

## Department of Planning and Budget 2009 Fiscal Impact Statement

**1. Bill Number:** HB1686

House of Origin	<u>  X  </u>	Introduced	<u>      </u>	Substitute	<u>      </u>	Engrossed
Second House	<u>      </u>	In Committee	<u>      </u>	Substitute	<u>      </u>	Enrolled

**2. Patron:** Poisson

**3. Committee:** General Laws

**4. Title:** State Lottery; privatization of administration of lottery, report

**5. Summary:** The bill requires the State Lottery Board, on or before December 1, 2009, to complete an implementation study for the privatization of the administration of the state lottery. The bill also requires that by December 15, 2009, the State Lottery Board report to the Governor and the chairmen of the House Committee on Appropriations and the Senate Committee on Finance the results of its implementation study and make its recommendations to achieve the privatization of the administration of the state lottery. The bill requires that the administration of the lottery be privatized on or before July 1, 2011. The bill contains an emergency clause.

**6. Fiscal Impact Estimates:** Indeterminate. See item 8.

**7. Budget Amendment Necessary:** No.

**8. Fiscal Implications:** The State Lottery Department estimates that the cost of producing the implementation report will be \$75,000, including the costs of public hearings, data collection and analysis, and producing the final report. However, ongoing legal review related to the legality and scope of any privatization may affect privatization plans and could possibly increase the costs associated with developing and implementing such plans. The United States Department of Justice issued an opinion on October 16, 2008, that the statutory exemption for lotteries “conducted by a state” requires that the state exercise actual control over all significant business decisions made by the lottery enterprise. The Department of Justice opinion states that it is permissible for a state to contract with private firms to provide goods and services necessary to conduct its lottery, including management services. Any increase in costs to the State Lottery Department may decrease the transfer to the Lottery Proceeds Fund for K-12 education.

**9. Specific Agency or Political Subdivisions Affected:** State Lottery Department.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** The second enactment of the bill states that it is effective from its passage.

**Date:** 1/15/2009 dpbkbs

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cc: Secretary of Finance