

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 27, 2009

TO: Honorable Jim Pitts, Chair, House Committee on Appropriations

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

IN RE: HJR37 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

Estimated Two-year Net Impact to General Revenue Related Funds for HJR37, As Introduced: a positive impact of \$19,909,118 through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$9,909,118
2011	\$10,000,000
2012	\$10,000,000
2013	\$10,000,000
2014	\$10,000,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>Foundation School Fund</i> 193	Probable Revenue Gain/(Loss) from <i>Teaching Hospital Account</i> 5049
2010	(\$90,882)	(\$38,510,000)	\$48,510,000	(\$10,000,000)
2011	\$0	(\$37,424,000)	\$47,424,000	(\$10,000,000)
2012	\$0	(\$36,362,000)	\$46,362,000	(\$10,000,000)
2013	\$0	(\$35,324,000)	\$45,324,000	(\$10,000,000)
2014	\$0	(\$34,309,000)	\$44,309,000	(\$10,000,000)

Fiscal Analysis

The resolution would propose a constitutional amendment to Section 47, Article III, of the Texas Constitution to require all money received from Texas State Lottery operations, other than administration costs and prize awards, be dedicated to public primary and secondary schools and be expended only for the items that directly benefit classroom teaching.

The amount of money dedicated by this amendment and appropriated by the Legislature each fiscal biennium must result in an equal reduction in the amount of General Revenue Fund 0001 money that would otherwise have been allocated for public school purposes.

State funded advertising for lottery games could not refer to lottery proceeds supporting or providing additional funds to public primary and secondary schools.

The proposed constitutional amendment would be submitted to the voters on November 3, 2009.

Methodology

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 GR Account 0193—Foundation School, school districts may use the money for operations and buildings as well as classroom teaching. As a consequence, the bill would have an impact on how the money could be spent.

Under the proposed amendment, the unclaimed lottery prize revenue that is currently deposited to General Revenue Fund 0001 and to GR Account 5049—State Owned Multicategorical Teaching Hospital would become dedicated to public and secondary classroom usage. All unclaimed lottery prize revenue would be deposited to GR Account 0193 and that, pursuant to the proposed amendment, this deposit would be offset by a corresponding reduction in general revenue funds allocated to public schools. However, the amount of money dedicated by this amendment and appropriated by the Legislature each fiscal biennium must result in an equal reduction in the amount of General Revenue Fund 0001 money that would otherwise have been allocated for public school purposes. Therefore, there would be no net change in funding to the public schools.

In the 2010-11 Biennial Revenue Estimate, the amount of unclaimed lottery prize money was estimated to total \$48,510,000 in fiscal 2010 and \$47,424,000 in fiscal 2011, with \$10 million accruing to GR Account 5049 each year and the remainder to Fund 0001.

The cost for publication of the resolution is \$90,882.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 362 Texas Lottery Commission, 701 Central Education Agency

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