

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0263-01
Bill No.: SB 79
Subject: Taxation and Revenue; Education, Elementary and Secondary; Gambling.
Type: Original
Date: January 10, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
General Revenue		(\$38,670)	
Total Estimated Net Effect on General Revenue Fund	\$0	(\$38,670)	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
State Schools Money Fund *	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Additional income of \$162 million annually distributed to the local school districts.

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 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	\$94,500,000	\$162,000,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** state, per the Missouri Gaming Commission Annual Report for FY 2004, admission fees totaled \$105,667,368. This total is based on the current \$2 admission fee. DESE assumes raising the fee by \$3 would result in \$158,501,052 ($\$105,667,368 \times 1.5$) being deposit to the state school moneys fund annually.

Officials from the **Office of Secretary of State (SOS)** assume statewide newspaper publication of state statutes cost approximately \$1,289 per column inch based on an estimate provided by the Missouri Press Service x 3 for multiple printing as required by the constitution and state statute, resulting in \$3,867 per column inch. SOS estimates the total number of inches for this amendment to be ten, which includes title header and certification paragraph. Therefore, SOS estimates the total cost of publication to be \$38,670 ($\$3,867 \times 10$ inches) to be incurred in FY 2007.

Officials from the **Missouri Gaming Commission** assume this proposal will result in an increase of admission fee revenue of \$135 million in FY 2006 (with a September 1, 2005 start date) and then \$162 million per year thereafter. GAM utilized their forecasted admissions for FY 2005 (54 million) and multiplying that forecast by the \$3 increase per admission.

ASSUMPTION (continued)

Oversight assumes this proposal is only effective with voter approval in November, 2006. If passed, Oversight assumes the proposal would become effective December 1, 2006, and therefore, assume seven months of impact in FY 2007. Oversight also assumes the additional proceeds to the State School Moneys Fund will be distributed to the local school districts in the same year.

According to the Gaming Commission's Annual Report for FY 2004, the number of admissions for the year ended June 30, 2004 at Missouri's casinos were 52,833,684. With an additional \$3 per admission fee charged, **Oversight** assumes this proposal could raise roughly \$158.5 million (52,833,684 x \$3) in additional revenue. Oversight assumes this estimate is relatively close to GAM's estimate (of \$162 million) and will utilize their estimate. However, Oversight will adjust GAM's estimate for the implementation of the fee increase to start December 1, 2006, or to be effective for seven months in FY 2007.

Officials from the **Office of Administration - Budget and Planning (BAP)** did not respond to our request for fiscal impact. However, in response to a similar proposal (SB 1058) from the 2004 Session, BAP stated the proposal should not result in additional costs or savings to their agency.

This proposal could increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
GENERAL REVENUE			
<u>Cost</u> - Publication costs for the Office of the Secretary of State	\$0	(\$38,670)	\$0
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0</u>	<u>(\$38,670)</u>	<u>\$0</u>

<u>FISCAL IMPACT - State Government</u> (continued)	FY 2006 (10 Mo.)	FY 2007	FY 2008
STATE SCHOOL MONEYS FUND			
<u>Income</u> - Increased admissions fees	\$0	\$94,500,000	\$162,000,000
<u>Transfer Out</u> - Additional revenue distributed to the local school districts	<u>\$0</u>	<u>(\$94,500,000)</u>	<u>(\$162,000,000)</u>
ESTIMATED NET EFFECT TO THE STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
LOCAL SCHOOL DISTRICTS			
<u>Income</u> - increase in admission fees distributed to schools	<u>\$0</u>	<u>\$94,500,000</u>	<u>\$162,000,000</u>
ESTIMATED NET EFFECT TO LOCAL SCHOOL DISTRICTS	<u>\$0</u>	<u>\$94,500,000</u>	<u>\$162,000,000</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal increases the gaming boat admission fees by three dollars. The additional three dollars in fees will be distributed to the schools under the provisions of the foundation formula.

The proposal has a referendum clause.

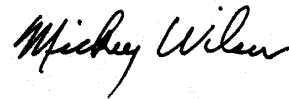
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Missouri Gaming Commission
Department of Elementary and Secondary Education
Office of the Secretary of State

NOT RESPONDING: Office of Administration - Budget and Planning

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA
Director
January 10, 2005