

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3950-01
BILL NO.: HB 2045
SUBJECT: Business and Commerce; Employees - Employers; Gambling.
TYPE: Original
DATE: March 7, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Lottery Proceeds for Education	(unknown)	(unknown)	(unknown)
Total Estimated Net Effect on <u>All</u> State Funds	(Estimated to less than \$100,000)	(Estimated to less than \$100,000)	(Estimated to less than \$100,000)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government			

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Lottery Commission (LOT)** state there are 5,000 lottery retailers in the state that employ an average of 30 persons per location, or 150,000 employees. The LOT assumes that these 150,000 employees would spend \$1 per day each for 365 days in a year, resulting in gross sales from employees of \$54,750,000 per year. Using the 30% profit margin on these sales, this would result in a loss to the Lottery Proceeds for Education Fund of \$16,425,000.

Oversight assumes that not all employees of lottery retailers purchase lottery tickets. Oversight also assumes that employees of lottery retailers wishing to play the lottery will still purchase the tickets, but at other locations. Therefore, Oversight assumes the loss in revenue to the Lottery Proceeds for Education Fund would be unknown, but minimal.

Officials from the **Office of the State Courts Administrator**, the **Office of the State Public Defender** and the **Office of Prosecution Services** assume this proposal would not fiscally impact their respective agencies.

Officials from the **Department of Corrections (DOC)** assume this proposal would result in zero to minimal impact to the DOC for supervision expenses.

Oversight assumes supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed that the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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LOTTERY PROCEEDS FOR EDUCATION

<u>Loss</u> - Decline in lottery sales to employees of lottery retailers	(unknown)	(unknown)	(unknown)
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NET EFFECT ON THE LOTTERY PROCEEDS FOR EDUCATION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
	\$0	\$0	\$0

FISCAL IMPACT - Small Business

A direct fiscal impact to small businesses that are licensed game retailers would be expected as a result of this proposal.

DESCRIPTION

This proposal prohibits licensed game retailers from selling lottery tickets or shares in lottery games to their own employees and prohibits employees of licensed game retailers from purchasing lottery tickets or shares in lottery games from their employers. Violation is a class A misdemeanor.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Lottery Commission
Office of the State Courts Administrator
Office of Prosecution Services
Office of the State Public Defender
Department of Corrections


Jeanne Jarrett, CPA

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Director
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