

Department of Planning and Budget 2014 Fiscal Impact Statement

1. Bill Number: HB491

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Albo, D.B.

3. Committee: General Laws

4. Title: State lottery; method of payment for purchase of tickets.

5. Summary: Clarifies that licensed lottery sales agents may accept electronic payment, provided such payment deducts funds directly from an existing account of the purchaser and no credit is thereby extended.

6. Budget Amendment Necessary: No. See Item 8.

7. Fiscal Impact Estimates: Fiscal impact estimates are final.

7a. Expenditure Impact: None.

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2014	0	
2015	\$2,000,000	NGF
2016	\$2,000,000	NGF

8. Fiscal Implications: The Lottery reports that additional revenue of approximately \$2 million per year beginning in FY 2015 is expected as a result of allowing the acceptance of electronic payment forms that deduct funds directly from an existing account. This estimate assumes that the agency will not conduct a marketing or public information campaign to promote the use of these payment forms and the agency has no plans to conduct such a campaign.

Individual retail sales agents will have the option to accept electronic payment forms that deduct funds directly from an existing account and will be responsible for any expenses necessary to facilitate these payments, just as they currently have the choice to accept debit cards and are responsible for facilitating debit transactions. Sales agents will also be responsible for making any distinction between allowable forms of payment and those not allowed, a distinction that they are currently required to make between acceptable debit card payments and credit cards, which are not an acceptable form of payment.

The Lottery may also choose to accept additional forms of payment authorized in this bill for the small number of products it sells directly, including lottery subscription services. This

would require the agency to negotiate contractual arrangements with payment processors. Because the Lottery does not currently have the authority to accept the additional payment forms authorized in the bill, an estimate of contractual costs for this purpose is not available. However, the agency, like retailers, is not required to accept these payment forms and may choose to do so at its discretion.

Examples of accounts funded in advance that would be classified as acceptable payment forms by the bill include cards with preloaded funds, funded electronic accounts such as Pay Pal, mobile payments, and “tap and pay” near field communication smart cards.

Although a budget amendment is not required as a result of this bill, an amendment will be necessary to spend any proceeds beyond those already authorized to be transferred from the Lottery Proceeds Fund that may result from the bill. Lottery proceeds go into the State Lottery Proceeds Fund and are transferred to Direct Aid to Public Education to be used for educational purposes. Direct Aid to Public Education is an agency administered by the Department of Education that serves as a holding account for pass through funds to local school divisions.

9. Specific Agency or Political Subdivisions Affected: State Lottery Department; Direct Aid to Public Education; Department of Education.

10. Technical Amendment Necessary: No.

11. Other Comments: None.

Date: 1/17/2014

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