



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

HB0434 - Revise gambling laws related to sports wagering (Buttrey, Edward)

Status: As Introduced

- | | | |
|---|---|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input type="checkbox"/> Needs to be included in HB 2 | <input type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
Other - Proprietary Fund	(\$1,795,167)	(\$1,974,684)	(\$2,172,152)	(\$2,389,368)
Revenue:				
General Fund	(\$628,308)	(\$691,139)	(\$760,253)	(\$836,279)
Other - Proprietary Fund	(\$1,795,167)	(\$1,974,684)	(\$2,172,152)	(\$2,389,368)
Net Impact-General Fund Balance:	(\$628,308)	(\$691,139)	(\$760,253)	(\$836,279)

Description of fiscal impact: This bill revises laws related to sports wagering, requiring sports wagering facilities to have an appropriate alcoholic beverage license and prohibiting certain lottery purchases through third parties. As proposed, the legislation will permanently reduce revenues received by the Montana State Lottery, which will also reduce the amount of the transfer made by Montana Lottery to the state's General Fund.

FISCAL ANALYSIS

Assumptions:

Montana Lottery

1. The proposed legislation requires sports wagering facilities to have an alcoholic beverage license but grandfathers sports wagering facilities licensed prior to the effective date of this bill.
2. The Montana Lottery's use of third-party courier services has tapped into a supplemental player base with this convenience of play. If this option of play was discontinued, that player base will no longer participate in sports wagering.
3. Based on historical sales data, the Montana Lottery is projecting a loss in revenue of approximately \$1.8 million in fiscal year 2024. This estimate has been inflated by 10% for each subsequent year.
4. Expenses related to prizes and Montana Lottery's operational costs, are estimated at approximately \$1.2 million in fiscal year 2024. This estimate has been inflated by 10% for each subsequent year.

- The difference between the loss in revenue, less the prize and operational costs that will not be paid, is the projected reduction in the General Fund transfer. If HB 434 passes, the General Fund transfer is reduced by \$628,308 in fiscal year 2024, \$691,139 in fiscal year 2025, \$760,253 in fiscal year 2026, and \$836,279 in fiscal year 2027.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Operating Expenses	(\$1,166,859)	(\$1,283,545)	(\$1,411,899)	(\$1,553,089)
Transfers - General Fund	(\$628,308)	(\$691,139)	(\$760,253)	(\$836,279)
TOTAL Expenditures	<u>(\$1,795,167)</u>	<u>(\$1,974,684)</u>	<u>(\$2,172,152)</u>	<u>(\$2,389,368)</u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$0	\$0	\$0	\$0
Other - Proprietary	(\$1,795,167)	(\$1,974,684)	(\$2,172,152)	(\$2,389,368)
TOTAL Funding of Exp.	<u>(\$1,795,167)</u>	<u>(\$1,974,684)</u>	<u>(\$2,172,152)</u>	<u>(\$2,389,368)</u>
<u>Revenues:</u>				
General Fund (01)	(\$628,308)	(\$691,139)	(\$760,253)	(\$836,279)
Other - Proprietary	(\$1,795,167)	(\$1,974,684)	(\$2,172,152)	(\$2,389,368)
TOTAL Revenues	<u>(\$2,423,475)</u>	<u>(\$2,665,823)</u>	<u>(\$2,932,405)</u>	<u>(\$3,225,647)</u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$628,308)	(\$691,139)	(\$760,253)	(\$836,279)
Other - Proprietary	\$0	\$0	\$0	\$0

Long-Term Impacts:

- The proposed legislation will permanently decrease the amount of General Fund that is transferred in subsequent years.

_____ <i>Sponsor's Initials</i>	_____ <i>Date</i>	 _____ <i>Budget Director's Initials</i>	<u>2/21/23</u> _____ <i>Date</i>
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