

Multiple Agency Fiscal Note Summary

Bill Number: 5973 SB	Title: Raffle tickets/traffic relief
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Estimated Cash Receipts

Agency Name	2015-17		2017-19		2019-21	
	GF- State	Total	GF- State	Total	GF- State	Total
State Lottery	0	3,839,999	0	5,120,000	0	5,120,000
Total \$	0	3,839,999	0	5,120,000	0	5,120,000

Estimated Expenditures

Agency Name	2015-17			2017-19			2019-21		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of State Treasurer	Fiscal note not available								
State Lottery	.0	0	5,196,000	.0	0	6,928,000	.0	0	6,928,000
Total	0.0	\$0	\$5,196,000	0.0	\$0	\$6,928,000	0.0	\$0	\$6,928,000

Estimated Capital Budget Impact

NONE

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* See Office of the Administrator for the Courts judicial fiscal note

** See local government fiscal note

ENPID: 39909

FNS029 Multi Agency rollout

Individual State Agency Fiscal Note

Bill Number: 5973 SB	Title: Raffle tickets/traffic relief	Agency: 116-State Lottery Commission
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

ACCOUNT	FY 2016	FY 2017	2015-17	2017-19	2019-21
WA Opportunity Pathways Account-State 17F-1	(452,000)	(904,000)	(1,356,000)	(1,808,000)	(1,808,000)
State Lottery Account-Non-Appropriated 577-6	1,732,000	3,464,000	5,196,000	6,928,000	6,928,000
Traffic Congestion Relief Account-State NEW-1	(1)		(1)		
Total \$	1,279,999	2,560,000	3,839,999	5,120,000	5,120,000

Estimated Expenditures from:

	FY 2016	FY 2017	2015-17	2017-19	2019-21
Account					
State Lottery Account-Non-Appropriated 577-6	1,732,000	3,464,000	5,196,000	6,928,000	6,928,000
Total \$	1,732,000	3,464,000	5,196,000	6,928,000	6,928,000

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact: Jennifer Schildmeyer	Phone: 786-7426	Date: 02/12/2015
Agency Preparation: John Iyall	Phone: 360-664-4791	Date: 02/19/2015
Agency Approval: Jim Warick	Phone: (360) 664-4807	Date: 02/19/2015
OFM Review: Chris Stanley	Phone: (360) 902-9810	Date: 02/19/2015

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

New Section 1 amends RCW 67.70 directing Washington's Lottery to offer up to four statewide raffles per year with all net revenues to be deposited into the traffic congestion relief account.

Washington's Lottery estimates these 4 raffles per year will create negative “net revenue” reducing the contributions to Washington Opportunity Pathways Account. In order to properly market these new games, advertising costs could be greater than anticipated within this note.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

See attachment. Within the Traffic Congestion Relief Account, -1 dollar was added to FY2016 so that the account could display on the fiscal note but there will be no impact to that account.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

See attachment

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

	FY 2016	FY 2017	2015-17	2017-19	2019-21
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits					
C-Professional Service Contracts	442,000	884,000	1,326,000	1,768,000	1,768,000
E-Goods and Other Services	250,000	500,000	750,000	1,000,000	1,000,000
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services	1,040,000	2,080,000	3,120,000	4,160,000	4,160,000
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total:	\$1,732,000	\$3,464,000	\$5,196,000	\$6,928,000	\$6,928,000

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Cash Receipts:

Washington's Lottery estimates these 4 raffles per year will create negative "net revenue" reducing the contributions to Washington Opportunity Pathways Account. This estimate is based on the most recent raffle titled the "Veteran's Raffle". This raffle failed to generate adequate sales and caused a decrease in contributions to the Washington Opportunity Pathways Account of \$239k.

Assumptions: 4 raffles annually totaling \$4M in sales as designed but only selling out at a rate of 64% or \$2.56M in total sales per year. For fiscal note purposes, it is assumed that 2 raffles will be held in FY2016. These figures are based on actual results of the "Veteran's Raffle" which was held between November 11, 2012 through January 1, 2013.

In order to market these new raffle games effectively, the advertising costs will be substantially greater than indicated below.

2013 Veteran's Raffle Results:

		2013 Veteran's Raffle as Designed	2013 Veteran's Raffle Actuals	Actual Sell through
	Sales	\$2,000,000	\$1,279,240	64%
obj				
C	Advertising	\$434,005	\$329,360	
E	Commission, Vendor, Other	\$215,678	\$148,437	
N	Prizes	\$1,040,000	\$1,040,000	
	Expenses	\$1,689,683	\$1,517,797	
	Profit	\$310,317	(\$238,557)	

Anticipated Raffle Design/Results:

		Proposed Design Per Raffle	Estimate Per Raffle (64% sell- through)	FY16 (2 Raffles)	Per Year (4 Raffles)
	Sales	\$1,000,000	\$640,000	\$1,280,000	\$2,560,000
obj					
C	Advertising (2/3rds of actual)	\$221,000	\$221,000	\$442,000	\$884,000
E	Commission, Vendor, Other	\$125,000	\$125,000	\$250,000	\$500,000
N	Prizes	\$520,000	\$520,000	\$1,040,000	\$2,080,000
	Expenses	\$866,000	\$866,000	\$1,732,000	\$3,464,000
	Profit	\$134,000	(\$226,000)	(\$452,000)	(\$904,000)

Expenditure Impact:

Based on the 2013 Veteran's Raffle results, Washington's Lottery estimates prizes totaling \$2.08M and advertising/retailer commissions/vendor expense totaling \$1.384M per year totaling \$3.464M in expenses.