

**BALLOT PROPOSITION #301
Lottery Continuation**

Fiscal Impact Summary

Proposition 301 continues the Arizona State Lottery Commission operations until July 1, 2013. The Arizona State Lottery Commission generates profits for various state and local government programs through the sale of lottery tickets. These profits help support local transportation, statewide natural resource programs, parks, economic development, and volunteer advocacy programs. Continuing the Lottery will maintain the current distribution of Lottery profits and result in no added cost to the state. If the lottery is not continued, the state will lose \$79 million in revenue.

	FISCAL YEAR		
	2003	2004	2005
STATE EXPENDITURES			
State Lottery Fund	\$-0-	\$-0-	\$-0-

FISCAL ANALYSIS

Description

Proposition 301 refers to the statewide general election the question of changing the sunset date of the State Lottery Commission from July 1, 2003 to July 1, 2013.

Estimated Impact

If approved, Proposition 301 would have no impact to the State Lottery Fund. If the Lottery is not continued, the State Lottery Fund and the programs it funds would be eliminated. The fund received \$79.3 million in FY 2001.

Analysis

The State Lottery Commission operates sanctioned games of chance to generate monies for the state. Under current law, the Lottery Commission operations will sunset on July 1, 2003. Proposition 301 would extend the operation of the State Lottery Commission until July 1, 2013. Since this merely represents a continuation of Lottery operations, no impact would result. If, however, the extension were not granted, the result would be a termination of State Lottery activities. This would result in lost revenue to a number of state and local funds that receive statutory Lottery profit distributions and unclaimed prizes. To provide a perspective of the potential revenue loss, in FY 2001 the Lottery generated monies for the following funds:

- \$23.2 million for the General Fund
- \$17 million for the Heritage Fund
- \$3.2 million for the Commerce Economic Development Fund
- \$7.7 million for the County Assistance Fund
- \$23 million to the Local Transportation Assistance Fund
- \$3.7 million for local mass transit uses
- \$1.5 million for the Court Appointed Special Advocates Fund.

\$79.3 million total profit distributions

(Continued)

Local Government Impact

The proposition would not have a local impact if passed. However, if it is rejected and Lottery operations are terminated, future Lottery profit distributions to the County Assistance Fund, the Local Transportation Assistance Fund, and local mass transit purposes would be eliminated. In FY 2001 these distributions totaled \$34.4 million.

7/18/02

This estimate was prepared by Tom Mikesell (602-542-5491).