

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 24, 2007**

**TO:** Honorable Jim Keffer, Chair, House Committee on Ways & Means

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HJR26** by Raymond (Proposing a constitutional amendment to dedicate net revenue from the state lottery to certain public school purposes to offset other revenue used for that purpose.),  
**As Introduced**

**No fiscal implication to the State is anticipated**, other than the cost of publication.

The cost to the state for publication of the resolution is \$77,468.

The resolution would propose a constitutional amendment to require that all money received by the operation of the state lottery, outside of administration and prizes, be dedicated to public schools and expended only for the items and compensation that directly benefit classroom teaching.

The amount of money equivalent to the dedicated amount would result in an equal reduction in the amount of general revenue funds that would otherwise have been allocated for public schools.

The proposed constitutional amendment would be submitted to the voters on November 6, 2007. Because the proposed amendment would not mandate a change in the amount of school revenues spent for school purposes, total state money going to education would not change. Under current law, while all lottery net revenue—outside of unclaimed prize monies—is dedicated to the Foundation School Fund, school districts may use the money for operations and buildings as well as classroom teaching.

Under the proposed amendment, the unclaimed lottery prize revenue that is currently deposited to the General Revenue Fund 0001 and to GR Account 5049—State Owned Multicategorical Teaching Hospital would become dedicated to public and secondary classroom usage. For the purposes of this fiscal note, it was assumed that all unclaimed lottery prize revenue would be deposited to GR Account 0193—Foundation School and that, pursuant to the proposed amendment, this deposit would be offset by a corresponding reduction in general revenue funds allocated to public schools, implying no net change in funding to the public schools.

In the 2008-09 Biennial Revenue Estimate, the amount of unclaimed lottery prize money was estimated to total \$52,050,000 in fiscal 2008 and \$52,964,000 in fiscal 2009, with \$10 million assumed appropriated to GR Account 5049 each year and the remainder accruing to Fund 0001.

Assuming that the Legislature continued to fund GR Account 5049 by the same amount out of Fund 0001 each year, there would be no net fiscal impact to the state.

The bill would have no fiscal impact on the state or units of local government, assuming that the Legislature continued to fund GR Account 5049 at the level of \$10 million per year over the five-year projection period.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 701 Central Education Agency  
**LBB Staff:** JOB, SD, CT