

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 574 (Senator Della)
Finance

State Lottery - Compensation of Licensed Agents

This bill requires the State Lottery Agency to pay commissions to lottery agents equal to 5% of agents' gross receipts from ticket sales made during the year.

Fiscal Summary

State Effect: General fund revenues would decrease by \$7.8 million and Maryland Stadium Facilities Fund revenues would decrease by \$659,000. Future year estimates reflect 2% annual growth in lottery sales.

(in thousands)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	(\$7,805.0)	(\$10,615.0)	(\$10,827.0)	(\$11,044.0)	(\$11,265.0)
SF Revenues	(\$659.0)	(\$897.0)	(\$915.0)	(\$933.0)	(\$952.0)
Net Effect	(\$8,464.0)	(\$11,512.0)	(\$11,742.0)	(\$11,977.0)	(\$12,217.0)

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

Local Effect: None.

Fiscal Analysis

State Effect: Agent commissions are deducted from gross sales receipts before funds are deposited into the State's general fund and the Maryland Stadium Facilities Fund. Accordingly, any increase in agent commissions would result in a decrease in State revenues.

Agents currently receive regular commissions of 4% of gross sales. Increasing the commissions to 5% would result in the Lottery Agency paying agents an additional \$8.5 million in fiscal 1997, which accounts for the October 1, 1996 effective date (\$11.3 million on an annualized basis). This is based on the Board of Revenue Estimates' fiscal 1997 sales

forecast of \$1.13 billion. This would result in an offsetting \$8.5 million decrease in State revenue in fiscal 1997.

The decrease would be shared by the general fund and the Maryland Stadium Facilities Fund, depending upon what proportion of sales are attributable to each purpose. Assuming that approximately 8% of ticket sales are attributable to the games benefiting the stadium fund, general fund revenues would decrease by approximately \$7.8 million and Stadium Facilities Fund revenues would decrease by about \$659,000.

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

Fiscal Note History: First Reader - February 14, 1996

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