

FISCAL NOTE

Requested by Legislative Council

04/19/2005

Amendment to: Reengrossed
HB 1259

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$10,000,000	\$400,000	\$10,000,000	\$400,000
Expenditures	\$0	\$0	\$0	\$3,620,171	\$0	\$3,729,091
Appropriations	\$0	\$0	\$0	\$3,620,171	\$0	\$3,729,091

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

The bill replaces the present Lottery law with a new law that is clear, concise, technically correct, and matches the business model of the North Dakota Lottery. The bill continues an appropriation for the Lottery of \$3,620,171 for the 2005-07 biennium, a contingent appropriation of \$279,020, along with 2 additional FTE's and \$400,000 for compulsive gambling prevention and treatment services. It defines the responsibilities of the director, and provides for a continuing appropriation for retailer commissions, prizes, game group dues, and vendor costs, restricted short-term line of credit, Lottery Advisory Commission, eligibility criteria and licensing of retailers, annual audit, transfers of net proceeds, confidentiality of records, and debt setoffs of certain prizes to satisfy debts owed to or collected through state agencies.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

The Executive Recommendation includes general fund revenues of \$10 million for the 2005-07 biennium from the North Dakota Lottery. The revenue projection is net of prizes and administrative and operating expenses, including salaries, contracted services, retailer commissions, game group dues, marketing and advertising, and transfers of net proceeds (profit) to the compulsive gambling prevention and treatment fund (\$400,000) and to the multistate lottery association for prize reserve pools (\$717,000).

For the 2005-07 biennium, total lottery operating revenue is estimated to be \$38.4 million and net proceeds (profit) will be \$11,117,000 (before the \$1,117,000 transfers to the compulsive gambling prevention and treatment fund and prize reserve pools).

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenditures include estimated amounts for 9 FTE's and associated operating expenses.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The appropriations are the estimated amounts needed to continue operation of the Lottery.

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