

BALLOT PROPOSITION #200

Arizona Voter Reward Act

FISCAL ANALYSIS

Description

Proposition 200 would establish a drawing every 2 years for prizes to be awarded to individuals who voted in the statewide primary or general election. Subject to the availability of funds, first prize is \$1 million with the potential for more second prizes. The \$1 million first prize would be adjusted for inflation. Prize winners would be randomly drawn from lists of voters who cast valid ballots in the primary or general elections. The Arizona Voter Reward Commission would administer the drawings, which would be funded with 20% of the Arizona Lottery's unclaimed prizes. The Commission could also be funded by private donations or by legislative appropriation, if any. Up to 7% of the Voter Reward Fund would be used to pay for administrative expenses related to the prize drawings. The proposition would be retroactive and provide prizes to voters in the 2006 elections.

Estimated Impact

The Voter Reward Fund would receive 20% of unclaimed lottery prizes under Proposition 200. Based on a 5-year average, this amount is estimated to be approximately \$1.5 million per fiscal year. These unclaimed prize monies are currently used to supplement prizes paid to winners of Arizona Lottery games. Up to 7% of the Voter Reward Fund is available for administration.

The Arizona Lottery did not provide a specific cost estimate for Proposition 200. However, the Lottery notes that the proposition could reduce future revenues and payments to Lottery Fund beneficiaries by reducing total prizes paid to winners of the Lottery's "Scratchers" and "The Pick" games.

Analysis

Proposition 200 establishes the Arizona Voter Reward Commission, which would be comprised of the members of the Arizona State Lottery Commission. The Arizona Lottery staff would conduct the prize drawing established in the proposition and provide administrative support.

The proposition would require the county election officers in the state to assign unique numbers to voters casting ballots in the primary and general elections, with 2 numbers assigned to those who voted in both elections. The Lottery would conduct the drawings and have the authority to offer additional prizes beyond the \$1 million first prize, which would be adjusted in the future for inflation.

The State Lottery Prize Fund disburses more than \$200 million per fiscal year to Lottery prize winners. Unclaimed prizes ranged from \$5.0 million to \$10.9 million from FY 2001 through FY 2005 and averaged \$7.5 million. Statute currently requires 30% of total unclaimed prizes to be distributed to the Court Appointed Special Advocate (CASA). The remaining unclaimed prize monies are deposited into the Prize Fund. Under Proposition 200, 20% of all unclaimed prizes would be deposited into the Voter Reward Fund, with a corresponding decrease in the percent of unclaimed prizes.

The unclaimed prize monies currently supplement prizes paid to winners of the Lottery's "Scratchers" and "The Pick" games. The impact of the reduced funding on the popularity of these games is unknown.

If Proposition 200 were to increase the number of households with at least one registered voter, the state's share of elections costs would increase. The Secretary of State is required to reimburse counties for the costs of printing, labeling, and postage for sample ballots. The Secretary of State's office estimated that in the 2004 election, 2.8 million sample ballots were mailed at an average cost of 60 cents per sample ballot.

Statute also requires the Secretary of State to mail a publicity pamphlet to every household with a registered voter for any initiative or referendum. If Proposition 200 increases voter registration, more publicity pamphlets would be mailed. In 2004, the Secretary of State's office estimated that 1.4 million publicity pamphlets were mailed at an average cost of 32 cents per publicity pamphlet.

Local Government Impact

The proposition would create additional duties for county election officials, who would be required to generate unique numbers for all voters, prepare lists associating voters with the numbers, and furnish these lists to the Lottery Commission. The counties would need to develop or acquire computer programs that would assign the numbers to voter records. The costs to the counties could be reduced if a program were to be developed at the state level that could be used by all the counties, with expenses shared proportionately.

If Proposition 200 were to increase voter participation by existing registered voters, there would be an unknown fiscal impact on the county elections offices. They are currently required to provide enough ballots and staff polling places to accommodate 100% of all registered voters, and they are required to mail sample ballots to all registered voters.

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This estimate was prepared by Brian Cary (602-926-5491).