

Department of Planning and Budget 2017 Fiscal Impact Statement

1. Bill Number: HB2010

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

2. Patron: Robinson

3. Committee: General Laws

4. Title: Va Lottery; repeal prohibition of sale of lottery tickets over Internet; provide regulations for it.

5. Summary: Virginia Lottery; repeal prohibition against sale of lottery tickets over Internet; provide for regulations of sale of lottery tickets over Internet.

6. Budget Amendment Necessary: Yes

7. Fiscal Impact Estimates: Preliminary – see Item 8

7a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2017			
2018	\$356,760	3.0	0500
2019	\$356,760	3.0	0500
2020	\$356,760	3.0	0500
2021	\$356,760	3.0	0500
2022	\$356,760	3.0	0500
2023	\$356,760	3.0	0500

7b. Revenue Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2017		
2018	\$3,300,000	0500 NGF
2019	\$8,500,000	0500 NGF
2020	\$13,900,000	0500 NGF
2021	\$19,300,000	0500 NGF
2022	\$24,800,000	0500 NGF
2023	\$30,200,000	0500 NGF

8. Fiscal Implications: The Lottery has the legal authority to sell subscriptions over the Internet, and has done so for 10 years. Removing the restriction regarding single draws/single tickets will supplement Lottery profits constitutionally dedicated to local K-12 public education. Internet sales would be secure, age verified and include responsible gaming provisions – similar to the current safeguards in place for internet lottery subscription sales.

These revenue estimates are based on experiences of other U.S. lotteries, and assume no additional administrative restrictions. Lottery sales at over 5,200 licensed retailer locations across Virginia will continue to grow and represent well over 90% of total Lottery profits into the future. Full support for traditional in-store lottery sales will continue.

The costs to implement and execute internet sales would be paid from the sales dollars generated, and would not require any start-up or continued funding. The position and appropriation impact shown is an estimate based on the need to have increased digital marketing, financial/contractual and regulatory/legal support for implementation and to sustain those needs going forward. These positions would require specific skills and experience, and are estimated to average \$85,000 annual salaried positions. An additional \$101,760 is estimated for benefits and other non-personal costs associated with the additional three positions.

- 9. Specific Agency or Political Subdivisions Affected:** Virginia Lottery; Virginia Department of Education; localities across Virginia
- 10. Technical Amendment Necessary:** Yes, modify the wording for the existing Lottery sum sufficient appropriation (Item 485): There is hereby appropriated from affected funds in the state treasury, for payment of prizes awarded by the state lottery, for compensation to gaming system providers under percentage of sales agreements, and of commissions to lottery sales agents, in accordance with law, a sum sufficient.

11. Other Comments: