

Department of Planning and Budget

2006 Fiscal Impact Statement

1. **Bill Number:** HB1128

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** Cline

3. **Committee:** General Laws

4. **Title:** State Lottery Department

5. **Summary/Purpose:** The substitute bill prohibits the State Lottery Department from paying more than \$200,000 for the use of licensed material.

6. **Fiscal impact estimates are: Preliminary. See item 8.**

6b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2005-06	\$0	N/A
2006-07	(\$1.8 million)	NGF
2007-08	(\$1.8 million)	NGF
2008-09	(\$1.8 million)	NGF
2009-10	(\$1.8 million)	NGF
2010-11	(\$1.8 million)	NGF
2011-12	(\$1.8 million)	NGF

7. **Budget amendment necessary:** Yes, page one, transfers.

8. **Fiscal implications:** The State Lottery Department currently pays a percentage of sales for use of licensed games (i.e. The Apprentice, Harley Davidson, and World Series of Poker). The most popular licensed games sell more tickets, so the cost to the lottery for these games is higher than others. On average, a licensed game sells 27 percent more than a non-licensed game, and the games generate an average of \$450,000 more in profit, after payment of the license fee. The lottery launches four licensed games a year. If the license fee is capped at \$200,000, and the lottery is unable to contract for license games within the \$200,000 limit, then the revenue loss to the Lottery Proceeds Fund will be \$1.8 million annually.

9. **Specific agency or political subdivisions affected:** State Lottery Department.

10. **Technical amendment necessary:** No.

11. **Other comments:** None.

Date: 2/8/06 kbs

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