



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 74** SLS 11RS 301
Bill Text Version: **ORIGINAL**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: May 10, 2011 6:57 AM	Author: DORSEY
Dept./Agy.: Lottery Corporation	
Subject: Ticket For the Cure Instant Lottery Game	Analyst: Greg Albrecht

CHARITABLE GAMING OR INCREASE GF EX See Note Page 1 of 1
Creates an instant lottery game entitled "Ticket For The Cure". (8/15/11)

Requires the Lottery Corporation to conduct and administer an instant lottery game entitled "The Ticket for the Cure". The game's ticket price is determined by the Corporation, but a ticket can only be issued to a player when a \$2 donation is collected by the Corporation. Donations are to be forwarded by the Corporation to the American Cancer Society, Mid-South Division.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The bill basically requires the Lottery Corporation to run a \$2 price-point instant game where all ticket sale revenue is donated to another party while all costs associated with the game are absorbed by the Corporation. A typical \$2 game involves a printing of 1 million tickets with a 59.5% prize structure and 10% free tickets awarded as prizes. Over the course of the game the Corporation would forward \$1.8 million to the Cancer Society. However, the Corporation would incur costs of over \$2 million offering the game: \$1.071 million at 59.5% for player prizes, \$630,000 for transfer to the state at 35%, \$100,000 in retailer commissions at 5%, and \$22,000 in instant ticket vendor commissions at 1.215%.

This additional expense must be paid for by reducing prizes in other games. Since game sales are highly correlated with prize structures, it is likely that a \$2 million reduction in overall instant game prizes would reduce total instant ticket sales. Based on the sales gains that occurred when the Corporation last increased the overall instant game prize structure from 58.5% to 60.25% (about a \$2 million increase in overall instant ticket prizes), a reduction in prizes available by \$2 million could reduce overall instant ticket sales by as much as \$12 million per year.

The Lottery Proceeds Fund receives 35% of gross ticket sales, and thus could lose up to \$4.2 million per year. The Lottery Proceeds Fund supports the Minimum Foundation Program which is constitutionally mandated to be funded. Thus, ultimately state general fund support to the MFP could have to be increased by as much as \$4.2 million per.

REVENUE EXPLANATION

One of the effects of the bill is likely to be some reduction in receipts to the Lottery Proceeds Fund. However, since the Lottery Proceeds Fund supports the MFP and the MFP is a constitutional funding mandate, the ultimate effect of this bill is likely to be an increase in state general fund expenditures. Thus, the fiscal note of the bill is explained as a possible state general fund expenditure increase above.

Senate	Dual Referral Rules	House	
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input checked="" type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	<i>H. Gordon Monk</i>
		<input checked="" type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF Cost {H&S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	H. Gordon Monk Legislative Fiscal Officer