



Senate Finance Committee

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BILL SUMMARY

Legislation: House Bill 986, P.N. 1067
Sponsor: Representative Benninghoff
Act Amended: State Lottery Law
Topic: Statutory Profit Percentage
Date: May 6, 2011

Summary:

House Bill 986 provides for the temporary extension of the 27% minimum profit percentage for the Pennsylvania Lottery. The profit percentage reflects the portion of total revenues from the sale of lottery tickets that is available for program expenditures.

Under the bill, the portion of total revenues from ticket sales that are dedicated to program expenditures shall be:

- No less than 27% prior to July 1, 2015.
- No less than 30% after June 30, 2015.

The legislation provides that the Department of Revenue shall submit a report to the Senate and House Appropriations Committees, the Senate Aging and Youth Committee and the House Aging and Older Adult Services Committee by June 1 each year. The report shall set forth current lottery profits and the plan for increasing future profits.

The legislation takes effect on July 1, 2011, or immediately, whichever is later.

Current Law:

Section 1730-H of the Fiscal Code, added by Act 53 of 2008, provides that the Department of Revenue shall ensure that no less than 27% of total revenues from the sale of lottery tickets are available for program expenditures. This provision expires on June 30, 2011.

Section 303(a)(11)(iv) of the State Lottery Law provides that no less than 30% of lottery sales shall be available for program expenditures.

Background:

The Pennsylvania Lottery indicates that it has used the 27% profit percentage to adjust its mix of games to meet consumer demand and increase sales. The Lottery has projected that failure to extend the 27% provision will require changes to its marketing plan that would result in a decrease in ticket sales and a decrease in net operating revenues compared to its FY 2011-12 budget estimates.