

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 939 (Delegates T. Murphv and C. Davis)

Appropriations

State Lottery - Unanticipated Revenues

This bill requires lottery revenues in excess of the estimate for a fiscal year to be distributed to counties, rather than to the general fund. The distribution is to be based on sales in each county, except that sales in municipalities may not be included in the counties' sales for purposes of determining this distribution.

This bill is effective July 1, 1998.

Fiscal Summary

State Effect: Potential decline in general fund revenues beginning in FY 1999. Expenditures would not be affected.

Local Effect: Potential increase in local revenues. Expenditures would not be affected.

Small Business Effect: None.

Fiscal Analysis

State Revenues: This bill will be effective beginning with fiscal 1999. Whether lottery revenues will exceed the estimate in fiscal 1999 is not known at this point.

Lottery revenues exceeded the December estimates in fiscal 1995 by \$47.0 million and in fiscal 1996 by \$17.9 million. In fiscal 1997, revenues were \$33.9 million lower than the estimate. Through January 31, 1998, revenues were about 3% behind the initial December estimate. Final fiscal 1998 attainment may or may not show an excess. General fund revenues would have declined by the amount of the surpluses in fiscal 1995 and 1996 had this bill been in effect; there would have been no effect in fiscal 1997.

Local Revenues: The table below shows the distribution of lottery sales by county for fiscal 1997. Any excess of revenues would be distributed based on each county's sales as a

percentage of total sales, except that sales in municipalities are not included in this calculation. Thus, the actual distribution under this bill, if one were to occur, would account for any changes in sales patterns from 1997 to 1999, and would be weighted slightly more towards those counties with fewer municipalities.

Distribution of Lottery Sales by County
FY 1997

| | | | |
|------------------|--------|-----------------|--------|
| Allegany | 0.80% | Harford | 2.63% |
| Anne Arundel | 7.54% | Howard | 2.32% |
| Baltimore City | 13.29% | Kent | 0.28% |
| Baltimore County | 22.17% | Montgomery | 9.09% |
| Calvert | 1.04% | Prince George's | 20.41% |
| Caroline | 0.37% | Queen Anne's | 0.46% |
| Carroll | 1.48% | St. Mary's | 1.62% |
| Cecil | 0.91% | Somerset | 0.35% |
| Charles | 2.54% | Talbot | 0.51% |
| Dorchester | 0.49% | Washington | 1.48% |
| Frederick | 2.01% | Wicomico | 1.14% |
| Garrett | 0.19% | Worcester | 1.41% |

Additional Comments: The bill does not specify what “budgetary projections” for a fiscal year are. The above figures comparing lottery estimates and actual revenues are based on the December estimates of the Board of Revenue Estimates (BRE) for the following fiscal year; if called for, the BRE issues revised estimates in March, December, and again the next March. If any of the revised estimates were to be the estimates used for determining excess lottery revenues rather than the initial estimate, any distributions would presumably be lower.

Information Source(s): Maryland State Lottery Agency, Office of the Comptroller
(Bureau of Revenue Estimates), Department of Legislative Services

Fiscal Note History: First Reader - March 4, 1998

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