

**Department of Legislative Services**  
Maryland General Assembly  
2008 Session

**FISCAL AND POLICY NOTE**

Senate Bill 180 (Chair, Education, Health, and Environmental Affairs Committee)  
(By Request – Departmental – Lottery)

Education, Health, and Environmental Affairs

Ways and Means

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**State Lottery - Purchasing, Selling, or Cashing Lottery Tickets or Prizes**

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This departmental bill prohibits a licensed agent of the Maryland State Lottery Agency from paying a prize winner less than the lawful amount when redeeming lottery tickets and prizes. The bill, therefore, prohibits an agent from seeking a cashing fee, deceiving a prize winner, purchasing a lottery ticket, or otherwise circumventing the payment of prize winnings. The bill also prohibits a person from knowingly purchasing a lottery ticket with the intent to avoid tax payments to the State.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** None.

**Small Business Effect:** The State Lottery Agency has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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**Analysis**

**Current Law/Background:** The Maryland State Lottery Agency oversees the Maryland State Lottery. Lottery tickets are sold and cashed at licensed retail establishments throughout Maryland. Transactions are conducted through lottery terminals located on a licensed agent's premises and operated by the agent. The lottery terminals are connected to the State lottery's central, online computer system. Revenues from the State lottery are

deposited in the general fund for the use of Maryland government. Lottery income is the State's third largest source of revenue, after income taxes and sales taxes.

The Lottery agency currently administers nine games with approximately 3,800 licensed sales agents across the State. In fiscal 2007, it generated \$1.58 billion in revenue from ticket sales. Agents receive commissions for selling tickets and cashing winning tickets; in fiscal 2007 agent earnings totaled \$112.2 million, 7.1% of gross sales. Prizes in fiscal 2007 totaled \$919.2 million, more than 58% of gross sales.

The Lottery agency advises that the bill would have minimal to no fiscal impact on its operations. It also advises that only a few cases of this nature have been referred for prosecution over the years; therefore, minimal or no increase in criminal penalty revenues is expected. With regard to prosecuting cases, the legislation would also have minimal to no fiscal impact on the local State's Attorney Offices.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland State Lottery Agency, Department of Legislative Services

**Fiscal Note History:** First Reader - January 24, 2008  
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