

**Department of Legislative Services**  
 Maryland General Assembly  
 2001 Session

**FISCAL NOTE**

Senate Bill 122           (Senator Ruben)  
 Finance and Budget and Taxation

**Waiting List Equity Fund - Use of Unclaimed State Lottery Prizes**

This bill provides that State lottery prizes that are unclaimed for 182 days must be sent to the Waiting List Equity Fund.

**Fiscal Summary**

**State Effect:** General fund revenues could decline by approximately \$14.88 million in FY 2002. Future years reflect a growth rate of 2.6% annually in lost revenues. Expenditures would not be affected.

(\$ in millions)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
GF Revenue	(\$14.88)	(\$15.27)	(\$15.66)	(\$16.07)	(\$16.49)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$14.88)	(\$15.27)	(\$15.66)	(\$16.07)	(\$16.49)

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

**Local Effect:** None.

**Small Business Effect:** Meaningful.

**Analysis**

**Current Law:** Lottery prizes that are unclaimed for 182 days are kept in an unclaimed prize fund for use for other prizes.

**Background:** The Waiting List Equity Fund is used to provide community-based services to each mentally retarded and non-retarded developmentally disabled individual

who leaves a State residential center. Any funds remaining after the individuals leaving State residential centers are served are used to provide community-based services to individuals eligible for, but not receiving, services from the Developmental Disabilities Administration.

In fiscal 2000, unclaimed lottery prizes totaled \$11.7 million.

**State Revenues:** To the extent that lottery sales decline as a result of the bill, State revenues would also decline. The Maryland State Lottery estimates that revenues would decline by approximately 3% to 4% annually due to a reduction in promotional programs and instant games that are heavily supported with unclaimed prize funds. Based on projections, net fiscal 2002 lottery revenues are expected to be \$425.1 million. Consequently, approximating a loss of 3.5%, fiscal 2002 general fund revenues could decline by \$14.88 million. Future years assume losses at a constant rate of 3.5%.

The unclaimed prize fund is expected to be \$12.32 million in fiscal 2002. Under the provisions of the bill, these funds will not be given out as prizes, but rather transferred to the Waiting List Equity Fund.

**Small Business Effect:** Lottery tickets are sold through a large network of mainly small businesses that receive a 6% commission on the sale of lottery tickets. To the extent that the provisions of this bill cause a reduction in lottery ticket sales, these small businesses would earn less in commissions. The Maryland State Lottery estimates that the loss to small businesses would range between \$2.25 to \$3.0 million annually in fiscal 2002.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader – March 12, 2001  
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