

Department of Legislative Services  
Maryland General Assembly  
2004 Session

FISCAL AND POLICY NOTE

House Bill 319  
Ways and Means

(Delegate Howard, *et al.*)

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Education - Maryland Public School Supplemental Fund - Lotteries

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This bill requires the State Lottery Agency to conduct from two to four “Education Lotteries” per year for the benefit of local school systems. The net proceeds of these lotteries would be distributed into the Maryland Public School Supplemental Fund established by the bill, and then distributed to local boards of education based on the sales in each county.

The bill takes effect July 1, 2004.

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Fiscal Summary

**State Effect:** Significant increase in special fund revenues in FY 2005 and thereafter. The extent of special fund revenues depends on the number and type of lottery games dedicated for local school systems. State education aid for local jurisdictions would increase by a corresponding amount. Significant decrease in general fund revenues due to loss in revenues generated from other lottery games.

**Local Effect:** Significant increase in local revenues due to increase in State grants.

**Small Business Effect:** None.

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Analysis

**Current Law:** Net revenues from sport lotteries conducted for the benefit of the Maryland Stadium Authority are distributed into the Maryland Stadium Facilities Fund and the net revenues from other State lotteries are distributed to the general fund.

**State Fiscal Effect:** The amount of special fund increase in fiscal 2005 and thereafter depends on the type and number of Education Lotteries conducted in a year and cannot be reliably estimated.

The State Lottery Agency currently conducts a variety of games. **Exhibit 1** lists these games and the revenue generated in fiscal 2003.

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**Exhibit 1**  
**Lottery Revenues per Game Type**  
**Fiscal 2003**  
**(\$ in millions)**

Pick 3	138.9
Pick 4	79.2
Lotto	13.8
Keno	112.1
Match 5	7.2
Mega Millions	28.2
Total Instant Ticket	64.3
Instant Ticket Revenue for each game conducted:	
	\$1 0.5
	\$2 0.9
	\$3 1.0
	\$5 1.4
	\$10 2.2

Source: State Lottery Agency

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General fund revenues will decrease to the extent that: (1) existing lottery games are conducted for the benefit of local school systems instead of the proceeds being deposited in the general fund; or (2) new lottery games are dedicated to local school systems and this reduces sales of other lottery games. For example, if a new lotto game is conducted for the benefit of local school systems, sales for the existing lotto game could decrease, causing general fund revenues to decline.

**Local Revenues:** State aid to counties for education would increase depending on the amount of lottery revenues generated by the Education Lotteries. **Exhibit 2** shows the distribution of lottery sales by county for fiscal 2003 and the amount of revenues that would be provided to each county for every \$1 million in lottery revenues from an education lottery.

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**Exhibit 2**  
**Estimated Local Distribution**  
**Per \$1 Million in Lottery Revenues**

<u>County</u>	<u>Total Lottery Sales – FY 2003</u>	<u>Percent of Sales</u>	<u>Estimated Fund Distribution</u>
Allegany	\$11,124,330	0.84%	\$8,447
Anne Arundel	124,010,970	9.42%	94,163
Baltimore City	264,451,163	20.08%	200,801
Baltimore	199,275,616	15.13%	151,312
Calvert	18,885,996	1.43%	14,340
Caroline	5,474,241	0.42%	4,157
Carroll	24,463,579	1.86%	18,575
Cecil	13,946,078	1.06%	10,589
Charles	41,125,231	3.12%	31,227
Dorchester	7,354,292	0.56%	5,584
Frederick	26,557,365	2.02%	20,165
Garrett	2,724,296	0.21%	2,069
Harford	41,374,123	3.14%	31,416
Howard	28,575,434	2.17%	21,698
Kent	3,655,308	0.28%	2,776
Montgomery	124,337,959	9.44%	94,411
Prince George's	273,855,295	20.79%	207,942
Queen Anne's	6,977,565	0.53%	5,298
St. Mary's	27,451,273	2.08%	20,844
Somerset	5,487,080	0.42%	4,166
Talbot	6,628,797	0.50%	5,033
Washington	21,062,357	1.60%	15,993
Wicomico	15,968,748	1.21%	12,125
Worcester	22,213,869	1.69%	16,867
<b>Total</b>	<b>\$1,316,980,965</b>	<b>100.00%</b>	<b>\$1,000,000</b>

Source: Maryland State Lottery Agency

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## **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** State Lottery Agency, Comptroller's Office, Maryland State Department of Education, Department of Legislative Services

**Fiscal Note History:** First Reader - March 18, 2004  
ncs/mdr

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