

Legislative Analysis



LOTTERY PRIZE AWARDS

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Senate Bill 1208 (as introduced)
Sponsor: Sen. Michael Switalski
House Committee: Appropriations
Senate Committee: Appropriations

Complete to 12-6-06

A SUMMARY OF SENATE BILL 1208 AS REPORTED FROM COMMITTEE 12-5-06

The State Lottery Act currently provides that prior to January 1, 2007, at least 45% of the total ticket sales shall be apportioned for the payment of prizes and that, beginning on that date, 45% of total lottery revenue shall be apportioned for the payment of prizes. The bill would push back the date to January 1, 2012. In recent years, payouts have averaged about 55% of ticket sales.

MCL 432.12

FISCAL IMPACT:

Experiences in other states generally show that lowering the payout rate results in significant reductions in ticket sales. Assuming a reduction in ticket sales of 40% to 45%, current law would result in a reduction of School Aid Revenue from the FY 2007 revenue consensus estimate of \$712 million, by an estimated \$108 million to \$146 million over the remaining nine months of the 2007 fiscal year. The May 2006 revenue estimate does not factor in the change in payout rate as provided under current law.

Fiscal Analyst: Mark Wolf

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