

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE
 Revised

House Bill 495 (Delegate Dewberry, et al.)

Ways and Means

State Lottery - Licensed Agents - Commissions

This bill requires the State Lottery Agency to pay its licensed agents a commission of 5% of the licensed agent's gross receipts from ticket sales of on-line games made during that year. Under current law, the agency may set any rate subject to a maximum of 5% for on-line games. The commission rates currently paid agents for on-line games is 4% and for instant ticket sales is 5%.

The bill takes effect October 1, 2000.

Fiscal Summary

State Effect: General fund revenues would decrease by about \$6.8 million in FY 2001, which reflects the October 1, 2000 effective date. Future year revenue losses reflect annualization and increase by 2% annually. No effect on expenditures.

(in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0.0	(\$6.8)	(\$9.3)	(\$9.5)	(\$9.7)
GF Expenditures	0	0	0	0	0
Net Effect	\$0.0	(\$6.8)	(\$9.3)	(\$9.5)	(\$9.7)

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

Local Effect: None.

Small Business Effect: Minimal.

Fiscal Analysis

State Revenues: Currently, lottery agents receive a 5% commission for instant games sales. The commission for on-line games is 4%. In addition, lottery agents receive a cashing fee of 3% of the valid prizes paid for cashing out winning tickets.

Based on the Board of Revenue Estimates' forecast of lottery sales in fiscal 2000, increasing the commission paid to agents for on-line ticket sales by 1% will reduce general fund revenues by \$9.1 million for the full fiscal year, or \$6.8 million in fiscal 2001 with the October 1, 2000 effective date. Future year revenue losses grow by 2% annually.

Small Business Effect: Approximately 3,800 small businesses that sell lottery tickets in the State would receive additional earnings. The additional \$9 million annually shared amongst 3,800 small businesses amounts to an average increase of \$2,368.

Information Source(s): Maryland State Lottery Agency, Maryland Board of Revenue Estimates, Department of Legislative Services

Fiscal Note History: First Reader - March 1, 1999
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