

(Return in triplicate)

FISCAL NOTE

Bill/Resolution No.: Senate Bill No. 2524 Amendment to: _____

Requested by: Legislative Council Date of Receipt: _____

Please estimate the fiscal impact of the above measure for:

State general or special funds Counties Cities

In the following space note the fiscal effect in dollars of this measure: This bill establishes a state lottery commission.

From an analysis of the United States lottery industry, projections of revenue, prizes, vendor's fees, expenses, and general fund net proceeds were made based on correlations of historical experiences of states similar to North Dakota. Based on the generally accepted axiom that a Lotto game demands a large jackpot made possible by large populace states, North Dakota could not individually operate a Lotto game unless it participated in a "tri-state" or other multi-state lottery. It is also forecast that the "On-Line Numbers" and "Lotto" games would not be fully operational until at least one year after the establishment of the state lottery commission. The "Instant Ticket" game would be conducted soon after the establishment of the state lottery commission. This fiscal note does not account for the multiplier effect of the sales and income tax revenue lost to the general fund by the diversion to the lottery of sales and income tax related consumption expenditure dollars. The effect is now being studied. The initial sales tax revenue lost to the general fund on related consumption expenditures was taken into account.

Two general fund net proceeds projections were made based on the following:

1. North Dakota conducting a lottery independent of other lottery states.
2. North Dakota conducting a lottery with other states in a tri-state concept.

State Fiscal Effect:

<u>1987-88</u>		<u>1988-89</u>		<u>Biennium Total</u>	
<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>	<u>Special Funds</u>	<u>General Fund</u>
North Dakota	\$1,263,499		\$1,508,032		\$2,771,531
Tri-State Participation	N/A		\$5,445,981		\$5,445,981

County and City Fiscal Effect:

<u>1987-88</u>		<u>1988-89</u>		<u>Biennium Total</u>	
<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>	<u>Counties</u>	<u>Cities</u>

If additional space is needed, attach a supplemental sheet.

Signed Charles W. Keller

Typed Name Charles W. Keller

Date Prepared: February 6, 1987

Department Attorney General's Office