

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 6, 2011

TO: Honorable Mike Hamilton, Chair, House Committee on Licensing & Administrative Procedures

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

IN RE: HB3042 by Kleinschmidt (Relating to the creation of an instant-ticket lottery game with revenue dedicated to providing grants for breast cancer research, education, and patient treatment and support.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3042, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2013.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2012	\$0
2013	\$0
2014	(\$4,210,000)
2015	(\$8,420,000)
2016	(\$8,453,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>Foundation School Fund 193</i>	Probable Revenue Gain from <i>New Other - Pink for Ever Fund</i>	Probable Savings/ (Cost) from <i>New Other - Pink for Ever Fund</i>	Change in Number of State Employees from FY 2011
2012	\$0	\$0	\$0	0.0
2013	\$0	\$0	\$0	0.0
2014	(\$4,210,000)	\$4,210,000	(\$4,210,000)	2.0
2015	(\$8,420,000)	\$8,420,000	(\$8,420,000)	3.0
2016	(\$8,453,000)	\$8,453,000	(\$8,453,000)	3.0

Fiscal Analysis

The bill would amend Chapter 466 of the Government Code to direct the Texas Lottery Commission (TLC) to create and operate a new instant-ticket lottery game, from which the net revenue would be deposited into the "Pink for Ever" fund. The bill would create the "Pink for Ever" fund as a fund outside of the General Revenue Fund in the State Treasury. The bill would amend Chapter 403 of the Government Code to allow net revenue from the new lottery game to be transferred to the "Pink for Ever" fund. TLC would be required to begin selling tickets for this game no later than March 1, 2014. The bill would allow the commission to use not more than two percent of the gross revenue accruing

from the sale of tickets for the lottery game created by the bill for the purpose of marketing and advertizing the game.

The bill would add Subchapter D to Chapter 86 of the Health and Safety code to establish and direct the “Pink for Ever” grant program.

This bill would take effect September 1, 2013.

Methodology

Based on the analysis of the Comptroller of Public Accounts (CPA), it is assumed that the creation of the new instant-ticket lottery game from which revenues would be deposited to the credit of the new “Pink for Ever” fund would result in a corresponding loss of sales to other current instant ticket lottery games. Also based on the analysis of the CPA, it is assumed that new revenues deposited to the credit of the new fund would be equivalent to costs realized from the Foundation School Fund.

This analysis assumes that the bill would allow the Department of State Health Services (DSHS) to spend money from the “Pink for Ever” fund to administer the grant program established by the bill. Based on the analysis of the DSHS, it is assumed the department would require additional personnel to implement the new program for an estimated salary cost of \$89,107 in 2014 for 2.0 FTEs and \$183,150 for 3.0 FTEs in each year thereafter. Associated employee benefits costs are estimated to be \$24,825 in 2014 and \$51,026 in each year thereafter (estimated at 27.86 percent of salary). Also based on the analysis of the DSHS, other costs for administering the fund estimated to be \$96,390 in 2014, \$159,934 in 2015, and \$184,149 in 2016. This analysis assumes that the remaining balances in the “Pink for Ever” fund in each fiscal year would be spent on grants or advertizing as established by the bill. This analysis assumes that duties and responsibilities associated with implementing the provisions of the bill for the Texas Lottery Commission could be accomplished by utilizing existing resources.

Technology

The bill would have a technology impact of \$1,556 in 2014, \$1,477 in 2015, and \$1,377 in every year thereafter.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 362 Texas Lottery Commission, 529 Health and Human Services Commission, 537 State Health Services, Department of

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