HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 986   **PRINTERS NO**. 1067   **PRIME SPONSOR**: Benninghoff

COST / (SAVINGS)

FUND	FY 2010/11	FY 2011/12
General Fund	**$0**	**$0**
Lottery Fund	**$0**	**$86,300,000**

SUMMARY: House Bill 986, Printer's Number 1067, amends the State Lottery Law (Act 91 of 1971), further providing for powers and duties of the secretary and providing for reports.

ANALYSIS: This legislation provides for the continuation of the Pennsylvania Lottery's statutorily mandated minimum profit percentage of 27%. Specifically, this legislation amends the Lottery Law to provide relief from the 30% minimum profit percentage for another 4 years to June 30, 2015.

Act 53 of 2008 amended the Fiscal Code and granted temporary relief from the mandated minimum 30% rate of return provided for in the Lottery Law. This change in the profit percentage allowed the Pennsylvania Lottery the ability to adjust the mix of instant and on-line ticket sales in order to meet consumer demand and maximize profits which fund programs benefiting older Pennsylvanians. This temporary relief provided for in the Fiscal Code was granted for 3 years and is currently set to expire on June 30, 2011.

The act would take effect July 1, 2011, or immediately, whichever is later.

FISCAL IMPACT: Enactment of this legislation will result in an estimated additional $86.3 million in available monies within the Lottery Fund to provide funding for programs that benefit older Pennsylvanians. According to information provided by the Department of Revenue, the estimated net operating revenue with the 27% minimum profit percentage is $939.2 million, which is $86.3 million higher that the estimated net operating revenue of $852.9 million without relief from the 30% minimum profit percentage.

PREPARED BY: Ritchie LaFaver
                     House Appropriations Committee (R)

DATE: April 7, 2011

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.