

February 13, 2017

The Honorable Jacob LaTurner, Chairperson
Senate Committee on Federal and State Affairs
Statehouse, Room 136-E
Topeka, Kansas 66612

Dear Senator LaTurner:

SUBJECT: Fiscal Note for SB 169 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 169 is respectfully submitted to your committee.

SB 169 would authorize the Kansas Lottery to use lottery ticket vending machines to sell lottery tickets. The lottery ticket vending machines, also known as electronic product dispensers, would also allow a purchaser to manually check the status of a lottery ticket and could be used to display advertising, promotions, and other information pertaining to the Kansas Lottery. The Kansas Lottery would be authorized to rent or buy lottery ticket vending machines to place at lottery retailer locations.

The Kansas Lottery indicates the use of lottery ticket vending machines at lottery retailer locations has the potential to increase sales by improving product availability and efficiently delivering lottery products to its customers. The Kansas Lottery indicates that 38 other lottery jurisdictions in the United States use lottery ticket vending machines and this method of dispensing lottery products to customers is often requested by lottery retailers. The Kansas Lottery indicates that allowing lottery ticket vending machines is estimated to increase the Kansas Lottery's year end transfer to the State General Fund by \$4.0 million in FY 2018 and by \$8.0 million in FY 2019. The Kansas Lottery is unable to estimate the additional expenses for this program because it has not determined the most cost efficient method to acquire lottery ticket vending machines and to place them at lottery retailer locations. In other lottery jurisdictions, lottery ticket vending machines have been purchased, leased, or acquired from a revenue sharing agreement. Any fiscal effect associated with SB 169 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Stephen Durrell, Lottery