

Fiscal Estimate - 2001 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 01-2053/1	Introduction Number AB-315
Subject Limits on lottery advertising	
Fiscal Effect	
State: <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Decrease Existing Appropriations <input checked="" type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input checked="" type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs 4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory	
5.Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input checked="" type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.835(3)(q), 20.860(8)(q)	
Agency/Prepared By DOR/ Rebecca Boldt (608) 266-6785	Authorized Signature Dennis Collier (608) 266-5773
Date 5/22/01	

Fiscal Estimate Narratives
DOR 5/22/01

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Subject Limits on lottery advertising		

Assumptions Used in Arriving at Fiscal Estimate

The bill limits the informational advertising for lottery games to the posting of signs at lottery retailer locations. The bill decreases advertising funding for the lottery by \$2,304,000 in FY02 and \$4,608,000 in FY03.

Effect on Lottery Sales and Prize Payouts

Assuming an effective date of September 1, 2001, it is estimated that the bill would reduce lottery sales by up to 10% in FY02, 25% in FY03 and 50% thereafter. Lottery sales are expected to be \$405.5 million in FY02 and FY03; thus, the bill would reduce sales by up to \$40.6 million (\$405.5 million x 10%) in FY02 and \$101.4 million (\$405.5 million x 25%) in FY03. Prize payouts would be reduced by up to \$23.1 million in FY02 and \$57.9 million in FY03.

Administrative Effect

Retailer compensation costs, which are a percentage of gross sales, would decline up to \$2.9 million in FY02 and \$7.1 million in FY03 under the bill. Costs associated with ticket printing and vendor fees could also decline over time as lottery sales decline; however, these decreases may not be realized in the same year as the decline in lottery sales. The decrease in advertising funding would include funding for posting of signs at lottery retailer locations. Since these postings are allowed under the bill, these costs would have to be absorbed by general program operations funding.

Lottery and Gaming Credit

The lottery and gaming credit on property tax bills would be lower under the bill due to reduced lottery sales. Total lottery proceeds available for the credit would decline by an estimated \$11.3 million in FY02 and \$30 million in FY03. The bill would reduce the average lottery and gaming credit from \$76 to \$68 in 2001/02 and from \$76 to \$52 in 2002/03. To the extent that the bill results in increased property taxes, it would increase expenditures on various refundable property tax credit programs - the homestead, farmland preservation credit and farmland tax relief credit.

Long-Range Fiscal Implications

It is estimated that the bill would result in a 50% decrease in lottery sales in FY04 and beyond. As a result, lottery and gaming credits would decrease by an estimated \$64.8 million. The average lottery and gaming credit would decrease from \$76 to \$27 beginning in December 2003/04.

AB 315 Cost Summary

(in thousands)

	FY 2002	FY 2003
Advertising	-\$2,304	-\$4,608
Retailer Commission	-\$2,900	-\$7,100
Ticket Printing		-\$900
Vendor Fees	-\$80	-\$200
Total Administrative Costs	-\$5,284	-\$12,808
Prize Payout	-\$23,100	-\$57,900
Total State Operations	-\$28,384	-\$70,708
Lottery Credit	-\$11,300	-\$29,435
Total State Costs	-\$39,684	-\$100,143

Fiscal Estimate Worksheet - 2001 Session

Detailed Estimate of Annual Fiscal Effect

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Subject			
Limits on lottery advertising			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes		\$	
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category		\$	\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes		\$	\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			-101,400,000
TOTAL State Revenues		\$	\$-101,400,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$See text of fiscal note	\$
NET CHANGE IN REVENUE		\$-101,400,000	\$
Agency/Prepared By		Authorized Signature	Date
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