

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



Fiscal Note On: **HB 369** HLS 20RS 113
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 11, 2020 4:42 PM	Author: STAGNI
Dept./Agy.: Lottery Corporation	Analyst: Greg Albrecht
Subject: Allows Lottery Sales Through the Internet	

LOTTERY OR INCREASE SD RV See Note Page 1 of 1
 Provides relative to the purchase of lottery tickets

Proposed law allows the sale/purchase of lottery tickets through the internet.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$1,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$9,000,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$1,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$9,000,000

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

The Lottery Corporation indicates that seven states sell their lottery products over the internet, with most of their internet sales comprised of electronic instant scratch games (E-games). The games have prize structures of 75% or higher, and the Lottery Corp. indicates that it would not be able to sell those types of games with the current 35% transfer rate to the state. These states also sell their in-state jackpot games over the internet, and generate an average of 5% of incremental sales for those games.

Based on that experience in other states, the Lorry estimates that it could increase sales such that about \$2 million per year or additional transfers to the state could be made at the current 35% transfer rate. Assuming such sales could be made in the second half of 2020, a half year of additional transfers (\$1 million) could be made for purposes of the FY21 budget (calendar year transfers are available for fiscal year budgeting). Full-year additional transfers (\$2 million) could be available for subsequent fiscal years.

Increased transfers flow to the Lottery Proceeds Fund which is dedicated to the expenditure mandate of the Minimum Foundation Program (MFP). To the extent these additional transfers are realized, state general fund support of the MFP can be reduced.

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