

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 440
Ways and Means

(Prince George's County Delegation)

State Lottery Tickets - Prince George's County Surcharge
PG 418-03

This bill authorizes the Prince George's County Executive and County Council to pass an ordinance imposing a surcharge on each State lottery ticket sold in the county and determine the amount of the surcharge. The resulting revenues must be used for computer technology in public elementary and secondary schools, teacher development programs, and student instructional materials.

Fiscal Summary

State Effect: Potential significant reduction in general fund revenues. The amount of any reduction depends on the surcharge imposed. No effect on expenditures.

Local Effect: Potential significant increase in Prince George's County revenues. The amount depends on the surcharge imposed.

Small Business Effect: Potential meaningful.

Analysis

Current Law: None applicable.

State Fiscal Effect: The impact of this bill on current lottery ticket sales cannot be reliably estimated and depends on the amount of any surcharge imposed on the sale of lottery tickets.

However, the State Lottery Agency estimates that imposing a surcharge to lottery tickets sold in Prince George’s County could reduce lottery ticket sales in the county by 10% to 20% depending on the amount of the surcharge. **Exhibit 1** shows actual ticket sales in Prince George’s County for fiscal 1999 through 2002.

Exhibit 1
Lottery Ticket Sales, Prince George’s County
Fiscal 1999 - 2002

<u>Fiscal Year</u>	<u>Prince George’s County Sales</u>
1999	\$233,409,278
2000	\$248,312,613
2001	\$255,874,971
2002	\$272,873,035

Lottery ticket sales are estimated to increase by 2% annually. **Exhibit 2** shows the estimated sales of lottery tickets in the county and the corresponding decrease in sales and revenues that could result from a 10% reduction in ticket sales.

Exhibit 2
Estimated Reduction in Lottery Ticket Sales and Revenues
Resulting from a 10% Reduction in Ticket Sales

<u>Fiscal Year</u>	<u>Prince George’s County Sales (estimated)</u>	<u>Ticket Sales</u>	<u>Revenue Decrease</u>
2004	\$283,897,106	(\$28,389,711)	(\$9,936,399)
2005	\$289,575,048	(\$28,957,505)	(\$10,135,127)
2006	\$295,366,459	(\$29,536,655)	(\$10,337,829)
2007	\$301,273,880	(\$30,127,388)	(\$10,544,586)

Local Fiscal Effect: The county could realize increased revenues for computer technology used in public elementary and secondary schools, teacher development programs, and student instructional materials. The increase cannot be reliably estimated in the absence of a known surcharge amount.

Small Business Effect: There are 693 small businesses in the county that currently sell lottery products. Lottery agents could realize a reduction in commissions to the extent a

surcharge reduces ticket sales. Lottery ticket agents in Prince George's County earned approximately \$16.4 million in fiscal 2002.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Prince George's County, Maryland State Lottery Agency, Department of Legislative Services

Fiscal Note History: First Reader - March 2, 2003
mld/jr

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