



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2025 Biennium

Bill information:

SB0535 - Revise lottery laws relating to the board of horseracing (Lynch, Ryan)

Status: As Introduced

- Significant Local Gov Impact
 Needs to be included in HB 2
 Technical Concerns
 Included in the Executive Budget
 Significant Long-Term Impacts
 Dedicated Revenue Form Attached

FISCAL SUMMARY

	<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>
Expenditures:				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue - BOHR	\$0	(\$60,000)	(\$63,600)	(\$64,544)
Other - Montana Lottery	\$0	\$0	\$0	\$0
Revenue:				
General Fund	\$0	\$60,000	\$63,600	\$64,554
State Special Revenue - BOHR	\$0	(\$60,000)	(\$63,600)	(\$64,544)
Other - Montana Lottery	\$0	\$0	\$0	\$0
Net Impact-General Fund Balance:	<u>\$0</u>	<u>\$60,000</u>	<u>\$63,600</u>	<u>\$64,554</u>

Description of fiscal impact: This bill terminates the Montana Lottery's special raffle or lottery game for the benefit of the Board of Horse Racing. Montana Lottery will introduce alternative games, minimizing the impact from SB 535 on Montana Lottery's revenues. The amount previously transferred to the Board of Horse Racing will now be transferred to the state's general fund.

The impact to the Board of Horse Racing is the loss of revenues available to use to help promote the existing horse racing industry.

FISCAL ANALYSIS

Assumptions:**Montana Lottery**

1. Montana Lottery's sales estimates are based on the current on-line game and Scratch (instant) tickets being sold on behalf of the Board of Horse Racing. These sales, that are for the benefit of the board, will be discontinued under SB 535.

2. Games sold by Montana Lottery typically run from 18 to 24 months, and until these games end, the amount of total revenues earned and available to the board is difficult to determine. It is estimated that receipts from these games may range from \$60,000 to \$80,000. These games were started in FY 2023 and are projected to end in FY 2024.
3. For the purposes of this fiscal note, the lower estimate of \$60,000 will be used to estimate the revenues that will no longer be transferred to the Board of Horse Racing if SB 535 is passed. This estimate has been inflated by 6% for fiscal years 2026 and 2027.
4. Montana Lottery will introduce alternative games to replace the online and Scratch tickets being sold on behalf of the Board of Horse Racing. As a result, the impact to Montana Lottery revenues will be minimal, and the amount previously transferred to the Board of Horse Racing will now be transferred to the state’s general fund.

Board of Horse Racing

5. If SB 535 is passed, no new games for the benefit of the board will be launched after FY 2024. This will reduce the funds transferred to the Board of Horse Racing.
6. Revenue received by the board from lottery ticket sales is used to make payments to horse racing tracks. The reduction in revenue will result in a decrease in payments to tracks to support more race days, track upgrades, improvements, and maintenance.

Expenditures:

Operating Expenses - BOHR	\$0	(\$60,000)	(\$63,600)	(\$64,544)
Transfers - Lottery	\$0	\$0	\$0	\$0
TOTAL Expenditures	\$0	(\$60,000)	(\$63,600)	(\$64,544)

Funding of Expenditures:

General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue - BOHR	\$0	(\$60,000)	(\$63,600)	(\$64,544)
Other - Montana Lottery	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$0	(\$60,000)	(\$63,600)	(\$64,544)

Revenues:

General Fund (01)	\$0	\$60,000	\$63,600	\$64,544
State Special Revenue - BOHR	\$0	(\$60,000)	(\$63,600)	(\$64,544)
Other - Montana Lottery	\$0	\$0	\$0	\$0
TOTAL Revenues	\$0	\$0	\$0	\$0

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

General Fund (01)	\$0	\$60,000	\$63,600	\$64,544
State Special Revenue - BOHR	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0

NO SPONSOR SIGNATURE

Sponsor’s Initials

3/31/23

Date

RO

Budget Director’s Initials

3-30-23

Date