

Montana State Lottery Enterprise Proprietary Fund

MONTANA STATE LOTTERY (06001)

Fund Purpose and Restrictions:

The Montana State Lottery enterprise fund administers state lottery games. A five-member Lottery Commission, appointed by the Governor, sets policy, and oversees program activities and procedures.

A minimum of 45.0% of all revenue must be paid out as prize money. Other statutorily appropriated revenue goes towards commissions paid to lottery ticket or chance sales agents, lottery contractor fees, and operating expenses. The remaining revenue will be distributed as follows:

- The first \$2.25 million will be transferred quarterly in equal payments of \$562,500 to the Montana STEM scholarship program special revenue account each fiscal year
- Net revenue in excess of \$2.25 million each fiscal year will be transferred to the general fund

Statutory References:

Established by statute under [23-7-402, MCA](#).

Original Legislation:

Enacted in 1986 by a referendum vote of the people of Montana.

Dependent Agency:

Administratively attached to the Department of Administration.

Fiscal Snapshot

| Montana State Lottery (06001) | | | | | | | | | |
|-------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| Fund Balance | | | | | | | | | |
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
| Beginning Fund Balance | 690,265 | (347,383) | (807,425) | (589,652) | (589,890) | (589,890) | (609,024) | (603,419) | (595,123) |
| Revenue | | | | | | | | | |
| BOI Investment Earnings Class | 3,908 | 10,947 | 12,562 | 23,063 | 36,772 | 26,762 | 3,704 | 2,137 | 1,191 |
| Charges For Services | 6,335 | 7,213 | 6,892 | 6,663 | 6,552 | 6,425 | 3,177 | 46 | |
| Grants/Transfers/Misc | 885 | 10,244 | 1,116 | 2,386 | 1,387 | 1,129 | 6,658 | 225 | 429 |
| License & Permits | 10,505 | 9,115 | 10,267 | 11,425 | 10,784 | 28,945 | 27,253 | 9,602 | 9,000 |
| Sale Of Documents/Mdse/Prop | 52,323,910 | 59,700,519 | 52,441,929 | 56,381,487 | 60,254,123 | 59,854,653 | 112,291,031 | 116,042,987 | 147,839,740 |
| Total Revenue | 52,345,543 | 59,738,038 | 52,472,765 | 56,425,024 | 60,309,618 | 59,917,914 | 112,331,824 | 116,054,997 | 147,850,360 |
| Expenditures | | | | | | | | | |
| Capital Outlay | - | - | (39,012) | - | - | - | - | (13,529) | - |
| Debt Service | 5,360 | 1,297 | - | - | - | - | - | 15,726 | 14,989 |
| Equipment & Intangible Assets | - | 96,780 | (57,768) | - | - | - | 13,529 | - | - |
| Operating Expenses | 38,859,421 | 45,018,973 | 40,831,872 | 43,493,220 | 45,814,666 | 48,881,093 | 96,376,579 | 96,525,060 | 120,225,731 |
| Personal Services | 2,151,265 | 2,236,349 | 2,253,718 | 2,232,678 | 2,280,244 | 2,482,877 | 2,635,795 | 2,708,220 | 2,947,939 |
| Transfers-Out | 12,367,145 | 12,844,682 | 9,266,182 | 10,699,363 | 12,214,709 | 8,573,078 | 13,300,316 | 16,811,224 | 24,656,746 |
| Total Expenditures | 53,383,191 | 60,198,081 | 52,254,992 | 56,425,262 | 60,309,618 | 59,937,048 | 112,326,219 | 116,046,701 | 147,845,405 |
| Ending Fund Balance | (347,383) | (807,425) | (589,652) | (589,890) | (589,890) | (609,024) | (603,419) | (595,123) | (590,169) |

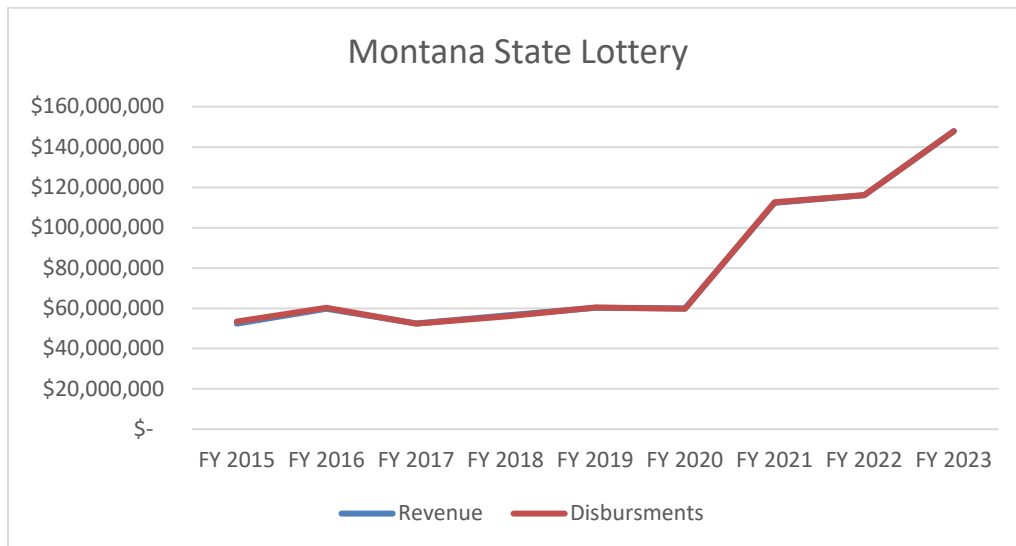
The Montana State Lottery transfers all remaining net revenue from the fund to the general fund each fiscal year. Therefore, revenues and expenditures are closely aligned. An analysis of revenue and expenditures follows:

REVENUE SOURCES:

Gross revenue from the state lottery is generated from:

- Sales of lottery tickets, chances, wagers, and bets
- Sales agent license fees
- Unclaimed prizes

Revenue History:



The Montana State Lottery saw consistent revenue and disbursements from FY 2015 to FY 2020. Starting in FY 2021, revenue and disbursements nearly doubled. This growth has continued through FY 2023 and is driven by greater revenues from sports betting, large jackpots, and online betting. Revenues and expenditures are almost identical due to the transfer of all remaining revenue to the general fund.

HISTORICAL UTILIZATION:

The fund has been primarily used for lottery prize money paid out of operating expenses. The increase beginning in FY 2021 is due to increased lottery participation. The second highest expenditure category is transfers-out, which is the transfer of excess gross revenue to the general fund and the STEM Scholarship program. Prior to FY 2021, STEM Scholarship distributions were made from the remaining gross revenue after the \$12.363 million general fund distribution. Gross revenue frequently did not exceed this threshold, therefore leading to no distributions to the STEM Scholarship program for several years. Subsequent legislation changed statute to distribute funds for the scholarship program first.

Appropriations/Expenditure History:

