

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4448-01
Bill No.: SB 988
Subject: Entertainment, Sports and Amusement; Gambling
Type: Original
Date: February 21, 2008

Bill Summary: This proposal exempts Veterans, service, and fraternal organizations from bingo and pull-tab taxes.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Bingo Proceeds for Education Fund	(\$1,559,000)	(\$1,871,000)	(\$1,871,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$1,559,000)	(\$1,871,000)	(\$1,871,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

- 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).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Veterans' Commission** assume this proposal would not fiscally impact their agency.

Officials from the **Missouri Gaming Commission (GAM)** state there are currently 394 regular bingo licensees, 324 of which are fraternal, service, or veterans groups (approximately 82%). The approximate bingo tax collected for FY07, \$2,282,000, times 82% is \$1,871,240 rounded to \$1,871,000 less to schools if the fraternal, service and veterans groups were exempted.

GAM states a new audit procedure would have to be implemented to ensure that the suppliers were not collecting any tax from fraternal, service or veterans organizations. We would also have to ensure that payment of the tax from all other organizations continued as required.

Officials from the **Department of Elementary and Secondary Education (DESE)** state the FY 2009 Governor's recommendation for bingo proceeds is as follows:

\$210,152	Missouri School for the Blind
\$246,486	Missouri School for the Deaf
\$1,267,369	State Schools for the Severely Handicapped

There is also a portion that goes toward capital projects at each of the three entities. None of the bingo money goes to local school districts. However, we cannot be certain that other entities do not receive a portion of this money. We cannot determine what portion of bingo proceeds are received from taxes on veteran's, service, and fraternal organizations. Any decrease in bingo proceeds will have a direct negative impact on the Missouri School for the Blind, the Missouri School for the Deaf, and the State Schools for the Severely Handicapped.

For simplicity, **Oversight** will reflect the reduced revenue to the Bingo Proceeds for Education Fund. However, this loss of revenue could also be reflected at the Missouri School for the Blind Fund, the Missouri School for the Deaf fund, and/or the State Schools for the Severely Handicapped fund. Oversight assumes 10 months of impact in FY 2009.

This proposal could reduce Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
BINGO PROCEEDS FOR EDUCATION FUND			
<u>Loss - Missouri Gaming Commission</u>			
Loss of revenue from exemption of veterans, service and fraternal organizations from tax on bingo face cards.	<u>(\$1,559,000)</u>	<u>(\$1,871,000)</u>	<u>(\$1,871,000)</u>
ESTIMATED NET EFFECT TO THE BINGO PROCEEDS FOR EDUCATION FUND	<u>(\$1,559,000)</u>	<u>(\$1,871,000)</u>	<u>(\$1,871,000)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

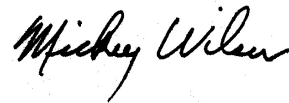
Currently, all bingo pull-tab card suppliers are required to pay a tax equal to two percent of the gross receipts of the retail sales value charged for each pull-tab card sold in Missouri. Missouri law also requires any organization, which awards winners of bingo games prizes or merchandise having an aggregate retail value in excess of five thousand dollars per year or five hundred dollars per day, to pay a tax equal to two-tenths of one cent per bingo card sold. This act exempts veterans, service, and fraternal organizations from these tax.

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 Veterans Commission
Missouri Gaming Commission
Department of Elementary and Secondary Education

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
February 21, 2008