

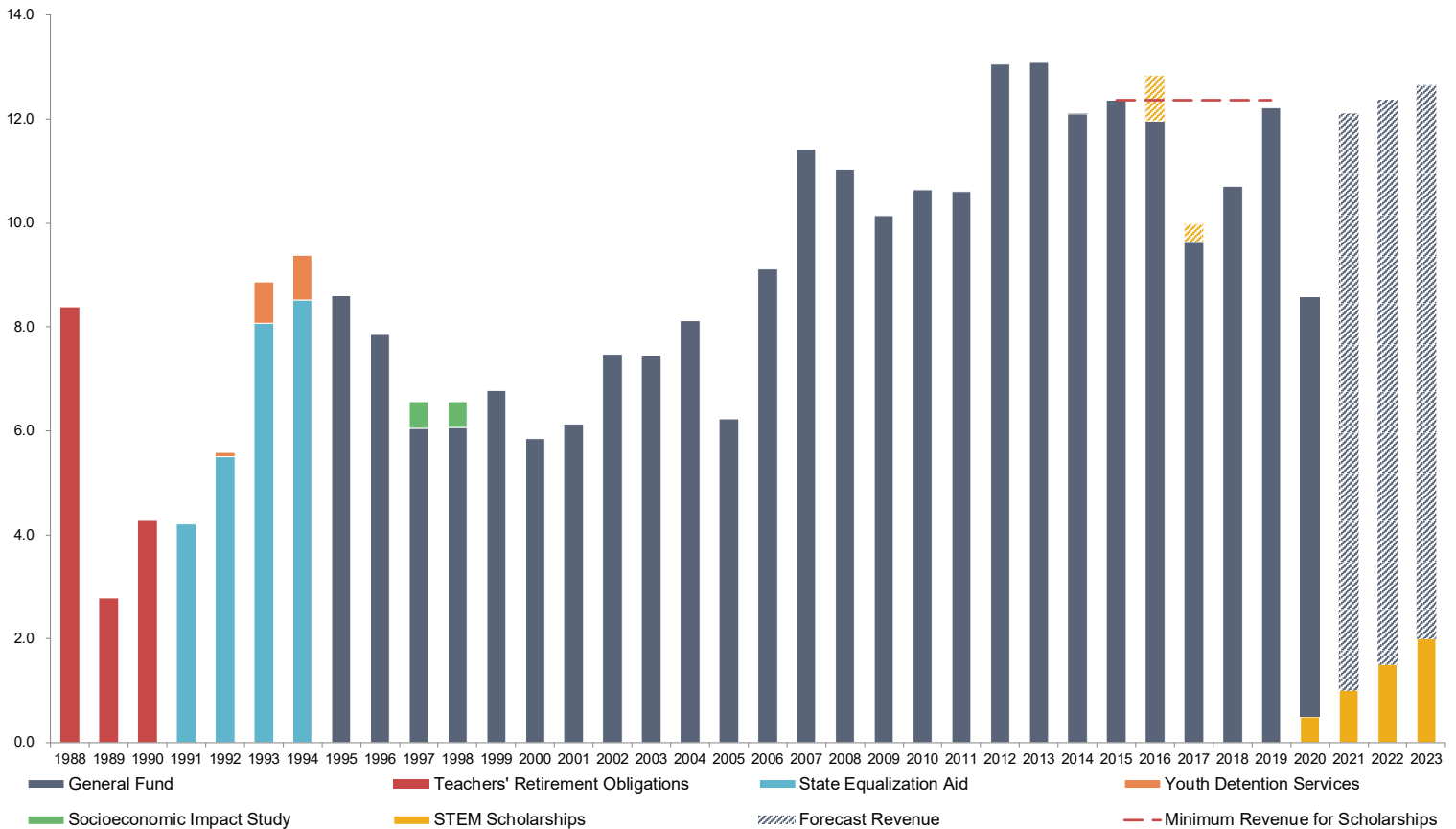


Montana State Lottery

Updated October 2020

Lottery revenue is derived from ticket sales, sales agents license fees, and unclaimed prizes. These funds are deposited into the lottery enterprise fund. After paying prizes, ticket costs, commissions, and other operating costs from the enterprise fund, profits are transferred to other funds according to a statutorily defined distribution ([MCA, 23-7-402](#)).

The chart below shows historic lottery collections and distribution dating back to fiscal year 1988. (\$ millions)



Changes to Statutory Distribution

1987: The lottery is established. 100% of lottery revenue is transferred to the superintendent of public instruction as “equalization aid to the retirement fund obligations of elementary and high school districts.”

1990: 100% of revenue is transferred to the superintendent of public instruction as “state equalization aid to the public schools of Montana.” This change was a result of education finance reform enacted in response to the Montana Supreme Court’s ruling in Helena Elementary School District No. 1 v. State. This act made equalization aid to the retirement fund an obligation of the state. To view more information on school funding, please refer to the [LFD brochure](#).

1992: 1.6% of revenue “must be paid to the board of crime control ... to fund state grants to counties for youth detention services”, the remaining 98.4% is transferred to the superintendent of public instruction as “state equalization aid to the public schools of Montana.”

1993: 9.1% of revenue (not to exceed \$1.0 million) “must be paid to the board of crime control ... to fund state grants to counties for youth detention services”, the remaining revenue is transferred to the superintendent of public instruction as “state equalization aid to the public schools of Montana.”

1995: 100% of revenue is transferred to the state general fund, and the state general fund takes over the payment of state equalization aid to the public schools of Montana. This change was part of a larger bill simplifying revenue allocations throughout state government (SB 83). The general fund continues to be obligated to pay equalization aid to retirement funds.

1997: \$100,000 of revenue is flagged for a biennial study on the socioeconomic impacts of gambling.

2016: The general fund transfer is capped going forward at the amount received in FY 2015. Any revenues above this cap are to be transferred to the Montana Science, Technology, Engineering and Math (STEM) scholarship program state special revenue account. For FY 2016 only, prior to any other revenue transfers, \$400,000 is transferred to the Montana STEM scholarship program state special revenue account.

2017: HB 3 provided a supplemental appropriation of \$383,000 to fund the STEM scholarships that had already been awarded prior to the calculation of 2017 FYE lottery profits. The revenue in each year since 2015 had fallen below the general fund cap and therefore money was not available for the STEM scholarships. The red dotted line in the chart shows the minimum level of revenue that would have been needed for scholarship funding to be available.

2019: [SB 60](#) changed the distribution formula of lottery profits to guarantee adequate funding for STEM scholarships. The STEM scholarship state special revenue account will receive the first distribution of net revenue starting with \$0.5 million in FY 2020 and incrementally increasing to 2.25 million by 2024 and thereafter. All excess revenue will be transferred to the general fund.

The increments are as follows:

- FY 2020: \$0.5 million
- FY 2021: \$1.0 million
- FY 2022: \$1.5 million
- FY 2023: \$2.0 million
- FY 2024: \$2.25 million