

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **SB 407** SLS 18RS 621

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> March 26, 2018 10:26 AM	<b>Author:</b> CARTER, T.
<b>Dept./Agy.:</b> Lottery Corp	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Lottery Games For Veterans, Seniors, and Disabled	

LOTTERIES OR +\$4,100,000 GF EX See Note Page 1 of 1  
 Authorizes three separate additional lottery games with proceeds from each dedicated to veterans, senior citizens, and persons with disabilities. (See Act)

Requires the Lottery Corp. to develop and advertise three continuous sale instant ticket lottery games to benefit veterans, seniors, and the disabled in Louisiana. The proceeds from each game are to be deposited into separate funds within the Lottery Proceeds Fund: the Veterans Game Fund, the Senior Citizens Game Fund, and the Persons with Disabilities Game Fund. A separate Board is created to disburse the monies in each Fund to programs with the purpose of bettering the lives of veterans, seniors, and the disabled. Board members shall serve without compensation, and the Lottery Corp shall provide support and staff to each board as needed. Non-payroll administrative expenses are paid by the respective Funds.

Effective upon adoption of the constitutional amendment contained in SB 244 of this session, to be submitted to the electors at the statewide election to be held on November 6, 2018.

<b>EXPENDITURES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$4,100,000	\$4,100,000	\$4,100,000	\$4,100,000	<b>\$16,400,000</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$4,100,000</b>	<b>\$4,100,000</b>	<b>\$4,100,000</b>	<b>\$4,100,000</b>	<b>\$16,400,000</b>

  

<b>REVENUES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>					<b>\$0</b>

**EXPENDITURE EXPLANATION**

Lottery proceeds are currently dedicated to the Compulsive and Problem Gaming Fund, in a fixed \$500,000 per year amount, with the balance dedicated to the Minimum Foundation Program (MFP). The bill essentially redirects a portion of existing lottery proceeds away from the MFP and to the three new purposes of the bill. Since the MFP is a constitutional funding mandate, this redirection will result in a matching increase in state general fund expenditures to finance the MFP.

The bill may require the Lottery Corporation to bear the costs of game offerings, estimated at over \$459,000 per game per year (vendor costs, advertising & operations, and retailer commissions), and totaling nearly \$1.4 million per year for all three games combined. This possibility is assumed for this analysis, and the Corporation indicates that it is unable to cover those costs within its current operations without reducing prize percentages, which ultimately reduces sales. If these costs are borne by game ticket sales, as is the case for all other games, the total proceeds available for the bill's three new purposes would be \$1.4 million smaller, or a total of \$2.7 million per year.

In addition, the bill requires the Lottery Corporation to provide administrative support as needed by each Board. Associated costs, other than Lottery staff payroll and currently unknown, are to be paid from each new Fund, reducing the amount available for disbursement for the new purposes of the bill.

**REVENUE EXPLANATION**

Lottery proceeds are currently dedicated to the Compulsive and Problem Gaming Fund, in a fixed \$500,000 per year amount, with the balance dedicated to the Minimum Foundation Program (MFP). The bill essentially redirects a portion of existing lottery proceeds away from the MFP and to the three new purposes of the bill. Thus, dedicated means of finance does not change in the aggregate, while approximately \$4.1 million is newly dedicated to the new purposes of the bill and \$4.1 million is reduced from the dedicated funding of the MFP.

The Lottery Corporation offers a selection of instant ticket games throughout the year based on a strategy that defines the number of games offered at each price point that optimizes ticket sales. The bill's three required games would substitute for existing games generating approximately \$3.9 million per year per game of ticket sales (a 10% player fatigue factor was deducted for the continuous nature of these three games). Applying the mandated 35% remittance rate results in \$1.4 million per game per year transferred to the state for the bill's new purposes, and lost to the current MFP purpose. For all three games, the redirection of proceeds total \$4.1 million per year. If game costs are borne by game ticket sales (see Expenditure Explanation above), the total proceeds redirected by the bill would be \$2.7 million per year rather than the \$4.1 million discussed above.

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

**John D. Carpenter**  
**Legislative Fiscal Officer**