



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2538

PRINTERS NO. 3021

PRIME SPONSOR: Lewis DelRosso

COST / (SAVINGS)

| FUND | FY 2022/23 | FY 2023/24 |
|--------------|------------|------------|
| General Fund | \$0 | \$0 |
| Lottery Fund | \$0 | \$0 |

SUMMARY: House Bill 2538, Printer's Number 3021, amends the State Lottery Law regarding the minimum profit margin. This legislation would be effective 60 days following enactment.

ANALYSIS: The Pennsylvania Lottery's statutorily mandated minimum profit margin, originally set at 30% in 1971, has been reduced several times in the past in order to allow the Lottery to offer a diverse portfolio of games that meet demands of consumers and grow profits for the Lottery Fund. Most recently, Act 97 of 2019 reduced the minimum margin from 25% to 20% for five years. HB 2538 provides for the continuation of the Lottery's minimum margin of 20% for an additional five years, from June 30, 2024 until June 30, 2029.

FISCAL IMPACT: According to the Department of Revenue, providing a lower minimum profit margin will allow the Lottery to generate more revenue from ticket sales, which in turn will generate more profit dollars in the Lottery Fund to support senior programs. The Department of Revenue estimates that maintaining the current 20% minimum margin will preserve approximately \$200 million in annual profits beginning in fiscal year 2024-25.

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House Appropriations Committee (R)

DATE: September 21, 2022

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