

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

House Bill 1181 (Delegate Dypski)
Ways and Means

State Lottery - Pick 3 Game - Prize

This bill requires the State Lottery Agency to alter the current prize structure for the Pick 3 Game. The new prize structure, which is specified in the bill, would increase prize payouts for the game by approximately 18%.

Fiscal Summary

State Effect: Potential decrease in general fund revenues of \$24 million in FY 1997. Expenditures are not affected. Future year estimates reflect annualization and growth in lottery sales. No effect on expenditures.

(in millions)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	(\$24.0)	(\$32.7)	(\$33.3)	(\$34.0)	(\$34.7)
GF Expenditures	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Net Effect	(\$24.0)	(\$32.7)	(\$33.3)	(\$34.0)	(\$34.7)

Note: () - decrease; GF - general funds

Local Effect: None.

Fiscal Analysis

State Revenues: This bill would increase prize payouts for the Pick 3 Game by approximately 18%. Because prizes are paid from gross lottery sales receipts before deposits are made to the general fund, any increase in prize payouts would result in a decrease in general fund revenues. An 18% increase in prize payouts for fiscal 1997 could lead to a \$32 million decrease in general fund revenues on an annualized basis. The decrease would actually only be \$24 million in fiscal 1997 because of the bill's October 1, 1996 effective date. Future year decreases assume 2% annual growth in lottery sales.

To the extent that higher prize payouts lead to increased ticket sales, the decrease in general fund revenues could be less. Sales would have to increase approximately 26% for the bill to be revenue neutral in fiscal 1997.

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

Fiscal Note History: First Reader - February 15, 1996

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Analysis by: Lisa Kleinschmidt

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710