



# HOUSE COMMITTEE ON APPROPRIATIONS

## FISCAL NOTE

HOUSE BILL NO. 956

PRINTERS NO. 2191

PRIME SPONSOR: Murt

### REVENUE INCREASE / (DECREASE)

FUND	FY 2018/19	FY 2019/20
General Fund	\$0	\$0
Lottery Fund	\$0	\$20,000,000

**SUMMARY:** House Bill 956, Printer's Number 2191, amends the State Lottery Law further providing for powers and duties of the secretary relating to the mandated margin rate of return.

**ANALYSIS:** House Bill 956 temporarily lowers the mandated margin rate of return from 25% to 20% for the 5-year period beginning after June 30, 2019, and ending June 30, 2024.

The Lottery margin rate of return, originally set at 30% in 1971, was reduced twice in the past in order to continue to offer a diverse portfolio of games to meet the demands of the consumer and continue to grow profits for the Lottery Fund. Because product design timelines for many lottery games takes nearly 16 months due to licensing, consumer research, general design and consideration of ticket payout and game matrix, a 5-year period of relief allows the department to better plan for future fiscal years.

The act shall take effect immediately.

**FISCAL IMPACT:** Enactment of this legislation will allow the Lottery to operate at a lower mandated margin rate of return set at 20% for the next 5 fiscal years beginning with fiscal year 2019-20. According to the Department of Revenue, providing a lower margin rate of return will allow the Lottery to generate more revenue from ticket sales, which in turn will generate more profit dollars in the Lottery Fund to provide additional dollars for senior programs. Information provided by the department indicates that the provisions of this legislation will enable them to incrementally increase profits for the Lottery Fund estimated to be \$20 million in fiscal year 2019-20 and totaling \$450 million over the 5-year period.

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House Appropriations Committee (R)

**DATE:** June 20, 2019

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