

# SENATE BILL REPORT

## EHB 3120

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As of March 9, 1998

**Title:** An act relating to distribution of lottery revenues to the state general fund.

**Brief Description:** Regarding lottery revenues.

**Sponsors:** Representatives Hankins, Huff, Sehlin, K. Schmidt, Cooke, Crouse, Ballasiotes, Mitchell, Skinner, Delvin and Kessler.

**Brief History:**

**Committee Activity:** Ways & Means: 3/10/98.

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### SENATE COMMITTEE ON WAYS & MEANS

**Staff:** Maura Sullivan (786-7431)

**Background:** The Legislature established the state lottery in 1982. A five-member commission, appointed by the Governor, is responsible for adopting rules governing the operation of the lottery. The original act distributed revenue from the sale of lottery tickets in this manner: 45 percent to prizes; 40 percent to the general fund; and 15 percent to a revolving fund. Money in the revolving fund is used to pay administrative costs of the Lottery Commission and sales agent discounts.

In 1985, the Legislature changed the lottery accounts and the required distribution of lottery revenues. The Legislature repealed the requirements that administrative costs be no more than 15 percent of revenues and that the state general fund receive no less than 40 percent of revenues. The requirement that no less than 45 percent of lottery revenues be paid out in prizes was retained.

In fiscal year 1997, total revenues were \$408 million and the distribution of lottery revenue was as follows: 63 percent to prizes; 24 percent to the general fund; 12 percent for administrative costs; and 1 percent to sports stadiums.

The state lottery provides bonuses and marketing incentives to retailers of lottery products in reward of total sales, the display of promotion materials, and other benchmarks. These bonuses or incentives have included cruises and televisions. In January, the state lottery proposed a pilot program, "Partners in Education Program," that would provide cash awards to retailers to be donated to public schools and education programs.

**Summary of Bill:** The state lottery must not give cash bonuses or cash marketing incentives to retailers without specific legislative appropriation. The apportionment of total revenues to the general fund must comply with the proportion specified in the Omnibus Appropriations Act.

**Appropriation:** None.

**Fiscal Note:** Requested on February 9, 1998.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.