

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0262-01
Bill No.: SB 116
Subject: Education, Elementary and Secondary; Gambling
Type: Original
Date: February 7, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue	\$0	(\$8,000,000 to \$10,000,000)	(\$8,000,000 to \$10,000,000)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$8,000,000 to \$10,000,000)	(\$8,000,000 to \$10,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Gaming Proceeds for Education Fund	\$0	\$0	\$0
State School Moneys Fund	\$0	\$0	\$0
Lottery Proceeds Fund	\$0	\$0	\$0
Classroom Trust Fund	\$0	\$0	\$0
Total Estimated Net Effect on Other State Funds*	\$0	\$0	\$0

***Offsetting Transfers In and Out of Funds Total \$13,444,200 to \$15,444,200**

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0 to \$10,000,000	\$0 to \$10,000,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of State Treasurer** indicated this proposal would have no effect on their agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** indicated that they are unable to estimate the fiscal impact of this proposal. DESE does not have gaming data to estimate the amount of gaming proceeds that might be available in FY06 for the classroom trust fund. Any amount directed to the classroom trust fund reduces the amount that without this proposal would have been available to assist in funding the foundation formula.

Officials from the **Missouri Gaming Commission** stated this proposed legislation would have no impact on gaming taxes or fees.

According to officials from the **Office of Administration - Division of Budget and Planning (BAP)**, Gaming Proceeds for Education grows approximately 2% each year. Based on the FY 06 estimate, over \$5.4M (\$272,210,000 x 2%) would be transferred to the Classroom Trust Fund.

BAP stated that the proposed legislation would not result in additional costs or savings to their agency.

ASSUMPTION (continued)

Officials from the **Missouri Lottery Commission** (LOT) stated that the Missouri Lottery transfers approximately \$8,000,000 to \$10,000,000 annually in unclaimed prizes to the Lottery Proceeds Fund for Education. LOT assumes that since Lottery profits are transferred to the Lottery Proceeds Fund according to the Missouri Constitution (Article III, Section 39 (b)), this \$8 million would then be transferred from the Lottery Proceeds Fund for Education to the Classroom Trust Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Loss</u> - Reduced Transfer from Lottery Proceeds Fund	<u>\$0</u>	<u>(\$8,000,000 to 10,000,000)</u>	<u>(\$8,000,000 to \$10,000,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$0</u>	<u>(\$8,000,000 to 10,000,000)</u>	<u>(\$8,000,000 to \$10,000,000)</u>
GAMING PROCEEDS FOR EDUCATION FUND			
<u>Savings</u> - Decreased Transfers to State School Moneys Fund	\$0	\$5,444,200	\$5,444,200
<u>Cost</u> - Transfer to Classroom Trust Fund	<u>\$0</u>	<u>(\$5,444,200)</u>	<u>(\$5,444,200)</u>
ESTIMATED NET EFFECT ON GAMING PROCEEDS FOR EDUCATION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>Savings</u> - Decreased Distributions to School Districts	\$0	\$5,444,200	\$5,444,200
<u>Loss</u> - Decreased transfers from Gaming Proceeds for Education Fund	<u>\$0</u>	<u>(\$5,444,200)</u>	<u>(\$5,444,200)</u>
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
LOTTERY PROCEEDS FUND			
<u>Savings</u> - Decreased Transfer to General Revenue	\$0	\$8,000,000 to \$10,000,000	\$8,000,000 to \$10,000,000
<u>Cost</u> - Transfer to Classroom Trust Fund (Unclaimed Prize Moneys)	<u>\$0</u>	<u>(\$8,000,000 to \$10,000,000)</u>	<u>(\$8,000,000 to \$10,000,000)</u>
ESTIMATED NET EFFECT ON LOTTERY PROCEEDS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
CLASSROOM TRUST FUND			
<u>Transfer In</u> - Transfer from Gaming Proceeds for Education	\$0	\$5,444,200	\$5,444,200
<u>Transfer In</u> - Transfer from Lottery Proceeds Fund	\$0	\$8,000,000 to \$10,000,000	\$8,000,000 to \$10,000,000
<u>Transfer Out</u> - Distribution to School Districts (per pupil basis)	<u>\$0</u>	<u>(\$13,444,200 to \$15,444,200)</u>	<u>(\$13,444,200 to \$15,444,200)</u>
ESTIMATED NET EFFECT ON CLASSROOM TRUST FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>			
FY 2006 FY 2007 FY 2008 (10 Mo.)			
SCHOOL DISTRICTS			
<u>Income</u> - Distribution (on per pupil basis) of funds from Classroom Trust Fund	\$0	\$13,444,200 to \$15,444,200	\$13,444,200 to \$15,444,200
<u>Loss</u> - Reduced Distributions from State School Moneys Fund	\$0	(\$13,444,200 to \$15,444,200)	(\$13,444,200 to \$15,444,200)
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>\$0</u>	<u>\$0 to \$10,000,000</u>	<u>\$0 to \$10,000,000</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal establishes the Classroom Trust Fund.

Under current law, excursion gambling boat proceeds deposited in the Gaming Proceeds for Education Fund (beyond the amount transferred to the School District Bond Fund) are directed to the State School Moneys Fund to be distributed through the foundation formula.

Under this proposal, beginning in fiscal year 2007 any increase in the funds transferred (during fiscal year 2006) from the Gaming Proceeds for Education Fund shall be transferred, on a monthly basis, to the Classroom Trust Fund.

The Classroom Trust Fund will finance school construction, teacher recruitment and professional development, technology enhancements, and school safety. The moneys in the Classroom Trust Fund will be distributed to each district on a per-eligible-pupil basis and are exempt from certificated salary compliance. The Classroom Trust Fund will also receive all unclaimed lottery prize money.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Office of Administration
 Division of Accounting
 Division of Budget and Planning
Department of Public Safety
 Missouri Gaming Division
Missouri Lottery Commission
Office of State Treasurer



Mickey Wilson, CPA
Director
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