

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1285-12  
Bill No.: Perfected SS #4 for SCS for SB 430  
Subject: Gambling; Higher Education Department  
Type: Original  
Date: April 25, 2007

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Bill Summary: This proposal creates the Smart Start Scholarship program, removes the \$500 loss limit for Missouri's gambling boats and imposes an additional tax of 4.25% on adjusted gross receipts over \$40 million per casino.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
General Revenue	Up to (\$83,616,061)	Up to (\$100,339,273)	Up to (\$100,339,273)
<b>Total Estimated Net Effect on General Revenue</b>	<b>Up to (\$83,616,061)</b>	<b>Up to (\$100,339,273)</b>	<b>Up to (\$100,339,273)</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 16 pages.

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
Gaming Proceeds for Education*	\$0	\$0	\$0
Gaming Commission	\$2,222,550	\$2,667,060	\$2,667,060
Compulsive Gamblers	\$22,450	\$26,940	\$26,940
Smart Start Fund*	\$0	\$0	\$0
Smart Start Scholarship*	\$0	\$0	\$0
Missouri Teaching Fellows Program*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$2,245,000</b>	<b>\$2,694,000</b>	<b>\$2,694,000</b>

\* Income, Transfers - In, Transfers - Out and anticipated expenses net to zero

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2008</b>	<b>FY 2009</b>	<b>FY 2010</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Smart Start Scholarship Fund	Unknown	Unknown	Unknown
Missouri Teaching Fellows Program	1 FTE	1 FTE	1 FTE
<b>Total Estimated Net Effect on FTE**</b>	<b>More than 1 FTE</b>	<b>More than 1 FTE</b>	<b>More than 1 FTE</b>

\*\* Oversight assumes the Department of Higher Education will require additional FTE to implement this program.

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Local Government</b>	<b>\$6,788,333 to \$11,535,673</b>	<b>\$8,146,000 to \$13,842,808</b>	<b>\$8,146,000 to \$13,842,808</b>

### FISCAL ANALYSIS

#### ASSUMPTION

In response to a previous version of this proposal, officials from the **Office of Administration - Budget and Planning** stated the Missouri Gaming Commission should provide the estimate of possible increased revenues to the state as a result of this proposal.

Officials from the **Missouri Gaming Commission (GAM)** state this response only addresses the impact on adjusted gross revenues (AGR). There is also a moderate increase in admission fees to the Missouri Gaming Commission Fund.

ASSUMPTION (continued)

Missouri's win per patron (WPP) for FY '06 was \$63.72 prior to any consideration of the impact of the repeal of the \$500 loss limit.

A comparable jurisdiction's WPP is found in the eastern Illinois (Alton and East St. Louis) riverboats. That WPP was calculated to be an average of \$80.40 for FY '06. This factor was used to derive Missouri's projected AGR base to determine the incremental increase in AGR over FY '06. (Adjusted patronage count X WPP = projected AGR base attributable to the repeal of the Missouri \$500 loss limit). The WPP figures for the two most comparable statewide jurisdictions of Illinois and Indiana are both above \$90.

A 5% growth factor was used to expand the patron volume. The 5% growth in patrons is the low end of the range of the average growth rate in Missouri's WPP since FY 2000. The range over the historical period since FY 2000 is 5% - 11%.

An initial expansion of 5% in the number of patrons was based on the historical average patron volume from FY 2000 through FY 2006. The patron count has leveled off to little or no growth in this current fiscal year. Consequently, no assumption has been made indicating more growth in patron volume because current patron/admission returns without the repeal of the loss limits are estimated currently at 0 - 1.5% per annum.

	FY 2008	FY 2009	FY 2010
AGR Base	\$1,665,925,271	\$1,715,903,029	\$1,767,380,120
Projected Missouri AGR	\$2,207,129,550	\$2,273,343,436	\$2,341,543,739
AGR Incremental Diff.	\$ 541,204,278	\$ 557,440,407	\$ 574,163,619
State Gaming Tax (18%)	\$ 97,416,770	\$ 100,339,273	\$ 100,339,273
Local Gaming Tax (2%)	\$ 10,824,086	\$ 11,148,808	\$ 11,148,808

New Section 313.823 - 4.25% Educational Allowance on all AGR in excess of \$40 million per boat

	<u>Full Fiscal Year</u>
New revenue attributable to 4.25% allowance	\$ 49,147,254

ASSUMPTION (continued)

Officials from the **Department of Elementary and Secondary Education (DESE)** state the following schedule shows transfers from the gaming proceeds for education fund to the school district bond fund and the classroom trust fund for fiscal years 2007 and 2008.

<u>From Gaming Proceeds for Ed.</u>	<u>FY 2007</u>	<u>FY 2008</u>	<u>Increase</u>	<u>%</u>
To the school district bond fund	\$495,926	\$495,926	\$0	0.000
To the classroom trust fund	\$289,586,296	\$299,625,742	\$10,039,446	0.0347

Based on these amounts, the smart start scholarship fund will not receive a transfer in FY 2008 because the increase in the transfer to the classroom trust fund was less than 5%. For FY 2009 the transfer from the gaming proceeds for education fund to the classroom trust fund shall be the amount transferred to the fund during the preceding year (\$299,625,742) adjusted by one half of the percent increase of the gaming proceeds for education fund from the preceding fiscal year .01747 (i.e. one half of .03494). The following computation shows the amount of the adjustment:

$$\begin{aligned}
 & \$299,625,742 \times (.03494 \times .05) = \$5,234,486 \\
 & \$299,625,742 + \$5,234,486 = \$304,860,228
 \end{aligned}$$

Based on the adjustment calculation, in FY 2009 the following amounts will be transferred from the Gaming Proceeds for Education Fund:

<u>From Gaming Proceeds for Education</u>	<u>FY 2009</u>
To the School District Bond Fund	\$0
To the Classroom Trust Fund	\$304,860,228
To the smart start fund	<u>\$5,234,486</u>
	\$310,094,714

Notice that in FY 2009 and thereafter, the school district bond fund receives no transfer. Also note that the smart start fund will receive a portion of the gaming proceeds for education; a portion that would have otherwise gone to the classroom trust fund. In addition, the proposed wording serves to limit the amount of funds transferred to the classroom trust fund, especially during times when the increase in gaming proceeds for education funds exceeds the previous year's percentage increase. For instance, assume that the gaming proceeds for education fund received \$350 million in FY 2009. This proposal will limit the distribution of gaming proceeds funds to \$310 million (as calculated above). The legislation does not indicate what is to become of the approximate \$40 million remaining in the gaming proceeds for education fund.

ASSUMPTION (continued)

It should be noted that the changes to section 313.805 will remove the loss limits for gambling excursions. Repeatedly, the annual reports of the Missouri Gaming Commission indicate "that the data unequivocally shows the loss limit renders Missouri casinos less competitive than casinos in neighboring jurisdictions. Furthermore, the loss limit results in less gaming tax revenue for education, fewer tourists and less admission fee revenue for veterans, the National Guard, college student loans and the early childhood development programs." Repealing the loss limits will likely have a significant positive impact on the gaming proceeds for education fund.

The proposed fund transfers as presented in section 160.534, when combined with the potential increase in gaming revenues wrought by repealing the loss limits for gambling excursions, will have a significant negative impact on the classroom trust fund. The effect will be to shift funds away from the classroom trust fund and toward the smart start fund. The impact will be millions and millions of dollars.

Officials from the **Office of Secretary of State (SOS)** assume there would be costs due to additional publishing duties related to the various department's authority to promulgate rules, regulations, and forms. Costs due to this proposal are estimated to be \$2,9527, however, the actual fiscal impact would be dependent upon the actual rule-making authority and may be more or less. Financial impact in subsequent fiscal years would depend entirely on the number, length, and frequency of the rules filed, amended, rescinded, or withdrawn. SOS does not anticipate the need for additional staff as a result of this proposal, however, the enactment of more than one similar proposal may, in the aggregate, necessitate additional staff.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

In response to a previous version of this proposal, officials from the **Department of Higher Education (DHE)** stated the legislation will create a large program requiring the use of additional staff. Also, the DHE's FAMOUS computer program, a system adapted to help process similar scholarships within the DHE, will have to be reprogrammed to include the new scholarship which will have a fiscal impact as well. Overall, the legislation will impact the DHE fiscally, however the end amount is unknown dependent on the amount of money being distributed from the excess gaming funds and how many students apply.

Officials from the **Office of the State Treasurer** assume this proposal would not fiscally impact their agency.

ASSUMPTION (continued)

**Oversight** assumes the DHE will have an additional FTE paid from the Missouri Teaching Fellows Program Fund.

**Oversight** will assume the Department of Higher Education (DHE) will spend all available funds in the newly created Smart Start Scholarship Fund on scholarships as well as their costs to administer the program. Oversight does not know the administrative cost estimate of administering this program, therefore, Oversight has combined administrative costs and scholarship grants as an expense to the Smart Start Scholarship Fund.

**Oversight** reviewed the effect of the repeal of loss limits on the state of Iowa and found that Iowa's win per patron increased by approximately \$7.50 when its loss limit was repealed. According to the Gaming Commission, the Adjusted Gross Receipts (AGR) per patron, our win per patron in FY 2006 was \$63.72. Oversight assumes this proposal would increase the win per patron in Missouri to \$71.22 (\$63.37 + \$7.50). Assuming a 5% increase in the number of admissions, Oversight estimates the state impact would be an increase in the gaming tax of \$49,069,000 and an increase in the admission fee revenue of \$2,694,000. The corresponding local increase is estimated to be an increase in gaming tax of \$5,452,000 and an increase in admissions fee revenue of \$2,694,000 annually. The FY 2006 win per patron was \$57 in Iowa and \$91 in Indiana, while the calendar year 2005 in Illinois it was \$117. For fiscal note purposes, **Oversight** will range the potential fiscal impact of this proposal from Oversight's estimates to the Gaming Commission's estimates.

Patron visits to Missouri Casinos in FY 2006	24,644,000
estimated increase in admission due to repeal (5%)	<u>1,232,200</u>
Revised patrons to Missouri Casinos	25,876,200
Estimated new WPP (\$63.72 + \$7.50)	<u>\$ 71.22</u>
Estimated new Adjusted Gross Receipts (AGR)	\$1,842,903,000
2006 Adjusted Gross Receipts	<u>\$1,570,296,000</u>
Increase to Missouri's AGR from repeal of loss limits	\$ 272,607,000
Gaming Tax - State (18%)	\$ 49,069,000
Gaming Tax - Local (2%)	\$ 5,452,000

For FY 2006, there were 53,887,682 admissions (hitting at least a portion of a 2 hour 'cruise') from 24,644,000 patrons on Missouri casinos. Using this same ratio, the estimated additional 1,232,200 patrons to Missouri casinos as a result of the repeal of the loss limits, could equate to an additional 2,694,000 admissions ( $53,887,682 / 24,644,000 \times 1,232,200$ ). Therefore, since the state as well as the home dock cities/counties receive \$1 per admission, this would increase admission fee revenue to each by \$2,694,000 annually.

ASSUMPTION (continued)

Regarding the increase in gaming tax from 20% to 24.25% for amounts over \$40 million, the amount of the increased tax is estimated to be;

Boat / Location	FY 2006 Adjusted Gross Receipts	Gross Receipts Over \$40 million	Additional 4.25 % tax
President / St. Louis	\$ 71,798,659	\$ 31,798,659	\$ 1,351,443
Ameristar / St. Charles	\$309,484,109	\$269,484,109	\$11,453,075
Argosy / Riverside	\$151,424,672	\$111,424,672	\$ 4,735,549
St. Jo Frontier / St. Joseph	\$ 32,824,543	\$ 0	\$ 0
Harrah's / NKC	\$201,746,959	\$161,746,959	\$ 6,874,246
Aztar / Caruthersville	\$ 28,450,084	\$ 0	\$ 0
Isle of Capri / KC	\$ 92,445,530	\$ 52,445,530	\$ 2,228,935
Ameristar / KC	\$259,908,271	\$219,908,271	\$ 9,346,102
Harrah's / MH	\$310,548,463	\$270,548,463	\$11,498,310
Isle of Capri / Boonville.	\$ 79,051,308	\$ 39,051,308	\$ 1,659,681
Mark Twain / LaGrange	\$ 32,613,748	\$ 0	\$ 0
<b>Total</b>	<b><u>\$1,570,296,346</u></b>		<b><u>\$49,147,341</u></b>

With the repeal of the loss limit, **Oversight** assumed a 12 percent increase in wins per patron (\$7.50 / \$63.72). Therefore, Oversight assumes an increase of \$55,045,022 (\$49,147,341 x 112%) in gaming tax revenues from this part of the proposal. Oversight will add this to the increase in gaming tax revenues expected from the repeal of the \$500 loss limit per excursion.

This version of the proposal does not have a stated effective date, therefore, Oversight will assume 10 months of impact in FY 2008.

New language in Section 160.534, RSMo, states that in FY 2008, all funds in excess of the sum of the amounts transferred from the gaming proceeds for education fund to the school district bond fund and the classroom trust fund (times 1.05%) shall be transferred to the new smart start fund. **Oversight** assumes normal annual growth of five percent will occur in the gaming proceeds for education fund, and therefore, all of the additional funding into the gaming proceeds for education fund resulting from the repeal of loss limits in FY 2008 will be transferred to the new smart start fund.

**Oversight** assumes the fiscal impact of the Missouri Teaching Fellows Program would be beyond the scope of this fiscal note. The program repays student loans for those students who enter the program, upon graduation from high school, attends a Missouri higher education



ASSUMPTION (continued)

institution, and upon graduation signs an agreement to engage in qualified employment for five years. Oversight assumes current high school students would require four years to graduate from a college or university, therefore, the repayment of student loans would not occur until five years from the enactment of the program, which is beyond the scope of this fiscal note. Oversight assumes the Department of Higher Education would incur costs within the scope of the fiscal note to establish and administer the program. Section 168.700.5 creates the Missouri Teaching Fellows Coordinator Position. Oversight will assume this position will be paid from the Missouri Teaching Fellows Program Fund, which is funded from a \$1 million annual transfer from the Smart Start Scholarship Fund (per section 168.702.4). Oversight will assume the additional FTE, plus fringe benefits and other expenses would cost roughly \$100,000 annually. Oversight will also assume the annual transfer from the Smart Start Scholarship Fund to the Missouri Teaching Fellows Program Fund in the first three years would be \$100,000 (enough to cover the administrative costs of the program). With a \$1 million annual limitation and a \$5,000 annual amount per participant in the program, roughly 200 students could be in the program at once, or roughly 50 students per year would be accepted into the program.

**Oversight** assumes, starting in FY 2009 some of the increase in proceeds from the repeal of the loss limit could be transferred, instead of to the Smart Start Fund, to the Classroom Trust Fund. However, for purposes of this fiscal note, Oversight will assume the majority of growth resulting from the repeal of the loss limits will occur in the first fiscal year.

**Oversight** assumes Section 160.534 earmarks the moneys in the newly created Smart Start Fund (not to be confused with the Smart Start Scholarship Fund) would be appropriated to be used solely for operating appropriations to institutions of public higher education. Oversight further assumes the language in subsection 173.950.4 states that an equal appropriation shall be made from the General Revenue Fund to the newly created Smart Start Scholarship Fund (not to be confused with the Smart Start Fund). Oversight assumes the General Assembly could utilize the new moneys going from the Smart Start Fund to institutions of public higher education to reduce the appropriation from General Revenue for the same purpose. Therefore, Oversight will reflect a potential savings to the General Revenue Fund, based on this potential reduced appropriation to public higher education institutions.

**This proposal will increase Total State Revenues.**

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>GENERAL REVENUE</b>			
<u>Savings</u> - Potential decrease in appropriation for operations to the institutions of public higher education as a result in increase appropriations for same purpose from the Smart Start Fund	\$0 to \$83,616,061	\$0 to \$100,339,273	\$0 to \$100,339,273
<u>Costs</u> - Appropriation to Smart Start Scholarship Fund equal to annual transfer made to the smart start fund (168.702.4)	(\$40,890,833 to <u>\$83,616,061</u> )	(\$49,069,000 to <u>\$100,339,273</u> )	(\$49,069,000 to <u>\$100,339,273</u> )
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b>Up to <u>(\$83,616,061)</u></b>	<b>Up to <u>(\$100,339,273)</u></b>	<b>Up to <u>(\$100,339,273)</u></b>
 <b>GAMING PROCEEDS FOR EDUCATION FUND</b>			
<u>Income</u> - Gaming Tax (18%) proceeds from repeal of \$500 loss limit	\$40,890,833 to \$83,616,061	\$49,069,000 to \$100,339,273	\$49,069,000 to \$100,339,273
<u>Income</u> - Gaming Tax (4.25%) of Adjusted Gross Receipts over \$40 million	\$45,870,854	\$55,045,022	\$55,045,022
<u>Transfer Out</u> - Smart Start Fund	(\$40,890,833 to \$83,616,061)	(\$49,069,000 to \$100,339,273)	(\$49,069,000 to \$100,339,273)
<u>Transfer Out</u> - Smart Start Fund - 4.25% tax on AGR over \$40 million	<u>(\$45,870,854)</u>	<u>(\$55,045,022)</u>	<u>(\$55,045,022)</u>
<b>ESTIMATED NET EFFECT TO THE GAMING PROCEEDS FOR EDUCATION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**GAMING COMMISSION FUND**

<u>Income</u> - Increased admissions from repeal of \$500 loss limit	\$2,245,000	\$2,694,000	\$2,694,000
<u>Transfer Out</u> - 1 percent to the Compulsive Gamblers Fund	<u>(\$22,450)</u>	<u>(\$26,940)</u>	<u>(\$26,940)</u>
<b>ESTIMATED NET EFFECT TO THE GAMING COMMISSION FUND</b>	<b><u>\$2,222,550</u></b>	<b><u>\$2,667,060</u></b>	<b><u>\$2,667,060</u></b>

**COMPULSIVE GAMBLERS FUND**

<u>Transfer In</u> - 1 percent of increase in admissions from repeal of loss limit	<u>\$22,450</u>	<u>\$26,940</u>	<u>\$26,940</u>
<b>ESTIMATED NET EFFECT TO THE COMPULSIVE GAMBLERS FUND</b>	<b><u>\$22,450</u></b>	<b><u>\$26,940</u></b>	<b><u>\$26,940</u></b>

**SMART START FUND**

<u>Transfer In</u> - Dept. of Higher Education 4.25% of adjusted gross receipts over \$40 million for casinos (Section 313.823)	\$45,870,854	\$55,045,022	\$55,045,022
<u>Transfer In</u> - Dept. of Higher Education Repeal of loss limits	\$40,890,833 to \$83,616,061	\$49,069,000 to \$100,339,273	\$49,069,000 to \$100,339,273
<u>Costs</u> - Department of Higher Education Operating appropriations to institutions of higher education (160.534.1)	<u>(\$86,661,687</u> <u>to</u> <u>\$129,386,915)</u>	<u>(\$104,014,022</u> <u>to</u> <u>\$155,284,295)</u>	<u>(\$104,114,022</u> <u>to</u> <u>\$155,284,295)</u>
<b>ESTIMATED NET EFFECT TO THE SMART START FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

**SMART START SCHOLARSHIP  
 FUND**

<u>Transfer In</u> - From General Revenue	\$40,890,833 to \$83,616,061	\$49,069,000 to \$100,339,273	\$49,069,000 to \$100,339,273
<u>Transfer Out</u> - to the Missouri Teaching Fellows Program Fund	(\$100,000)	(\$100,000)	(\$100,000)
<u>Costs</u> - To administer the Smart Start Scholarship Act (173.950)	(\$40,790,833 to \$83,516,061)	(\$48,969,000 to \$100,239,273)	(\$48,969,000 to \$100,239,273)

**ESTIMATED NET EFFECT TO THE  
 SMART START SCHOLARSHIP  
 FUND**

**\$0                      \$0                      \$0**

**MISSOURI TEACHING FELLOWS  
 PROGRAM FUND**

<u>Transfer In</u> - from the Smart Start Scholarship Fund	\$100,000	\$100,000	\$1,000,000
<u>Costs</u> - Department of Higher Education Coordinator Position plus other administrative costs	(\$100,000)	(\$100,000)	(\$100,000)
<u>Costs</u> - Department of Higher Education Repayment of loans and stipends	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**ESTIMATED NET EFFECT TO THE  
 MISSOURI TEACHING FELLOWS  
 PROGRAM FUND**

**\$0                      \$0                      \$0**

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
<b>HOME DOCK CITIES &amp; COUNTIES</b>			
<u>Income</u> - gaming tax from repeal of \$500 loss limit	\$4,543,333 to \$9,290,673	\$5,452,000 to \$11,148,808	\$5,452,000 to \$11,148,808
<u>Income</u> - admission fee increase from repeal of \$500 loss limit	<u>\$2,245,000</u>	<u>\$2,694,000</u>	<u>\$2,694,000</u>
<b>ESTIMATED NET EFFECT TO THE HOME DOCK CITIES &amp; COUNTIES</b>	<b><u>\$6,788,333 to</u> <u>\$11,535,673</u></b>	<b><u>\$8,146,000 to</u> <u>\$13,842,808</u></b>	<b><u>\$8,146,000 to</u> <u>\$13,842,808</u></b>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act establishes the Smart Start Scholarship Program. The program will offer grants for educational expenses incurred while attending a qualifying institution for no more than two academic years to each person who attends a Missouri high school for three consecutive academic years immediately prior to being graduated from the institution, and who, within two calendar years from the date of graduation, applies for a grant under this act. The act defines a "qualifying institution" as:

1. an "approved public institution" or an "approved private institution", as such terms are currently defined in statute; or
2. an accredited proprietary school certificated to operate in this state by the Department of Higher Education; or
3. an educational institution located in Missouri deemed acceptable by the department under rules promulgated pursuant to the act.

Grant amounts shall be distributed to each qualifying student by the department, which shall annually establish a maximum grant amount based on the number of applicants and available

moneys in the fund. The program shall be administered by the Missouri Department of Higher

FISCAL DESCRIPTION (continued)

Education, which shall promulgate rules to establish a procedure for implementing the program.

This act creates the Missouri Teaching Fellows Program. Under the provisions of this act, certain qualified graduates of Missouri public higher education institutions who are hired to teach in school districts that are not classified as accredited may enter into an educational loan repayment agreement with the Department of Elementary and Secondary Education. For students without educational loans, the act authorizes the issuance of a stipend.

For each of the first four years that an applicant teaches in a qualifying district, up to one-fourth of the applicant's educational loans, not to exceed \$5,000 per year, shall be repaid. For students without educational loans, a stipend of up to \$5,000 may be issued. At the conclusion of the fifth academic year that an applicant teaches in a qualifying district, an amount equal to \$1,000 shall be granted to the applicant. The maximum amount of \$5,000 and the \$1,000 stipend shall be adjusted annually based upon the Consumer Price Index.

The Department of Higher Education shall promulgate rules to enforce the provisions of this act, including, but not be limited to: applicant eligibility, selection criteria, and the content of loan repayment contracts. The department shall create and maintain a coordinator position who shall be responsible for identifying, recruiting and selecting potential students for the program.

The act establishes the "Missouri Teaching Fellows Program Fund" in the state treasury.

The provisions of this program sunset in six years.

The provisions of this program are similar to SB 443 (2007).

This act renders the following alterations to the state's gaming policy:

- Repeals the maximum loss limit of five hundred dollars per individual player per gambling excursion;
- Institutes a cap of sixteen licenses to operate excursion gambling boats in the state; and
- Imposes an education allowance of four and one quarter percent on adjusted gross receipts in excess of forty million dollars for gaming licensees.
- States that no documentation or other form of identification, other than that which may be

required by a home dock city or county, will be required to enter an area where gambling is being conducted.

#### FISCAL DESCRIPTION (continued)

- Prohibits the Missouri Gaming Commission or members thereof from operating or otherwise being employees of excursion gambling boats located within the state.
- Requires that any advertising featuring the contribution of gaming to education, whether by the Missouri Gaming Commission or a licensed excursion gambling boat, or any affiliate or association representing gambling boats, clearly and conspicuously state the actual percentage such sums constitute of the total expenditures for education, for that year, under the school funding formula.

The act directs the revenue derived from the loss limit repeal and the education allowance to the newly created Smart Start Fund for operating appropriations to public higher education institutions. At the end of each biennium, after all statutorily or constitutionally required transfers have been made, the balance remaining in the fund which exceeds two hundred percent of the preceding fiscal year's expenditures will be transferred into the state general revenue fund.

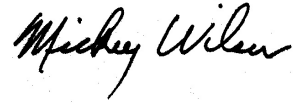
The act also creates the Smart Start Scholarship fund which will receive annual appropriations, in an amount equal to the annual transfer made to the smart start fund, to fund both the Smart Start Scholarship program and the Missouri Teaching Fellows Program Fund with one million dollars in the fund to be annually transferred for use in the Missouri Teaching Fellows Program.

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

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

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A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
April 25, 2007