

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS  
FISCAL IMPACT STATEMENT**

**LS 6412**

**BILL NUMBER:** HB 1078

**NOTE PREPARED:** Jan 13, 2026

**BILL AMENDED:** Jan 13, 2026

**SUBJECT:** Online Lottery Sales and Voluntary Exclusion.

**FIRST AUTHOR:** Rep. Manning

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** (Amended) The bill authorizes the Lottery Commission (commission) to operate the sale of draw games and eInstant games over the Internet. It specifies rules the commission must adopt concerning the sale of digital lottery games. It requires the commission to establish a retailer incentive program for retailers that participate in the promotion of digital lottery games. It specifies annual public meeting requirements. It provides that unless granted authority by the General Assembly, the commission shall not operate or authorize the use of certain digital lottery games. It requires the commission to adopt rules to implement and establish a voluntary exclusion program.

**Effective Date:** July 1, 2026.

**Explanation of State Expenditures:** (Revised) *State Lottery Commission:* The bill allows the State Lottery Commission to operate or authorize the sale of draw games and eInstant games over the internet. This would result in additional workload. The expenses would be paid from the Hoosier Lottery profits.

The bill provides that the commission may adopt rules to:

- (1) establish and implement a voluntary exclusion program;
- (2) impose fines, fees, and civil penalties to implement a voluntary exclusion program; and
- (3) require the contractor operating the digital lottery distribution channel to set up restrictions based on the age and location of an individual who purchases a digital lottery game.

It requires the commission to establish a retailer incentive program for retailers that participate in the promotion of digital lottery games. It requires the commission to annually study the impact of online lottery games on retailers and make recommendations on effectiveness of the retailer incentive program in supporting retailer participation in the promotion of digital lottery games.

**Explanation of State Revenues:** *Online Sales of Lottery:* The bill allows the state Lottery Commission to offer or provide authority to offer online draw games and eInstant games. The provision is effective beginning in FY 2027. It is assumed that the commission will allow online lottery sales starting in FY 2027, although the operations in FY 2027 would only be for partial year.

Although it could take longer to reach full potential, it is assumed that the full impact of online sales will be reached by the third year and generate between \$314 M to \$629 M annually in net statewide online lottery sales. This would result in lottery profits between \$31.4 M and \$94.3 M. The actual impact in FY 2027 and FY 2028 will be lower as the digital lottery grows at a high rate and reaches its full potential. It will continue to grow in future years at a slower rate.

Lottery profits are deposited in the Lottery Surplus Fund. Since the Lottery Surplus Fund is a reverting fund, it could lead to the state General Fund receiving reversions to the extent that the General Assembly's annual appropriations from the Lottery Surplus Fund are lower than the revenue annually deposited in the fund.

*Additional Information* - The sales volume and profitability of the games would depend on game pricing, payout rates, ticket printing and shipping costs, advertising and promotional costs, and other operational factors. The estimate above assumes that the per capita sales of a game in Indiana would be comparable to the per capita sales volume realized by other states that offer online scratch-off tickets. Since 2000, the operating margin for the Hoosier Lottery on draw games and instant ticket games combined has averaged about 25%. However, based on experiences in other states, it is estimated that the operating margin for instant tickets, particularly the tickets sold online, would likely be below this overall average. It is assumed that the profit margin on the online lottery games in Indiana would be between 10% and 15%.

The impact accounts for a decrease in traditional lottery as a result of competition from online lottery sales. The bill provides that the State Lottery Commission may not provide a game that simulates a casino style gambling game. It is estimated that online sales of lottery could have an impact on Indiana casinos. However, it is more likely to impact traditional lottery.

#### **Explanation of Local Expenditures:**

#### **Explanation of Local Revenues:**

**State Agencies Affected:** State Lottery Commission.

#### **Local Agencies Affected:**

**Information Sources:** Legislative Services Agency, *Indiana Handbook of Taxes, Revenues, and Appropriations*, FY 2025, <https://iga.in.gov/publications/handbooks>; Hoosier Lottery, Annual Reports, <https://hoosierlottery.com/giving-back/annual-reports/>; Michigan Lottery, Annual Reports, <https://www.michiganlottery.com/about/financial-reports>; New Hampshire lottery, Annual Reports, <https://www.nhlottery.com/About-Us/Financial-Reports>; Pennsylvania Lottery, Annual Reports, <https://www.palottery.pa.gov/About-PA-Lottery/Annual-Economic-Reports.aspx>; Kentucky lottery, Annual Reports, [https://www.kylottery.com/apps/about\\_us/annual\\_report\\_home.html](https://www.kylottery.com/apps/about_us/annual_report_home.html); Georgia Lottery, Annual Reports, <https://www.galottery.com/en-us/about-us/lottery-reports.html>.

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