

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4196-05
Bill No.: HCS for HB 1388
Subject: Entertainment, Sports and Amusements; Licenses Miscellaneous; Department of Insurance, Financial Institutions and Professional Registration
Type: Original
Date: February 14, 2018

Bill Summary: This proposal modifies provisions relating to certain sports contests.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Office of Athletics	Less than \$44,100	Less than \$44,100	Less than \$44,100
Total Estimated Net Effect on Other State Funds	Less than \$44,100	Less than \$44,100	Less than \$44,100

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP) - Office of Athletics** estimate that with this proposed legislation, there would be an additional 50 amateur events per year that would need to be inspected by the Office of Athletics. The Office of Athletics believes that with these additional events the Office would request per diem to pay inspectors per each additional event at the per diem amount of \$150 each or \$300 total for each inspection. A total of **\$15,000** is expected.

DIFP estimates that 50% of inspections conducted will require an overnight stay. Therefore, 1 night hotel stay, 6 meals and 240 miles round trip for gas (\$.37/mile).

Lodging Expense: \$93
Meals: \$102 (\$51 x 2)
Milage Reimbursement: \$89 (\$0.370 x 240 average miles)
Total Lodging, Meals, Milage: \$284

Total Lodging, Meals, Milage: \$284
Number of Investigations: 25
Number of Investigators: 2
Total Cost: \$14,200

In summary, DIFP assumes a cost of \$29,200 (\$15,000 + \$14,200) per year to provide for the implementation of the changes in this proposal.

DIFP also estimates additional revenue of \$73,000 from the additional amateur events per year with the implementation of the changes in this proposal.

ASSUMPTION (continued)

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** assume 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 the Secretary of State's Office 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.

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.

Officials from the **Attorney General's Office (AGO)** assume any potential cost arising from this proposal can be absorbed with existing resources. AGO may seek additional appropriations if the proposal results in a significant increase in cases.

Officials from the **Department of Revenue** assume the proposal will have no fiscal impact on their organization.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
OFFICE OF ATHLETICS FUND			
<u>Revenue - DIFP</u> Additional Amateur Events	Up to \$73,300	Up to \$73,300	Up to \$73,300
<u>Costs - DIFP</u> Investigator Cost for additional events	<u>(Up to \$29,200)</u>	<u>(Up to \$29,200)</u>	<u>(Up to \$29,200)</u>
ESTIMATED NET EFFECT TO THE OFFICE OF ATHLETICS FUND	<u>Less than</u> <u>\$44,100</u>	<u>Less than</u> <u>\$44,100</u>	<u>Less than</u> <u>\$44,100</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<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

This bill adds amateur kickboxing and amateur mixed martial arts to the list of contests the Division of Professional Registration has the authority to regulate. The bill requires that all contestants, other than amateur kickboxing contestants, be at least 18 years old and that all promoters provide a surety bond or irrevocable letter of credit before receiving a license. The bill also prohibits and restricts the use of certain strikes in amateur mixed martial arts.

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 Insurance, Financial Institutions and Professional Registration
Attorney General's Office
Department of Revenue
Office of the Secretary of State
Office of the State Treasurer

Ross Strobe



Acting Director
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