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Statement of estimated state revenue impact-H.B. 3555

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Statement of Estimated State Revenue Impact

Date: February 28, 2013

Bill Number: HB 3555

Author: Sellers

Committee Requesting Impact: House Judiciary Committee

Bill Summary

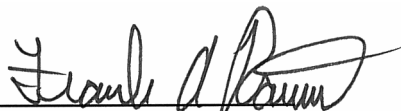
A BILL TO AMEND THE CODE OF LAWS OF SOUTH CAROLINA, 1976, BY ADDING SECTION 59-150-55 SO AS TO PROVIDE THAT BY JULY 1, 2013, THE SOUTH CAROLINA LOTTERY COMMISSION SHALL ISSUE A REQUEST FOR PROPOSALS (RFP) SOLICITING BIDS FROM PRIVATE ENTITIES FOR THEM TO ASSUME AND UNDERTAKE THE DUTIES AND RESPONSIBILITIES OF ORGANIZING AND CONDUCTING THE SOUTH CAROLINA EDUCATION LOTTERY UNDER THE SUPERVISION AND CONTROL OF THE COMMISSION AND ITS EXECUTIVE DIRECTOR; TO REQUIRE THE REQUEST FOR PROPOSALS TO STIPULATE THAT THE COMPENSATION OF THE PRIVATE ENTITY FOR PERFORMING THESE FUNCTIONS MUST BE PAID BY THE COMMISSION FROM FUNDS THE COMMISSION ALREADY RECEIVES AND NO NEW ADDITIONAL REVENUE MUST BE ALLOCATED FOR THIS PURPOSE, AND TO PROVIDE THAT A CONTRACT WITH A PRIVATE ENTITY FOR ORGANIZING AND CONDUCTING THE EDUCATION LOTTERY MUST BE ENTERED INTO BY DECEMBER 31, 2013; AND TO AMEND SECTIONS 59-150-60, RELATING TO THE POWERS AND DUTIES OF THE LOTTERY COMMISSION AND 59-150-90, AS AMENDED, RELATING TO THE POWERS AND DUTIES OF THE EXECUTIVE DIRECTOR OF THE LOTTERY COMMISSION, SO AS TO PROVIDE THAT THE AUTHORITY OF THE COMMISSION AND THE EXECUTIVE DIRECTOR OF THE COMMISSION TO ENTER INTO CONTRACTS, INCLUDES CONTRACTS FOR A PRIVATE ENTITY TO ORGANIZE, AND TO CONDUCT THE EDUCATION LOTTERY.

REVENUE IMPACT ^{1/}

This bill as amended permits the SC Lottery Commission to contract with a private management company. Changes to the SC Education Lottery Account and Unclaimed Prizes would be affected by the terms of the contract and the impact of any marketing changes and are therefore undeterminable.

Explanation of the Bill

This bill would amend Sections 59-150-55, 59-150-60 and 59-150-90 relating to the authority of the South Carolina Lottery Commission executive director to solicit and enter into contract with a private management company. Currently the Illinois Lottery (effective FY11-12) is the only lottery actively operating with a private management company. In comparing Illinois Lottery Revenues and Expenses (pre-management) with South Carolina's Lottery over the latest 5 year period; Revenues, Prize Expense and Commission's increased about the same percent, Other Operating Expenses for Illinois increased 18.5% where South Carolina Operating Expenses decreased by -17.7%, Transfers to the State from the Illinois Lottery increased 2.5% where South Carolina Lottery Transfers to the State increased 8.9%. South Carolina Lottery Commission has advised South Carolina Lottery ranks second in lowest ratio of administrative expenses to revenue. Without knowing specifically what the private company contract terms would be, changes to the South Carolina Education Lottery Account and Unclaimed Prizes are undeterminable.



Frank A. Rainwater
Chief Economist

Analyst: Glenn

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.