

**Department of Legislative Services**  
 Maryland General Assembly  
 2002 Session

**FISCAL NOTE**

Senate Bill 93

(Chairman, Finance Committee)  
 (Departmental – Lottery)

Finance

Commerce and Government Matters

**State Lottery - Multijurisdictional Lottery - Agreement**

This departmental bill authorizes the Director of the State Lottery, with the approval of the Lottery Commission and the Legislative Policy Committee, to enter into agreements to operate multijurisdictional lotteries with political entities outside the United States or private licensees of a state or a foreign nation.

**Fiscal Summary**

**State Effect:** General fund revenue increase of approximately \$5.5 million in FY 2003 based on joining one new multijurisdictional game. Future year revenues reflect annualization and growth in sales from a multijurisdictional game. Operating costs will be absorbed with existing budgeted resources.

(\$ in millions)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenue	\$5.5	\$12.0	\$12.9	\$13.5	\$14.2
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	\$5.5	\$12.0	\$12.9	\$13.5	\$14.2

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

**Local Effect:** None.

**Small Business Effect:** The State Lottery has determined that this bill would have minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

## Analysis

**Current Law:** The Director of the State Lottery is authorized, with the approval of the Lottery Commission and the Legislative Policy Committee, to enter into an agreement to operate a multi-state lottery with any other political entity outside the State. The director is not authorized to enter into multijurisdictional lotteries with private entities or foreign nations.

**Background:** This legislation seeks to provide the Lottery Agency the opportunity to increase sales and revenues by allowing the agency to offer more games that involve other states and/or other countries. It is believed that offering more such games will attract new players as well as increase interest among current players.

The International Lottery Alliance plans to introduce a new multijurisdictional game similar to Maryland's Big Game in the spring of 2003. In addition, Lotto South is a multi-state game that was started in September 2001.

**State Fiscal Effect:** The Lottery Agency estimates that if it were to join a multijurisdictional game, presumably the game being started by the International Lottery Alliance, in January of 2003, sales would increase by approximately \$13 million in fiscal 2003, increasing to approximately \$34 million by fiscal 2007. This results in a general fund revenue increase of approximately \$5.5 million in fiscal 2003 and \$14.1 million in fiscal 2007. The following table illustrates estimated sales, growth, and revenues from a new multijurisdictional game.

<b>Fiscal Year</b>	<b>Total Estimated Sales</b>	<b>Estimated Annual Growth</b>	<b>Estimated Revenue from Sales (42% of sales)</b>
2003 <sup>1</sup>	\$13,000,000		\$5,460,000
2004	\$28,600,000	10%	\$12,012,000
2005	\$30,602,000	7%	\$12,852,840
2006	\$32,132,100	5%	\$13,495,482
2007	\$33,738,705	5%	\$14,170,256
<b>Total</b>	<b>\$138,07,2805</b>		<b>\$57,990,578</b>

<sup>1</sup>Based on one half of FY 2003 - assuming a full year sales increase of \$26,000,000.

The Lottery Agency advises that any increase in operating costs associated with a new multijurisdictional game will be minimal and absorbable with existing budgeted resources.

## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Lottery Agency, Department of Legislative Services

**Fiscal Note History:** First Reader - January 15, 2002  
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