

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4750-02
Bill No.: SB 1052
Subject: Education, Elementary and Secondary; Gambling; Licenses; Taxation and Revenue; Veterans
Type: Original
Date: February 15, 2008

Bill Summary: This proposal modifies provisions relating to the allocation and use of gaming revenues.

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 |
| Gaming Proceeds for Education | \$0 | \$0 | \$0 |
| Gaming Commission | Up to \$12,771,000 | Up to \$15,345,000 | Up to \$15,345,000 |
| Compulsive Gamblers Fund | Up to \$129,000 | Up to \$155,000 | Up to \$155,000 |
| Educational Opportunities for Missouri's Children* | \$25,000,000 | \$25,000,000 | \$25,000,000 |
| Veterans' Commission Capital Improvement Trust | \$4,000,000 | \$4,000,000 | \$4,000,000 |
| Early Childhood Development, Education and Care | Up to \$28,695,444 | Up to \$37,738,532 | Up to \$37,738,532 |
| Part C Early Intervention System | Up to \$32,695,444 | Up to \$41,738,532 | Up to \$41,738,532 |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | Up to \$103,290,888 | Up to \$123,977,064 | Up to \$123,977,064 |

* Allocated to the Department of Elementary and Secondary Education for the provisions of grants under the A+ Schools program.

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 15 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 | Up to \$22,941,210 | Up to \$27,557,452 | Up to \$27,557,452 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Gaming Commission (GAM)** estimate that 30% of Missouri gaming population go out of state due to the loss limit and confidentiality concerns. Therefore, GAM assumes that the repeal of the loss limits will subsequently increase Missouri gaming patrons by 30%. GAM's uses the following FY 2007 data for its estimates:

| | |
|-------------------------------|-----------------|
| Patrons: | 23,478,176 |
| Adjusted Gross Receipts (AGR) | \$1,599,686,340 |
| State AGR Tax | \$ 287,943,541 |
| Local AGR Tax | \$ 31,993,727 |
| Win Per Patron (WPP) | \$ 68.14 |

GAM estimates with the elimination of the loss limits, the number of patrons in Missouri casinos will increase by 30 percent, or up to 30,521,629 patrons (23,478,176 x 130%). Applying the win per patron of \$68.14 to the new patron estimate would yield an AGR of \$2,079,743,786 (30,521,629 x \$68.14). Applying the state tax rate of 18% would yield gaming taxes of \$374,353,882, with the new portion attributed to the repeal of the loss limits equaling \$86,410,340 (\$374,353,882 - \$287,943,541). This new amount of state tax would be in addition to a new 1 percent tax on properties with over \$40 million in annual AGR. GAM estimates the state portion of this tax to be \$10,597,065 (see below), therefore the new state tax resulting from this proposal is estimated to be \$97,007,405 (\$86,410,340 + \$10,597,065).

| FY 2007 - Casino Property | AGR | AGR over \$40 million | 1% Educational |
|----------------------------|------------------------|------------------------|---------------------|
| Argosy | \$171,471,572 | \$131,471,572 | \$1,314,716 |
| IOC - Boonville | \$82,573,507 | \$45,273,507 | \$452,735 |
| Aztar | \$32,325,739 | \$0 | \$0 |
| Harrahs M.H. | \$325,249,730 | \$285,249,730 | \$2,852,497 |
| Harrahs NKC | \$203,324,022 | \$163,324,022 | \$1,633,240 |
| IOC - KC | \$88,106,041 | \$48,106,041 | \$481,060 |
| Ameristar KC | \$256,510,232 | \$216,510,232 | \$2,165,102 |
| President | \$67,269,234 | \$27,269,234 | \$272,692 |
| Mark Twain | \$32,468,706 | \$0 | \$0 |
| Ameristar S.C. | \$300,247,313 | \$260,247,313 | \$2,602,473 |
| St. Jo Frontier | \$37,440,245 | \$0 | \$0 |
| TOTAL | \$1,599,686,340 | \$1,177,451,650 | \$11,774,517 |
| State Portion (90%) | | | \$10,597,065 |
| Local Portion (10%) | | | \$1,177,452 |

ASSUMPTION (continued)

GAM also estimates an increase to both the state and home dock cities/counties of \$15,495,596 from an increase in admission fee revenue (30,521,629 - 23,478,176 = 7,043,453 new patrons x \$1 each for state and locals x average of 2.2 admissions per patron).

Therefore, the total new state and local taxes GAM estimates will be generated by this proposal is:

| | State | Local | Total |
|---|------------|------------|-------------|
| Increase in AGR Tax from repeal of loss limits | 86,410,340 | 9,601,149 | 96,011,489 |
| New 1% tax on AGR above \$40 million | 10,597,065 | 1,177,452 | 11,774,517 |
| New AGR taxes | 97,007,405 | 10,778,601 | 107,786,006 |
| | | | |
| Increase in Admission Fees from repeal of loss limits | 15,495,596 | 15,495,596 | 30,991,192 |
| | | | |

GAM assumes the additional 1% Education tax on Adjusted Gross Receipts over \$40 million, as written, would be required, statutorily, to be split between the state (90%) and the home dock cities/counties (10%).

Officials from the **Missouri Veterans' Commission** assume an increase of \$4 million to the Veterans' Commission Capital Improvements Trust Fund annually from this proposal.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Social Services** did not respond to our request for fiscal impact.

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

ASSUMPTION (continued)

In response to a similar proposal from this year that simply eliminated the \$500 loss limit (HB 1682), officials from the **Office of Administration - Budget and Planning (BAP)** assumed the proposal would raise state and local revenues as in the following table.

| Gaming Forecast | 2007 | 2008 | 2009 | 2010 |
|---|-------------|-------------|-------------|-------------|
| Admissions | 51.19 | 49.72 | 50.28 | 49.63 |
| AGR | 1,599.76 | 1,611.44 | 1,697.64 | 1,699.90 |
| Win Per Admission | 31.25 | 32.41 | 33.76 | 34.25 |
| Win Per Admission w/ LL removal (+20%) | 37.50 | 38.89 | 40.52 | 41.10 |
| New Admissions with LL removal (+10%) | 5.12 | 4.97 | 5.03 | 4.96 |
| Current Admissions, New AGR w/ LL removal | 319.87 | 322.17 | 339.71 | 339.89 |
| New Admissions, New AGR w/ LL removal | 192.00 | 193.28 | 203.82 | 203.86 |

| | 2007 | 2008 | 2009 | 2010 |
|--|---------------|---------------|---------------|---------------|
| <i>(figures in millions of dollars)</i> | | | | |
| <i>Increased Admissions due to LL removal</i> | | | | |
| Current Rate (State + Local, \$2) | 10.24 | 9.94 | 10.06 | 9.92 |
| Increased AGR due to Loss Limit Removal | | | | |
| Current Players, Current AGR Rate (state + local, 20%) | 63.97 | 64.43 | 67.94 | 67.98 |
| New Players, Current AGR Rate (state + local, 20%) | 38.40 | 38.66 | 40.76 | 40.77 |
| | | | | |
| TOTAL | 112.61 | 113.03 | 118.76 | 118.67 |
| | | | | |
| State Education (AGR Taxes * 90%) | 92.13 | 92.78 | 97.83 | 97.88 |
| State Gaming Commission (ADM * 1\$) | 5.12 | 4.97 | 5.03 | 4.96 |
| Local Admissions (ADM * 1\$) | 5.12 | 4.97 | 5.03 | 4.96 |
| Local AGR (AGR Taxes * 10%) | 10.24 | 10.31 | 10.87 | 10.88 |
| Available Time Frame (months) | 0.00 | 0.00 | 10.00 | 12.00 |
| Total | | | 98.97 | 118.67 |
| State Education | | | 81.53 | 97.88 |
| State Gaming Commission | | | 4.19 | 4.96 |
| Local Admissions | | | 4.19 | 4.96 |
| Local AGR | | | 9.06 | 10.88 |

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 FY 2008 and planned for FY 2009.

| From Gaming Proceeds for Education Fund | FY 2008 | FY 2009 | Increase/Decrease | % |
|--|----------------------|----------------------|-------------------|----------|
| To the School District Bond | \$592,000 | \$392,000 | (\$200,000) | |
| To the Classroom Trust | <u>\$299,625,742</u> | <u>\$299,625,742</u> | <u>\$ 0</u> | |
| | \$300,217,742 | \$300,107,742 | (\$200,000) | (.00067) |

Section 160.534 - based on these amounts, the ""Educational Opportunities for Missouri's Children Fund"" (EOMCF) will not receive a transfer in FY 2009 because the increase/decrease in the transfer to the classroom trust fund was less than 5%. For FY 2010 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 or decrease of the gaming proceeds for education fund from the preceding fiscal year .0000335 [i.e. one half of .00067]. The following computation shows the amount of the adjustment:

$$\begin{aligned} & \$299,625,742 \times [0.00067 \times 0.5] = \$100,375 \\ & \$299,625,742 + \$100,375 = \$299,726,117 \end{aligned}$$

Based on the adjustment calculation, in FY 2010 the following amounts will be transferred from the Gaming Proceeds for Education Fund:

| From Gaming Proceeds for Education | FY 2010 |
|------------------------------------|-------------------|
| To the School District Bond Fund | \$ 0 |
| To the Classroom Trust Fund | \$299,726,117 |
| To the EOMCF | <u>\$ 100,375</u> |
| | \$299,826,491 |

Notice that in FY 2009 and thereafter, the school district bond fund receives no transfer. Also note that the EOMCF 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 2010. This proposal will limit the distribution of gaming proceeds funds to \$299.8 million (as calculated above). The legislation does not indicate what is to become of the approximate \$50.2 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 EOMCF. The impact will be millions and millions of dollars.

During FY 2007, the following amounts were received into the following funds:

| | |
|--|---------------------|
| Veterans' Commission Capital Improvements Trust Fund | \$ 6,000,000 |
| Missouri National Guard Fund | \$ 4,000,000 |
| Missouri Financial Assistance Fund | \$ 5,000,000 |
| Early Child Development, Education and Care Fund | <u>\$27,561,051</u> |
| | \$42,561,051 |

Under the terms of this proposal, distribution would have been:

| | |
|--|---------------------|
| Veterans' Commission Capital Improvements Trust Fund | \$10,000,000 |
| Missouri National Guard Fund | \$ 4,000,000 |
| Missouri Financial Assistance Fund | \$ 5,000,000 |
| Early Child Development, Education and Care Fund | <u>\$23,561,051</u> |
| | \$42,561,051 |

The difference between what was received into the funds during FY 2007 and what would have been received had this proposal been law is summarized below:

| | <u>This proposal</u> | <u>FY '07 actual</u> | <u>Difference</u> |
|--------------------------------------|----------------------|----------------------|----------------------|
| Veterans' Commission Capital Imp. | \$10,000,000 | \$6,000,000 | \$ 4,000,000 |
| Missouri National Guard Fund | \$ 4,000,000 | \$4,000,000 | \$ 0 |
| Missouri Financial Assistance Fund | \$ 5,000,000 | \$5,000,000 | \$ 0 |
| Early Child Dev., Education and Care | <u>\$23,561,051</u> | <u>\$27,561,501</u> | <u>(\$4,000,000)</u> |
| | \$42,561,051 | \$42,561,051 | \$ 0 |

ASSUMPTION (continued)

Monies deposited into the ECDEC fund are appropriated to the DOSS and DESE. Of the first 60% appropriation, 20% goes to DOSS and 80% goes to DESE. DESE uses the ECDEC monies to fund First Steps and the Missouri Preschool Program (MPP). The result of this proposal is a diversion of \$4,000,000 away from First Steps and the Missouri Preschool Program to the Veteran's Commission Capital Improvement Trust Fund (VCCIT).

Oversight assumes the changes made to Section 160.534 regarding the transfer of funds from the Gaming Proceeds for Education Fund to the School District Bond Fund and the Classroom Trust Fund allow for growth of 5 percent over the previous year, with the excess growth in the Gaming Proceeds for Education Funds going to the new 'Educational Opportunities for Missouri's Children Fund'. Oversight will assume this proposal will not adversely impact the School District Bond Fund nor the Classroom Trust Fund.

With BAP's estimate of additional gaming tax revenue from the repeal of loss limits of \$97.88 million annually and the Gaming Commission's estimate of \$86.4 million, **Oversight** will assume the fiscal impact from this part of the proposal to be up to the higher estimate, or 'Up to \$97.88 million.' With BAP's estimate of additional admission fee revenue from the repeal of loss limits of \$4.96 million annually and the Gaming Commission's estimate of \$15.5 million, Oversight will assume the fiscal impact from this part of the proposal to be up to the higher estimate, or 'Up to \$15.5 million.' Oversight will utilize GAM's estimate for the new 1% tax on adjusted gross receipts over \$40 million (\$10.6 million to state and \$1.2 million to locals).

Oversight will assume ten months of increased gaming tax revenue in FY 2009 from this proposal.

This proposal will increase Total State Revenues.

FISCAL IMPACT - State Government

FY 2009
(10 Mo.)

FY 2010

FY 2011

**GAMING PROCEEDS FOR
 EDUCATION FUND**

| | | | |
|---|-------------------------|-------------------------|-------------------------|
| <u>Income</u> - Gaming Tax (18%) proceeds from repeal of \$500 loss limit | Up to \$81,560,000 | Up to \$97,880,000 | Up to \$97,880,000 |
| <u>Income</u> - Gaming Tax (1%) of Adjusted Gross Receipts over \$40 million | \$8,830,888 | \$10,597,065 | \$10,597,065 |
| <u>Transfer Out</u> - to Educational Opportunities for Missouri's Children Fund - increase resulting from repeal of \$500 loss limit. | (Up to \$81,560,000) | (Up to \$97,880,000) | (Up to \$97,880,000) |
| <u>Transfer Out</u> - to Educational Opportunities for Missouri's Children Fund - 1% tax on AGR over \$40 million | <u>(\$8,830,888)</u> | <u>(\$10,597,065)</u> | <u>(\$10,597,065)</u> |

**ESTIMATED NET EFFECT TO THE
 GAMING PROCEEDS FOR
 EDUCATION FUND**

\$0 \$0 \$0

GAMING COMMISSION FUND

| | | | |
|--|-----------------------|-----------------------|-----------------------|
| <u>Income</u> - Increased admissions from repeal of \$500 loss limit | Up to \$12,900,000 | Up to \$15,500,000 | Up to \$15,500,000 |
| <u>Transfer Out</u> - 1 percent to the Compulsive Gamblers Fund | (Up to \$129,000) | (Up to \$155,000) | (Up to \$155,000) |

**ESTIMATED NET EFFECT TO THE
 GAMING COMMISSION FUND**

Up to
\$12,771,000 Up to
\$15,345,000 Up to
\$15,345,000

FISCAL IMPACT - State Government
 (continued)

FY 2009
 (10 Mo.)

FY 2010

FY 2011

COMPULSIVE GAMBLERS FUND

| | | | |
|--|------------------------|------------------------|------------------------|
| <u>Transfer In</u> - 1 percent of increase in admissions from repeal of loss limit | <u>Up to \$129,000</u> | <u>Up to \$155,000</u> | <u>Up to \$155,000</u> |
|--|------------------------|------------------------|------------------------|

| | | | |
|---|-------------------------------|-------------------------------|-------------------------------|
| ESTIMATED NET EFFECT TO THE COMPULSIVE GAMBLERS FUND | <u>Up to \$129,000</u> | <u>Up to \$155,000</u> | <u>Up to \$155,000</u> |
|---|-------------------------------|-------------------------------|-------------------------------|

EDUCATIONAL OPPORTUNITIES FOR MISSOURI'S CHILDREN FUND

| | | | |
|--|-------------|--------------|--------------|
| <u>Transfer In</u> - 1% of adjusted gross receipts over \$40 million for casinos (Section 313.823) | \$8,830,888 | \$10,597,065 | \$10,597,065 |
|--|-------------|--------------|--------------|

| | | | |
|--|--------------------|--------------------|--------------------|
| <u>Transfer In</u> - Dept. of Higher Education Repeal of loss limits | Up to \$81,560,000 | Up to \$97,880,000 | Up to \$97,880,000 |
|--|--------------------|--------------------|--------------------|

| | | | |
|--|----------------------|----------------------|----------------------|
| <u>Transfer Out</u> - one half of the balance after \$25 million to the Early Childhood Development, Education and Care Fund | (Up to \$32,695,444) | (Up to \$41,738,532) | (Up to \$41,738,532) |
|--|----------------------|----------------------|----------------------|

| | | | |
|---|----------------------|----------------------|----------------------|
| <u>Transfer Out</u> - one half of the balance after \$25 million to the Part C Early Intervention System Fund | (Up to \$32,695,444) | (Up to \$41,738,532) | (Up to \$41,738,532) |
|---|----------------------|----------------------|----------------------|

| | | | |
|--|----------------------------|----------------------------|----------------------------|
| ESTIMATED NET EFFECT TO THE EDUCATIONAL OPPORTUNITIES FOR MISSOURI'S CHILDREN FUND* | <u>\$25,000,000</u> | <u>\$25,000,000</u> | <u>\$25,000,000</u> |
|--|----------------------------|----------------------------|----------------------------|

* Allocated to the Department of Elementary and Secondary Education for the provision of grants under the A+ schools program.

| | | | |
|--|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> (continued) | FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
|--|---------------------|---------|---------|

**VETERANS' COMMISSION
 CAPITAL IMPROVEMENT TRUST
 FUND**

| | | | |
|---|--------------------|--------------------|--------------------|
| <u>Income</u> - change of distribution of Gaming Commission Fund in Section 313.835 | <u>\$4,000,000</u> | <u>\$4,000,000</u> | <u>\$4,000,000</u> |
|---|--------------------|--------------------|--------------------|

**ESTIMATED NET EFFECT TO THE
 VETERANS COMMISSION
 CAPITAL IMPROVEMENT TRUST
 FUND**

| | | | |
|--|--------------------|--------------------|--------------------|
| | <u>\$4,000,000</u> | <u>\$4,000,000</u> | <u>\$4,000,000</u> |
|--|--------------------|--------------------|--------------------|

**EARLY CHILDHOOD
 DEVELOPMENT, EDUCATION
 AND CARE FUND**

| | | | |
|--|-----------------------|-----------------------|-----------------------|
| <u>Income</u> - Additional proceeds from the repeal of the loss limits and imposition of new 1% tax on AGRs over \$40 million (½ of increase after \$25 million to A+ Schools program) | Up to \$32,695,444 | Up to \$41,738,532 | Up to \$41,738,532 |
|--|-----------------------|-----------------------|-----------------------|

| | | | |
|---|----------------------|----------------------|----------------------|
| <u>Loss</u> - change of distribution of Gaming Commission Fund in Section 313.835 | <u>(\$4,000,000)</u> | <u>(\$4,000,000)</u> | <u>(\$4,000,000)</u> |
|---|----------------------|----------------------|----------------------|

**ESTIMATED NET EFFECT TO THE
 EARLY CHILDHOOD
 DEVELOPMENT, EDUCATION
 AND CARE FUND**

| | | | |
|--|------------------------------|------------------------------|------------------------------|
| | Up to <u>\$28,695,444</u> | Up to <u>\$37,738,532</u> | Up to <u>\$37,738,532</u> |
|--|------------------------------|------------------------------|------------------------------|

| | | | |
|--|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u> (continued) | FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
|--|---------------------|---------|---------|

**PART C EARLY INTERVENTION
 SYSTEM FUND**

Income - Additional proceeds from the repeal of the loss limits and imposition of new 1% tax on AGRs over \$40 million (½ of increase after \$25 million to A+ Schools program)

| | | |
|------------------------------|------------------------------|------------------------------|
| Up to <u>\$32,695,444</u> | Up to <u>\$41,738,532</u> | Up to <u>\$41,738,532</u> |
|------------------------------|------------------------------|------------------------------|

**ESTIMATED NET EFFECT TO THE
 PART C EARLY INTERVENTION
 SYSTEM FUND**

| | | |
|-------------------------------|-------------------------------|-------------------------------|
| <u>Up to \$32,695,444</u> | <u>Up to \$41,738,532</u> | <u>Up to \$41,738,532</u> |
|-------------------------------|-------------------------------|-------------------------------|

FISCAL IMPACT - Local Government

FY 2009
(10 Mo.)

FY 2010

FY 2011

HOME DOCK CITIES & COUNTIES

Income - gaming tax from repeal of \$500 loss limit

Up to
\$9,060,000

Up to
\$10,880,000

Up to
\$10,880,000

Income - Gaming Tax (1%) of Adjusted Gross Receipts over \$40 million

\$981,210

\$1,177,452

\$1,177,452

Income - admission fee increase from repeal of \$500 loss limit

Up to
\$12,900,000

Up to
\$15,500,000

Up to
\$15,500,000

**ESTIMATED NET EFFECT TO THE
 HOME DOCK CITIES & COUNTIES**

Up to
\$22,941,210

Up to
\$27,557,452

Up to
\$27,557,452

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This proposal directs revenue derived from the loss limit repeal and the imposition of an education allowance to the newly created Educational Opportunities for Missouri's Children Fund. Upon appropriation, the first twenty-five million dollars in the fund will be allocated to the Department of Elementary and Secondary Education for the A+ Schools program, provided that such program is expanded to all Missouri high schools. The remaining moneys in the fund will be allocated equally among the Early Childhood Development, Education and Care Fund, and the First Steps program.

The 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 thirteen licenses to operate excursion gambling boats in the state;
- Imposes an education allowance of one 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; and
- Increases the annual allocation of revenues, from the gaming commission fund, to the Veteran's Commission Capital Improvement Trust Fund by four million dollars.

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

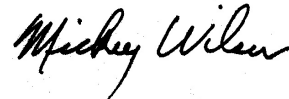
SOURCES OF INFORMATION

Missouri Gaming Commission
Office of Administration - Budget and Planning
Department of Elementary and Secondary Education
Office of the State Treasurer

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Office of the Secretary of State
Missouri Veterans' Commission

NOT RESPONDING:
Department of Social Services

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large, prominent 'M' and 'W'.

Mickey Wilson, CPA
Director
February 15, 2008