

March 21, 2008

The Honorable Arlen Siegfried, Chairperson
House Committee on Federal and State Affairs
Statehouse, Room 161-W
Topeka, Kansas 66612

Dear Representative Siegfried:

SUBJECT: Fiscal Note for HB 2963 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2963 is respectfully submitted to your committee.

Current law allows the Kansas Lottery to sell Veterans Benefit Game lottery tickets from May 1 through November 30 of each year with the net profits equally distributed between Kansas National Guard scholarships and support to benefit the operations of the Kansas Veterans Home, Kansas Soldiers Home, and the State Veterans Cemetery System. HB 2963 would allow the Kansas Lottery to sell Veterans Benefit Game lottery tickets year-round and would change the distribution of net profits for the Veterans Benefit Game in FY 2009 and FY 2010. The bill would require 40.0 percent of the net profits to be used for Kansas National Guard scholarships; 30.0 percent to benefit the Kansas Veterans Home, Kansas Soldiers Home, and the State Veterans Cemetery System; and 30.0 percent to the Museum of the Kansas National Guard for the expansion of its facility to include a 35th Infantry Division Museum and Education Center. The distribution of net profits would return to the same as in current law in FY 2011.

The Kansas Lottery estimates HB 2963 would produce \$1.5 million in net profits attributed to the full year Veterans Benefit Game in FY 2009 and FY 2010. This is an increase of \$540,000 from the \$960,000 that the Veterans Benefit Game is estimated to produce in *The FY 2009 Governor's Budget Report*. It is estimated that under the bill, \$600,000 would be available for Kansas National Guard scholarships, which is an increase of \$120,000 from what is estimated in *The FY 2009 Governor's Budget Report*. The Kansas Veterans Home, Kansas Soldiers Home, and the State Veterans Cemetery System would receive a total of \$450,000 in FY 2009, which is a reduction of \$30,000 from the current estimate. The Museum of the Kansas National Guard expansion project would receive \$450,000 in FY 2009. The table below details the distribution of monies from the Veterans Benefit Game:

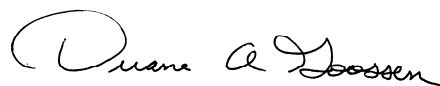
Veterans Benefit Game

<u>Program</u>	<u>Current Law</u>	<u>HB 2963</u>
National Guard Scholarships	\$480,000	\$ 600,000
Veterans Home, Soldiers Home, and the State Veterans Cemetery System	480,000	450,000
Museum of the Kansas National Guard	--	450,000
Total	\$960,000	\$1,500,000

The Kansas Lottery indicates that the increase in sales of Veterans Benefit Game lottery tickets would likely reduce the amount of sales of other lottery games by the same amount and would not have an effect on overall lottery ticket sales or its annual transfer to the State Gaming Revenues Fund (SGRF). Lottery ticket sales are estimated to continue to be \$254.0 million in FY 2009, which will allow \$73.0 million to be transferred to the SGRF. Under current law, the first \$50.0 million of receipts to the SGRF is divided by a formula which transfers moneys to the Problem Gambling and Addictions Grant Fund, Economic Development Initiatives Fund, Correctional Institutions Building Fund, and the Juvenile Detention Facilities Fund. Any receipts to the SGRF in excess of \$50.0 million are transferred to the State General Fund. The bill would affect the distribution of moneys that are transferred to the State General Fund. Under current law, it is estimated that \$23.0 million will be transferred to the State General Fund, including \$960,000 which is allocated toward veterans programs from the Veterans Benefit Game. Under the bill, the State General Fund would still receive a transfer of \$23.0 million from the SGRF; however, it is estimated that \$1.5 million would be allocated toward veterans programs.

The Adjutant General indicates that it would be responsible for contracting and managing the construction of the museum expansion project to build the 35th Infantry Division Museum and Education Center. The Adjutant General indicates that the overall project costs for the museum expansion project would be approximately \$1.2 million. Any project costs in excess of the funds received from the net profits of the Veterans Benefit Game during FY 2009 and FY 2010 would be financed by donations. Any fiscal effect associated with HB 2963 is not reflected in *The FY 2009 Governor's Budget Report*.

Sincerely,



Duane A. Goossen
Director of the Budget

cc: Pat Scott, Lottery
Jim Frederick, Veterans Affairs
Janice Harper, Adjutant General's Department