

**HOUSE OF REPRESENTATIVES STAFF ANALYSIS**

**BILL #:** HB0043E (PCB AP-03E-05) Unclaimed Lottery Prize Money  
**SPONSOR(S):** Committee on Appropriations  
**TIED BILLS:** **IDEN./SIM. BILLS:** SB 10E

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Appropriations	38 Y, 0 N	Mizereck	Hansen
2)			
3)			
4)			
5)			

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**SUMMARY ANALYSIS**

This bill transfers \$30,147,947 of unclaimed lottery prize money associated with the Lotto drawing of March 12, 2003, into the Educational Enhancement Trust Fund, and appropriates this sum as state matching grants to private donations received by community colleges and state universities under challenge grant programs established in sections 1011.85 and 1011.94, Florida Statutes.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

**STORAGE NAME:** h0043e.ap.doc  
**DATE:** October 22, 2003

# FULL ANALYSIS

## I. SUBSTANTIVE ANALYSIS

### A. DOES THE BILL:

- |                                      |                              |                             |   |
|--------------------------------------|------------------------------|-----------------------------|---|
| 1. Reduce government?                | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes?                      | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom?        | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families?                 | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

### B. EFFECT OF PROPOSED CHANGES:

Section 15, Article X of the State Constitution and Chapter 24, Florida Statutes, establish the Florida Education Lottery as a mechanism to generate funding to support public education. Section 1010.70, Florida Statutes, establishes the Educational Enhancement Trust Fund to receive the net proceeds from Florida lotteries to be used to support education.

Section 24.115(2), Florida Statutes, provides that all unclaimed prize money from Florida lottery games shall be added to the pool from which future prizes are to be awarded or used for special prize promotions. The purpose of this provision is to use unclaimed prize money in a manner that will maximize gross lottery proceeds and generate greater returns to education.

Since the inception of the Florida Lottery until September 2003, there have been a total of 19 unclaimed Lotto jackpots. The average cash value of these unclaimed prizes is approximately \$3.6 million, with only two unclaimed prizes exceeding \$5 million in cash value. In September 2003, a prize from the March 12, 2003, Lotto drawing with a cash value of \$30.1 million was declared unclaimed under the provisions of section 24.115(1)(f), Florida Statutes. The Florida Department of Lottery has represented that, due to the abnormally large size of this unclaimed prize, benefits to education will be maximized by transferring it directly to the Educational Enhancement Trust Fund rather using it for increased prize payouts or special prize promotions.

Section 1011.85, Florida Statutes, establishes the Dr. Philip Benjamin Matching Grant Program for community colleges. The purpose of this program is to encourage private support for community colleges by providing state matching funds to enhance eligible private contributions. Private donations received for scholarships, student loans, or need-based grants are matched equally with state funds. Other eligible private donations are matched at a rate of \$4 from state funds for each \$6 in private funds. As of October 14, 2003, \$28.1 million in state funds are required to match eligible private donations received under this program.

Section 1011.94, Florida Statutes, establishes the Trust Fund for University Major Gifts as a mechanism to encourage private donations to support state universities. Donations fund eminent scholars, professorships, endowed chairs, fellowships, endowments, scholarships, and other enhancements. Under this program, varying percentages of state matching funds are provided for eligible private donations, depending upon the amount of the donation. As of September 30, 2003, \$109 million in state funds are required to match eligible private donations received under this program

The bill transfers the unclaimed prize money associated with the Lotto drawing of March 12, 2003, to the Educational Enhancement Trust Fund and appropriates these funds to community colleges and state universities to match private donations received under the provisions of sections 1011.85 and 1011.94, Florida Statutes. The bill allocates the funds between these two programs proportionately, based upon the current amount of state matching funds which have been earned but not paid, as follows:

<b>Earned Match Amount</b>				<b>Distribution of Unclaimed Lottery Funds</b>	
<b>System</b>	<b>Date</b>	<b>Due</b>	<b>% of Total</b>	<b>Amount</b>	<b>%</b>
Comm. Coll.	10/14/2003	\$28,107,213	20.50%	\$6,179,148	20.50%
SUS	9/30//2003	\$109,027,343	79.50%	\$23,968,799	79.50%
<b>TOTAL</b>		<b>\$137,134,556</b>	<b>100%</b>	<b>\$30,147,947</b>	<b>100%</b>

C. SECTION DIRECTORY:

**Section 1:** Notwithstanding section 24.115(2), Florida Statutes, transfers \$30,147,947 of unclaimed prize money to the Educational Enhancement Trust Fund.

**Section 2:** Appropriates \$6,179,148 to community colleges.

**Section 3:** Appropriates \$23,968,799 to state universities.

**Section 4:** Establishes effective date upon becoming law.

**II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT**

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Transfers \$30,147,947 of unclaimed prize money to the Educational Enhancement Trust Fund, and appropriates the funds proportionately to community colleges and state universities.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

### III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. This bill does not appear to affect municipal or county government.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

### IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES