, approved by the voters in 1984, established the California lottery. Proposition 37 required lottery proceeds to be divided between prizes (50 percent), administration (no more than 16 percent), and public schools (at least 34 percent).⁷

Lottery funds are allocated annually on a per student basis to school and community college districts, the CSU, the UC, and other educational institutions. Most lottery funds allocated to education go to K-12 and community college districts. In 2007-08, elementary and secondary schools received nearly eight out of every 10 lottery fund dollars (77.3 percent) and community colleges received nearly one out of six lottery fund dollars (15.2 percent).⁸

Lottery revenues provide a small share of the total support for California’s public schools. In 2007-08, lottery allocations accounted for just 1.5 percent of total K-12 spending, 2.5 percent of community college spending, and less than 1 percent each of spending for the CSU and UC systems.⁹ In 2007-08, education received \$1.1 billion in payments from lottery revenues.

Figure 1: Proposition 98 Spending Has Increased More Than Three Times as Fast as Lottery Revenues Since the Late 1980s



Source: California Lottery and Legislative Analyst's Office

from the lottery.”¹⁰ If the LAO’s estimates are correct, Proposition 1C would increase the share of General Fund revenues allocated to K-14 education, thereby reducing the resources available for programs outside of the Proposition 98 guarantee.

Will Lottery Sales Increase Sufficiently To Avoid Increased Demands on the Budget?

Supporters argue that the changes to the lottery authorized by Proposition 1C would increase sales by a sufficient amount to support the added cost of larger prizes and debt service, as well as providing continued support for education. However, a preliminary CBP analysis finds that in order to avoid additional General Fund costs for education, lottery sales would have to increase substantially in a very short period. The CBP examined three scenarios based on three levels of prize payouts and estimated the increase in sales relative to 2008-09 levels needed to avoid increased General Fund costs in 2010-11.¹¹

If prize payouts increase to 55 percent of lottery revenue:

- Lottery sales would have to increase by 17.1 percent between 2008-09 and 2010-11 in order to avoid additional General Fund costs.
- If lottery sales remain flat between 2008-09 and 2010-11, General Fund costs would increase by \$499 million in 2010-11.

If prize payouts increase to 60 percent of lottery revenue:

- Lottery sales would have to increase by 22.1 percent between 2008-09 and 2010-11 in order to avoid additional General Fund costs.
- If lottery sales remain flat between 2008-09 and 2010-11, General Fund costs would increase by \$646 million in 2010-11.

If prize payouts increase to 70 percent of lottery revenue, approximately the payout used in Massachusetts, which has the highest per capita lottery sales in the nation:

- Lottery sales would have to increase by 32.1 percent between 2008-09 and 2010-11 in order to avoid additional General Fund costs.
- If lottery sales remain flat between 2008-09 and 2010-11, General Fund costs would increase by \$939 million in 2010-11.

The lottery sales growth rates needed to avoid additional General Fund costs stand in contrast to recent trends. California sales declined by 7.4 percent in 2006-07 and by 8.1 percent in 2007-08. To the extent lottery revenues fail to increase by the amount needed to cover the additional cost of larger prizes and debt service, demands on the state budget would increase due to the added cost of payments to schools. The LAO estimates that in order to support the debt service payments on \$5.0 billion in

lottery bonds and increased General Fund spending on education, the state “would probably have to identify hundreds of millions of dollars per year in revenue increases or spending decreases to cover these costs.”¹²

Is the Lottery Underperforming?

Supporters of Proposition 1C argue that California’s “lottery is out of date and underperforming.”¹³ The Governor’s May Revision to his 2008-09 Proposed Budget noted that California’s per capita lottery sales were less than half of the national average and compared even less favorably when measured against the 10 most populous states.¹⁴ However, California’s 2006-07 per capita lottery sales were higher than those of 13 of the 18 states with lotteries that are west of the Mississippi River, all of which have per capita sales below the national average (Figure 2).¹⁵ California’s lottery revenues increased from \$2.1 billion in 1996-97 to \$3.0 billion in 2007-08, a rise of 47.8 percent (Figure 3).¹⁶ Recently, the California Lottery reported that it produced the third-largest profit among all lotteries in the United States in 2007-08.¹⁷

Gaming Revenues Are Falling

While California’s per capita lottery sales compare favorably to those of western states, sales have declined in recent years, consistent with broader trends in lottery sales and gambling more generally. Despite adding 1,000 new lottery retailers, California lottery revenues fell by 8.1 percent between 2006-07 and 2007-08.¹⁸ In the first six months of 2008-09, lottery revenues decreased by 6.7 percent. Nationally, sales have fallen in a majority of states with lotteries. Between 2006 and 2007, per capita lottery sales decreased in 24 of the 43 states with lotteries and average per capita lottery sales in states with lotteries west of the Mississippi River decreased by 3.9 percent.¹⁹

The decline in lottery sales is part of a broader trend of slower growth in gaming revenues. For example, the amount of money wagered on horse racing in the US declined by 10.1 percent from \$15.2 billion per year in 2003 to \$13.6 billion in 2008. While tribal gaming revenues in California increased each year between 2003 and 2006, the annual growth rate declined steadily from 27.5 percent in 2003 to 9.8 percent in 2006.²⁰ California’s growth in tribal gaming revenues ranked 5th among the 28 states with gaming in 2003, but had declined to 15th by 2006.²¹ Furthermore, gaming revenues in Nevada decreased by 1.9 percent in 2007-08 and by 14.0 percent in the first six months of 2008-09. Last year, the California State Lottery Commission cited the poor economy and rising gas prices as potential reasons for declining sales.²² However, saturation of the gaming market also may be a reason for decreases in lottery revenues.

Increased Lottery Sales May Mean Lower Sales Tax Revenues

Proponents of Proposition 1C claim that increased prizes will increase lottery sales. However, increased lottery sales would likely reduce state sales tax revenues and other revenues attributable to consumer purchases, such as fuel, tobacco, and alcoholic beverage taxes. Research suggests that the money Californians spend on lottery tickets may result in a reduction in spending on other goods, including goods subject to the state’s sales tax.²³ To the extent lottery ticket buyers spend less on taxable goods, the lottery would reduce state sales tax revenues and thus the funds available for public education and other services.

What Policy Issues Are Raised by Proposition 1C?

Maximizing Lottery Revenues: Who Will Buy the Tickets?

Research, both nationally and in California, consistently finds that low-income individuals spend more on lottery tickets per capita than do those with higher incomes. One national study found that lottery players with incomes between \$10,000 and \$24,999 per year spent an average of \$569 per capita on lottery tickets, while lottery players with incomes over \$100,000 per year spent \$289.²⁴ The most recent financial report released by the California Lottery indicates that nearly four out of every 10 lottery players (37 percent) come from households that earn less than \$35,000 per year.²⁵ A November 2007 study of California’s lottery players by researchers at the University of California, Los Angeles found that “per capita spending goes up sharply as income falls.”²⁶ The study also found that non-white lottery players spend more than do whites.²⁷ Other studies conclude that lottery sales are higher for individuals who have little or no formal education, are residents of urban areas, are between the ages of 45 and 65, and are not white.²⁸

Lower-income Californians pay a larger share of their income in state and local taxes than do higher-income taxpayers, and the temporary tax increases included in the recent budget agreement will increase this disparity even further.²⁹ Proposition 1C aims to increase lottery sales in order to generate sufficient revenues to cover the added cost of bond debt repayment, as well as larger prizes. By definition, increasing lottery revenues requires boosting the amount Californians spend on lottery tickets. While some argue that individuals can choose whether to buy lottery tickets, others argue that it would be inappropriate for the state to balance its budget by transferring a larger share of the cost of public services to those who are least able to afford to pay.

Figure 2: Lottery Sales Per Person for States West of the Mississippi, 2006-07

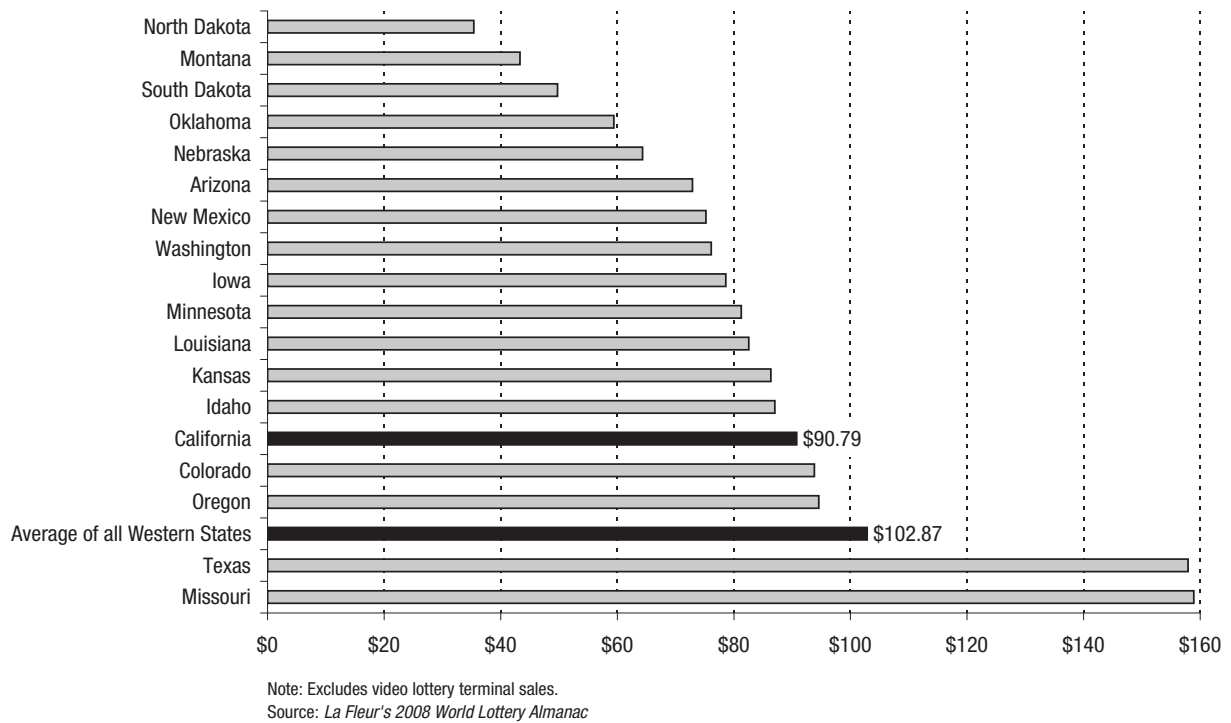
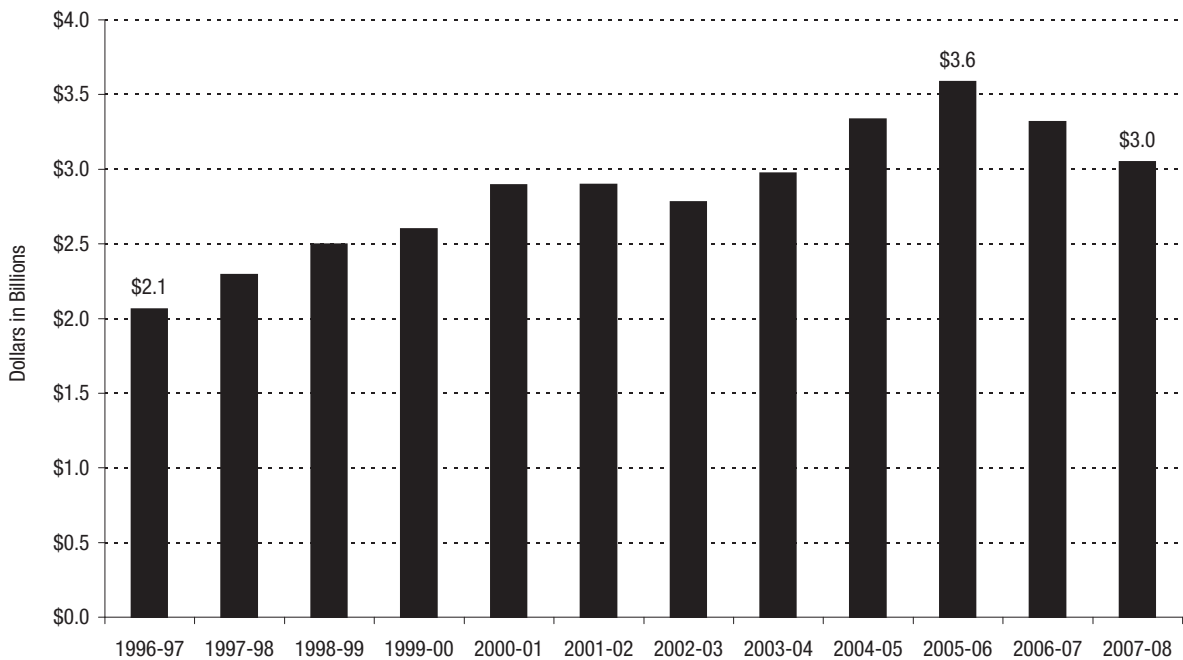


Figure 3: California Lottery Revenues, 1996-97 to 2007-08



Source: California Lottery

Proposition 1C Would Authorize the Legislature To Make Changes to Future Lottery Operations

While Proposition 1C does not make specific changes to lottery operations, it provides the Legislature with broad power to make future changes, including changes to the types of games offered, the operating rules for the lottery, or approval of devices that could increase the lottery's profitability. Changes made for "the purpose of modernizing" the lottery would require a two-thirds vote of the Legislature.

What Happens if the State Fails To Sell Lottery Bonds?

Proposition 1C authorizes the state to issue lottery bonds; however, it does not guarantee that the bonds will be sold. Recent turmoil in financial markets has led to a "credit crunch" that may affect the state's ability to borrow from future lottery revenues. Failure to complete the bond sale would leave a \$5.0 billion gap in the 2009-10 budget, while increasing the state's future obligations to education, since schools would receive General Fund dollars in place of their current lottery allocation regardless of whether the bonds are sold. The LAO notes that due to the global credit crunch there remains "a possibility that California would not be able to achieve all of the planned \$5 billion lottery borrowing in 2009-10."³⁰

What Is at Risk if Lottery Revenues Do Not Meet Projections?

The bonds authorized by Proposition 1C would be repaid out of lottery proceeds and would not be backed by the state's General Fund. Preliminary analysis suggests that lottery sales would be sufficient to cover the cost of larger prizes and debt service on the proposed \$5.0 billion sale of bonds. Revenues may not, however, be sufficient to cover debt service costs for a larger volume of bonds, particularly if the growth in sales lags proponents' optimistic expectations. The LAO notes that "additional borrowings, however, would increase debt-service costs even more. These increased costs would reduce further the portion of lottery profits available to cover the General Fund's higher

payments to education. Accordingly, if state officials decide to borrow more than \$5 billion from future lottery profits, budgetary decisions of the Legislature could be more difficult in the years after that borrowing."³¹

Proponents Argue

Proponents argue that Proposition 1C would:

- Provide an immediate solution to our budget crisis;
- Protect funding for schools; and
- Protect vital services from deeper cuts and prevent higher taxes.³²

Opponents Argue

Opponents argue that Proposition 1C would:

- Not increase lottery revenues to the level anticipated;
- Increase the availability of lottery games and lottery advertising; and
- Make unnecessary changes to the lottery that differ from the original intent of voters.³³

Conclusion

Proposition 1C would authorize the state to sell bonds backed by lottery proceeds to help balance the state's budget. The proposed measure would allow the state to make changes in the lottery's operations aimed at increasing sales, use lottery proceeds that are currently allocated to education to repay the bonds, and allow any remaining funds to be used for paying the state's increased obligation to schools or for other General Fund purposes. While supporters argue that the state's dire financial condition warrants the reliance on additional borrowing, Proposition 1C raises a number of important policy issues for voters to consider. Should the state use additional borrowing, which provides "one-time" resources, to balance an ongoing budget deficit? In addition, should the state encourage more Californians to spend more on lottery tickets as a strategy for balancing the state's budget?

Jonathan Kaplan prepared this Budget Brief with assistance from Jean Ross. The California Budget Project (CBP) neither supports nor opposes Proposition 1C. This Budget Brief is designed to help voters reach an informed decision based on the merits of the issues. The CBP was founded in 1994 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. General operating support for the CBP is provided by foundation grants, individual donations, and subscriptions. Please visit the CBP's website at www.cbp.org.

ENDNOTES

¹ Changes to the lottery would be made by Proposition 1C and legislation that only takes effect if Proposition 1C is approved by the voters. The text of Proposition 1C includes changes made by AB 1654 (Committee on Budget, Chapter 764 of 2008) and SCA 12 (Perata, Chapter 143 of 2008), which were approved by the Legislature as part of the September 2008 budget agreement, and AB 12xxx (Evans, Chapter 8 of 2009), which was part of the February 2009 budget agreement. AB 1741 (Committee on Budget, Chapter 765 of 2008), approved in September, provides the statutory framework for the issuance of lottery bonds. If voters approve Proposition 1C and no lottery bonds are sold, Proposition 1C's other statutory changes would take effect. This analysis uses the term Proposition 1C to refer both to changes made by the ballot measure Proposition 1C and to changes made in statute that are contingent upon the passage of Proposition 1C.

- ² Proposition 1C requires prize payouts to be paid before debt service to lottery bondholders. Proposition 1C also would require \$1.0 million of lottery revenues to be allocated to problem gambling awareness and treatment programs.
- ³ Under current law, the Lottery Commission can use surplus funds to supplement prize payouts if it determines that doing so will benefit education.
- ⁴ For background on the Proposition 98 guarantee, see California Budget Project, *School Finance in California and the Proposition 98 Guarantee* (April 2006).
- ⁵ Legislative Analyst's Office, "Proposition 1C. Lottery Modernization Act," in Secretary of State's Office, *California Statewide Special Election: Tuesday May 19, 2009 Official Voter Information Guide*, p. 27, downloaded from <http://www.voterguide.sos.ca.gov/pdf-guide/complete-vig-may192009.pdf> on March 24, 2009. Any changes to provisions regarding payments to schools would require voter approval.
- ⁶ Legislative Analyst's Office, "Proposition 1C. Lottery Modernization Act," in Secretary of State's Office, *California Statewide Special Election: Tuesday May 19, 2009 Official Voter Information Guide*, p. 27, downloaded from <http://www.voterguide.sos.ca.gov/pdf-guide/complete-vig-may192009.pdf> on March 24, 2009.
- ⁷ For background on the California State Lottery Act, see California Budget Project, *The California Lottery: A Small and Declining Share of School Funding* (March 2007).
- ⁸ Department of Finance, *Governor's Budget 2009-10*, pp. EDU 1 and 105.
- ⁹ Department of Finance, *Governor's Budget 2009-10*, pp. EDU 1, 59, 91, and 105.
- ¹⁰ Legislative Analyst's Office, "Proposition 1C. Lottery Modernization Act," in Secretary of State's Office, *California Statewide Special Election: Tuesday May 19, 2009 Official Voter Information Guide*, p. 29, downloaded from <http://www.voterguide.sos.ca.gov/pdf-guide/complete-vig-may192009.pdf> on March 24, 2009.
- ¹¹ The CBP analysis estimated 2008-09 lottery revenues by annualizing sales for the first two quarters of the year. Debt service costs are based on the mid-point estimate – \$400 million per year – included in the LAO's analysis of Proposition 1C in the Voter Information Guide. This analysis also assumes a \$5.0 billion bond sale, that 13 percent of lottery proceeds are used to cover the operating expenses of the lottery, and that \$1.0 million is allocated each year to problem gambling awareness and treatment programs. The CBP analysis assumes no enrollment growth for higher education. Estimates of K-12 enrollment growth and per capita personal income growth are from the Legislative Analyst's Office, *California's Fiscal Outlook: LAO Projections 2008-09 Through 2013-14* (November 2008). If higher education enrollment were to increase, sales would have to increase by a greater percentage to avoid a net General Fund cost.
- ¹² Legislative Analyst's Office, "Proposition 1C. Lottery Modernization Act," in Secretary of State's Office, *California Statewide Special Election: Tuesday May 19, 2009 Official Voter Information Guide*, p. 28, downloaded from <http://www.voterguide.sos.ca.gov/pdf-guide/complete-vig-may192009.pdf> on March 24, 2009.
- ¹³ "Argument in Favor of Proposition 1C," in Secretary of State's Office, *California Statewide Special Election: Tuesday May 19, 2009 Official Voter Information Guide*, p. 30, downloaded from <http://www.voterguide.sos.ca.gov/pdf-guide/complete-vig-may192009.pdf> on March 24, 2009.
- ¹⁴ Department of Finance, *Governor's Budget May Revision 2008-09*, p. 3.
- ¹⁵ Teresa E. La Fleur and Bruce A. La Fleur, eds., *La Fleur's 2008 World Lottery Almanac*, 16th ed. (April 7, 2008), p. 19.
- ¹⁶ California Lottery, *California Lottery Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008* (December 31, 2008), pp. 46-47 and California Lottery, *Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2006* (December 31, 2006), pp. 44-45. While lottery revenues have increased over the past 12 years, lottery funds have declined as a share of overall K-12 spending since the lottery's inception. See California Budget Project, *The California Lottery: A Small and Declining Share of School Funding* (March 2007).
- ¹⁷ California Lottery, *Lottery Overview and Sales Report: Presentation to California State Lottery Commission December 3, 2008*, downloaded from <http://www.calottery.com/AboutUs/Commission/Schedule/081203.htm> on April 17, 2009.
- ¹⁸ California Lottery, *California Lottery Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008* (December 31, 2008), pp. 46-47.
- ¹⁹ CBP analysis of *La Fleur's 2008 World Lottery Almanac* data.
- ²⁰ Alan Meister, Ph.D., *Casino City's Indian Gaming Industry Report, 2007-2008* ed. (Newton: Casino City Press, 2007), p. 20.
- ²¹ Alan Meister, Ph.D., *Casino City's Indian Gaming Industry Report, 2007-2008* ed. (Newton: Casino City Press, 2007), p. 20.
- ²² Joan M. Borucki, *Memorandum to the California State Lottery Commission* (California Lottery: May 20, 2008).
- ²³ Charlene Wear Simmons, Ph.D., *Gambling in the Golden State: 1998 Forward* (California Research Bureau: May 2006), p. 92.
- ²⁴ Charles T. Clotfelter, et al., *State Lotteries at the Turn of the Century: Report to the National Gambling Impact Study Commission* (June 1, 1999), Table 10. The findings were based on a 1999 survey.
- ²⁵ California Lottery, *Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2008* (December 31, 2008), p. 53.
- ²⁶ Edward Leamer and Don Ylvisaker, *Player Demographics and Payout Strategies* (Anderson School of Management and Department of Statistics UCLA: November 5, 2007), p. 12.
- ²⁷ Edward Leamer and Don Ylvisaker, *Player Demographics and Payout Strategies* (Anderson School of Management and Department of Statistics UCLA: November 5, 2007), p. 19.
- ²⁸ Thomas A. Garrett and Russell S. Sobel, *State Lottery Revenue: The Importance of Game Characteristics* (Federal Reserve Bank of St. Louis: 2002), pp. 1-2.
- ²⁹ Robert S. McIntyre, *Statement Before the California Commission on the 21st Century Economy Regarding Tax Fairness and Economic Growth* (April 9, 2009), downloaded from <http://www.cotce.ca.gov/meetings/testimony/documents/BOB%20McINTYRE%20-%20COTCE%20-%20McIntyre%20California%20Testimony,%204.9.09.pdf> on April 13, 2009.
- ³⁰ Legislative Analyst's Office, "Proposition 1C. Lottery Modernization Act," in Secretary of State's Office, *California Statewide Special Election: Tuesday May 19, 2009 Official Voter Information Guide*, p. 28, downloaded from <http://www.voterguide.sos.ca.gov/pdf-guide/complete-vig-may192009.pdf> on March 24, 2009.
- ³¹ Legislative Analyst's Office, "Proposition 1C. Lottery Modernization Act," in Secretary of State's Office, *California Statewide Special Election: Tuesday May 19, 2009 Official Voter Information Guide*, p. 28, downloaded from <http://www.voterguide.sos.ca.gov/pdf-guide/complete-vig-may192009.pdf> on March 24, 2009.
- ³² "Argument in Favor of Proposition 1C," in Secretary of State's Office, *California Statewide Special Election: Tuesday May 19, 2009 Official Voter Information Guide*, p. 30, downloaded from <http://www.voterguide.sos.ca.gov/pdf-guide/complete-vig-may192009.pdf> on March 24, 2009.
- ³³ "Argument Against Proposition 1C," in Secretary of State's Office, *California Statewide Special Election: Tuesday May 19, 2009 Official Voter Information Guide*, pp. 30 and 31, downloaded from <http://www.voterguide.sos.ca.gov/pdf-guide/complete-vig-may192009.pdf> on March 24, 2009.