

Department of Legislative Services
 Maryland General Assembly
 2006 Session

FISCAL AND POLICY NOTE

Senate Bill 737 (Senators McFadden and Colburn)
 Finance and Budget and Taxation

State Lottery - Revenues for Community and Recreation Centers

This bill provides counties with \$5.0 million dollars annually in State Lottery funds for local community and recreation centers. It diverts \$420,000 each month from the State Lottery revenues to the State’s general fund to instead be distributed to counties in proportions equal to their share of statewide lottery ticket sales during the prior fiscal year. Counties may use those funds to pay for community and recreation center staff, equipment, programs, or renovations. Counties may not use the lottery funds to supplant other revenue provided to community and recreation centers.

Fiscal Summary

State Effect: General fund revenues decrease by \$3.8 million in FY 2007, accounting for the bill’s October 1, 2006 effective date. In subsequent years, general fund revenues decrease by \$5.0 million each year (\$420,000 x 12 months).

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
GF Revenue	(\$3,780,000)	(\$5,040,000)	(\$5,040,000)	(\$5,040,000)	(\$5,040,000)
Expenditure	\$0	\$0	\$0	\$0	\$0
Net Effect	(\$3,780,000)	(\$5,040,000)	(\$5,040,000)	(\$5,040,000)	(\$5,040,000)

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

Local Effect: Total county revenues for community and recreation centers would increase by \$3.8 million in FY 2007 and by \$5.0 million annually in subsequent years. Each county’s share of the total amount would depend on its share of statewide lottery ticket sales during the prior fiscal year.

Small Business Effect: None.

Analysis

Current Law: Each month, the Comptroller must make payments from the State Lottery fund to:

- lottery winners;
- the State Lottery for operating expenses; and
- the Maryland Stadium Facilities Fund, from revenue generated by sports lotteries conducted on behalf of the Maryland Stadium Authority.

After those payments are made, any money remaining in the State Lottery fund is deposited into the State's general fund.

State Revenues: In fiscal 2005, the State Lottery generated \$1.48 billion in revenue from ticket sales. Payments to lottery winners and operating expenses totaled \$1.0 billion, leaving net revenues of \$480 million, or an average net income of \$40 million per month. Under this bill, the Comptroller would divert the first \$420,000 of those monthly revenues to the counties for community and recreation centers, for a total annual payment of \$5.0 million; the fiscal 2008 allocation of \$3.8 million reflects the bill's October 1, 2006 effective date. Remaining lottery funds would still be transferred to the general fund.

The Comptroller's office indicates that it can implement the provisions of this bill with existing resources.

Local Revenues: Exhibit 1 shows each county's share of State lottery ticket sales in fiscal 2005 and the revenue each county would receive in a full fiscal year under this bill based on fiscal 2005 county shares.

Exhibit 1 State Lottery Ticket Sales by County Fiscal 2005

	<u>Total Sales</u>	<u>% of Total Sales</u>	<u>Annual Revenue Under SB 737</u>
Allegany	\$10,785,253	0.7%	\$35,280
Anne Arundel	148,476,627	10.1	509,040
Baltimore	226,844,237	15.4	776,160
Baltimore City	285,535,678	19.3	972,720

	<u>Total Sales</u>	<u>% of Total Sales</u>	<u>Annual Revenue Under SB 737</u>
Calvert	23,147,526	1.6	80,640
Caroline	7,302,945	0.5	25,200
Carroll	28,874,202	2.0	100,800
Cecil	15,955,233	1.1	55,440
Charles	46,781,907	3.2	161,280
Dorchester	8,080,115	0.6	30,240
Frederick	31,961,950	2.2	110,880
Garrett	2,932,693	0.2	10,080
Harford	47,982,082	3.3	166,320
Howard	32,238,503	2.2	110,880
Kent	4,072,946	0.3	15,120
Montgomery	138,089,176	9.3	468,720
Prince George's	299,159,983	20.2	1,018,080
Queen Anne's	8,734,506	0.6	30,240
St. Mary's	31,289,783	2.1	105,840
Somerset	5,733,498	0.4	20,160
Talbot	7,329,499	0.5	25,200
Washington	24,503,573	1.7	85,680
Wicomico	18,021,538	1.2	60,480
Worcester	24,251,577	1.6	80,640

Additional Information

Prior Introductions: None.

Cross File: None.

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

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