

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**March 2, 2015**

**TO:** Honorable Donna Campbell, Chair, Senate Committee on Veteran Affairs & Military Installations

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** SB397 by Rodríguez (Relating to the marketing and advertising of the veterans' assistance lottery game.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB397, As Introduced: a negative impact of (\$6,754,758) through the biennium ending August 31, 2017.

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:**

<b>Fiscal Year</b>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2016	(\$3,377,379)
2017	(\$3,377,379)
2018	(\$3,377,379)
2019	(\$3,377,379)
2020	(\$3,377,379)

**All Funds, Five-Year Impact:**

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from <i>Foundation School Fund</i> 193</b>	<b>Probable Revenue Gain/(Loss) from <i>Fund for Veterans' Assistance</i> 368</b>
2016	(\$3,377,379)	\$3,377,379
2017	(\$3,377,379)	\$3,377,379
2018	(\$3,377,379)	\$3,377,379
2019	(\$3,377,379)	\$3,377,379
2020	(\$3,377,379)	\$3,377,379

**Fiscal Analysis**

The bill would amend the Government Code relating to the marketing and advertising of the veterans' assistance lottery game. The bill requires that the Texas Lottery Commission spend an

amount equal to or greater than the amount the commission spends to promote any other instant-ticket lottery game operated by the commission on game tickets used to fund veterans' programs in the state.

The bill would take effect September 1, 2015.

### **Methodology**

This analysis is based on dividing the total fiscal year 2014 advertising budget of \$17.8 million by the 77 scratch-off games that were available during the year, resulting in an average advertisement expenditure of \$231,169 per scratch-off game. There were four veterans' assistance games in play in fiscal year 2014; only two, however, were required by statute. An average of three veterans' assistance games is assumed in this estimate based on information from the Texas Lottery Commission.

An analysis by the Texas Lottery Commission showed that every dollar spent on scratch-off advertising generates approximately \$4.87 in state revenue. This analysis assumes three veterans' assistance games in play multiplied by \$231,169 per game for a total of \$693,507 in advertising expenses for the games. Assuming a \$4.87 return for each advertising dollar spent results in approximately \$3,377,379 in total revenue generated for the Veterans Assistance Fund (0368) and a corresponding loss to GR Account 193-Foundation School.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 362 Texas Lottery Commission, 403 Veterans Commission

**LBB Staff:** UP, FR, NV, ER, LCO