



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

SB0168 - Revise lottery laws relating to sales agent commissions (Hertz, Greg)

Status: As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	FY 2024 Difference	FY 2025 Difference	FY 2026 Difference	FY 2027 Difference
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Other - Prop Fund	\$63,000	\$92,000	\$94,000	\$90,000
Transfer to General Fund	(\$63,000)	(\$92,000)	(\$94,000)	(\$90,000)
Revenue:				
General Fund	(\$63,000)	(\$92,000)	(\$94,000)	(\$90,000)
Other - Prop Fund	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	(\$63,000)	(\$92,000)	(\$94,000)	(\$90,000)

Description of fiscal impact: This legislation revises state lottery laws relating to sales agent commissions, allowing the Montana Lottery to provide an additional sales commission, equaling 1% of the prize up to a maximum amount of \$50,000, for winning tickets sold with a prize value of \$100,000 or greater. This additional commission reduces the amount available to transfer to the state's general fund.

FISCAL ANALYSIS

Assumptions:

Montana State Lottery

1. The fiscal impact of SB 168 is informed by analyzing calendar year lottery ticket sales data for the five-year period 2018 – 2022.
2. High-tier winners, those with prize values equal to or above \$100,000, are identified and total high-tier winnings are summed by fiscal year, creating complete, historical data for FY 2019 – FY 2022.
3. High-tier winnings for the first half of FY 2023 are known. Total FY 2023 high-tier winnings are projected by adding first-half winnings to an estimate of second-half winnings which is calculated by taking 50% of average winnings for FY 2019 – FY 2022.

4. Potential supplementary commissions associated with these prizes are determined by multiplying the high-tier winnings in each year of the period FY 2019 – FY 2023 by the 1% additional commission proposed in SB 168.
5. Calculated commission payments that would be required under SB 168 varied widely due to significant annual swings in total high-tier winnings, resulting from the unpredictable nature of the timing and value of prize payouts.
6. Due to the unpredictability of year-to-year changes in high-tier winnings, a three-year moving average is used to project total high-tier winnings from FY 2024 – FY 2027.
7. There is no effective date in the bill, so per 1-2-201, MCA, SB 168 will take effect on October 1, 2023.
8. The October 1, 2023 effective date results in 75% of high-tier winnings in FY 2024 being subject to the new 1% commission.
9. The additional commission paid to retailers will reduce the amount of lottery net revenue transferred to the general fund.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Operating Expenses	\$63,000	\$92,000	\$94,000	\$90,000
Transfers to General Fund	(\$63,000)	(\$92,000)	(\$94,000)	(\$90,000)
TOTAL Expenditures	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Revenues:</u>				
General Fund (01)	(\$63,000)	(\$92,000)	(\$94,000)	(\$90,000)
Other	\$0	\$0	\$0	\$0
TOTAL Revenues	<u>(\$63,000)</u>	<u>(\$92,000)</u>	<u>(\$94,000)</u>	<u>(\$90,000)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$63,000)	(\$92,000)	(\$94,000)	(\$90,000)
Other	\$0	\$0	\$0	\$0

NO SPONSOR SIGNATURE
Sponsor's Initials

1/24/23
Date


Budget Director's Initials

1-19-23
Date