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### **Proposition 1C: Borrowing From the State Lottery/Lottery Modernization**

Proposition 1C would make several fundamental changes in the state lottery approved by voters in 1984. First, it would allow the state to sell bonds that would be repaid from future California Lottery profits, in effect borrowing from future profits. The state Legislative Analyst estimates that this would make about \$5 billion available to address the state's current budget deficit. Annual costs to the state to repay the bonds are estimated at between \$350 million and \$450 million each year (for 20 to 30 years) which would be paid from lottery profits.

A related major change under Proposition 1C is that lottery money above costs and prizes would no longer be used for education programs. School funding would instead be paid for from the state's General Fund. The Legislative Analyst indicates that the amount of lottery profits, after bond payments described above, would likely not be enough to cover the required education payments, meaning General Fund spending would need to be adjusted through other cuts or revenues to meet these obligations.

Proposition 1C would also make significant changes in how the Lottery operates. Specifically, it would allow a greater percentage of lottery profits to be paid out as prizes and provide more flexibility in how the lottery spends its money to cover operating expenses.

- **Supporters of Proposition 1C** say it will provide immediate help for our state's budget crisis and avoid more tax hikes, all at no cost to taxpayers. Supporters also point out that our state lottery system hasn't been updated since it was created 25 years ago, calling it an "undervalued asset" and add that other states which have modernized their lotteries have seen an increase in revenues.

Supporters of Proposition 1C include the California State Sheriff's Association, the California Secretary of Education and the California Fire Chiefs Association.

- **Opponents of Proposition 1C** argue it is an irresponsible solution that creates more problems than it solves. Among those problems is the fact that there is no limit on how much the state can borrow from the lottery in future years, and the measure saddles the state for decades with "inexcusable debt." Opponents also point out that the only way the Lottery can be more profitable is for Californians to spend more of their income on gambling, which comes with societal costs that were not considered when Proposition 1C was drafted.

Opponents of Proposition 1C include the California Nurses Association, and the American Federation of State, County and Municipal Employees – state council, and State Senator Bob Huff.

➤ **More info:**

Yes on Proposition 1C: [www.cabudgetreformnow.com](http://www.cabudgetreformnow.com)

No on Proposition 1C: No campaign website currently available (per CA Sec. of State)

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