

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 131 (Delegate Fulton)
Ways and Means

Baltimore City - Distribution of Lottery Proceeds

This bill provides that revenues derived from lottery sales in Baltimore City, except for those distributed to the Maryland Stadium Authority, shall be distributed to the Baltimore City police department and the Baltimore City public school system. The school system is to use these funds for classroom aides and support staff, and instructional materials. These funds are intended to supplement current funding and may not supplant other funds allocated to education or public safety in the city.

This bill is effective July 1, 1997.

Fiscal Summary

State Effect: General fund revenues would decline by an estimated \$87.1 million in FY 1998. Out-year losses reflect 4% annual growth in lottery revenues and reductions in lottery revenues distributed to the Stadium Authority, as discussed below. Expenditures would not be affected.

(\$ in millions)	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002
GF Revenues	(\$87.1)	(\$90.6)	(\$96.6)	(\$100.8)	(\$104.7)
GF Expenditures	0.0	0.0	0.0	0.0	0.0
Net Effect	(\$87.1)	(\$90.6)	(\$96.6)	(\$100.8)	(\$104.7)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: Baltimore City revenues would increase by an estimated \$87.1 million in FY 1998. Expenditures would not be affected.

Small Business Effect: None. This bill does not directly affect small businesses.

Fiscal Analysis

State Revenues: General fund revenues would decline by an estimated \$87.1 million in fiscal 1998. The Board of Revenue Estimates (BRE) estimates that fiscal 1998 lottery revenues will total \$400.7 million. After the \$32 million deduction for the Stadium Authority, \$368.7 million is credited to the general fund. Baltimore City accounts for about 23.6% of lottery sales, so this bill would direct about \$87.1 million of these revenues to Baltimore City. This amount would change in the out-years as lottery revenues change, estimated at a 4% annual increase.

Additionally, in fiscal 2000, the stadium financing plan calls for only \$22 million from lottery games. In fiscal 2001 and 2002, the required amount is only \$20 million. Under current law, the general fund would receive an extra \$10 million in fiscal 2000 and an extra \$12 million in fiscal 2001 and 2002. Under this bill, Baltimore's distribution from these funds would be \$2.4 million in fiscal 2000 and \$2.8 million in fiscal 2001 and 2002, again assuming an even distribution to the Stadium Authority from instant ticket revenues and other games.

State Expenditures: The Lottery Agency advises that one Accounting Auditor, at a cost of \$22,500 in fiscal 1998 (\$30,000 annualized) would be required for record keeping purposes. The Department of Fiscal Services advises that current reports of the agency indicate sales by jurisdiction, and that any administrative costs for the monthly distributions could therefore be absorbed within existing resources.

Local Revenues: Baltimore City revenues would increase by \$87.1 million in fiscal 1998, increasing by about 4% annually. These funds would be split evenly between the police department and the school system.

Information Source(s): Maryland State Lottery Agency, Baltimore City, Department of Fiscal Services

Fiscal Note History: First Reader - February 18, 1997

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