

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0261-05
Bill No.: SCS for SB 44
Subject: Gambling
Type: Original
Date: February 8, 2019

Bill Summary: This proposal authorizes sports wagering.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
General Revenue Fund	(Less than \$105,239)	(Less than \$112,825)	(Less than \$113,082)
Total Estimated Net Effect on General Revenue	(Less than \$105,239)	(Less than \$112,825)	(Less than \$113,082)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 18 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Gaming Commission Fund (0286)	\$291,335 to \$1,010,783	\$74,422 to \$793,870	\$74,422 to \$793,870
Gaming Proceeds for Education Fund (0285)	\$6,297,517 to \$21,837,600	\$6,297,517 to \$21,837,600	\$6,297,517 to \$21,837,600
Entertainment Facilities Infrastructure Fund	\$5,300,940 to \$13,883,000	\$5,300,940 to \$13,883,000	\$5,300,940 to \$13,883,000
VCCITF (0304)	\$1,166,207 to \$4,044,000	\$1,166,207 to \$4,044,000	\$1,166,207 to \$4,044,000
Total Estimated Net Effect on <u>Other</u> State Funds	Could exceed \$13,055,999 to \$40,775,383	Could exceed \$12,839,086 to \$40,558,470	Could exceed \$12,839,086 to \$40,558,470

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2020	FY 2021	FY 2022
Gaming Commission Fund (0286)	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 FTE	2 FTE	2 FTE

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 2020	FY 2021	FY 2022
Local Government	Could exceed \$699,724 to Could exceed \$2,426,400	Could exceed \$699,724 to Could exceed \$2,426,400	Could exceed \$699,724 to Could exceed \$2,426,400

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Gaming Commission (MGC)** assume the following:

Section 313.855.3(2)(b)

This paragraph creates the initial interactive sports wagering platform licensure fee of \$10,000.

Section 313.855.3(3)(a)

This paragraph creates an interactive sports wagering platform license renewal fee of \$5,000.

Section 313.855.5(1)

This subdivision imposes a 12% adjusted gross receipts tax of sporting event wagers. The tax is to be remitted in the same manner as other gambling game gross receipt taxes; pursuant to Section 313.822, RSMo, 90% of the tax will be deposited in the Gaming Proceeds for Education Fund and 10% will be remitted to the local dock home city or county designated by each gambling boat.

Section 313.855.5(2)

This subdivision creates an administrative fee at 2.5% of adjusted gross receipts to be deposited into the Gaming Commission Fund with 80% to be transferred to the Veterans Commission Capital Improvement Trust Fund.

Section 313.871.3

This subsection creates a 0.5% admin fee (previously sports betting right and integrity fee). 0.5% of the gross amount wagered per quarter will be deposited in the Entertainment Facilities Infrastructure Fund.

Officials from the **Missouri Gaming Commission** state they annualized the state of Mississippi's Total Revenue from sports betting by taking their total revenue in September through December of 2018 dividing by four and multiplied by 12 ($(\$14,530,610.51/4) \times 12 = \$43,591,831.53$). We then determined their sports betting revenue was 2% of their total gaming revenue. This was calculated by taking \$43,591,831.53 and dividing by \$2,120,060,000 ($\$43,591,831.53/\$2,120,060,000 = .02$ or 2%). We then could assume Missouri's sports betting revenue would also be 2% of our total gaming revenue of \$1,715,010,000 ($\$1,715,010,000 \times 2\% = \$34,300,200$). We assumed the sports betting revenue would be 70% more if the law would allow mobile wagers to be placed ($\$34,300,200 \times 170\% = \$58,310,340$). MGC based their estimated revenue from this bill off of an anticipated Adjusted Gross Receipts of \$58.3 million.

ASSUMPTION (continued)

MGC notes that based on other states that have approved sports wagering legislation initiated at casinos or through mobile applications, the MGC expects at least 5 applicants, but anticipates there could be more. There are currently 5 casino owners and 13 riverboat gaming casinos in Missouri. Also, each casino could have multiple applicants depending on the platform approved by the legislature.

MGC assumes the initial application fee is \$10,000 and the annual renewal fee is \$5,000. MGC also assumes the sports wagering platform license investigation reimbursement fee is not to exceed \$50,000. For fiscal note purposes, MGC is assuming a \$40,000 investigation reimbursement fee (the investigation reimbursement fee is to include the initial application fee of \$10,000).

Since the number of casinos applying is unknown, **Oversight** will use the Missouri Gaming Commission estimated number of applicants (5), but it should be noted that the number of applicants (and therefore revenues generated) could be different.

Officials from the **Missouri Gaming Commission** estimate this proposal would increase total state revenue by approximately \$13 million annually. MGC bases those estimates off of comparison to Mississippi's Sports Betting experience for the past 4 months, Rubin Brown and an Oxford Study. Based on MGC calculations (Oxford and Ruben Brown study), adjusted gross receipts under this proposal could be approximately \$58 million. At a tax rate of 12%, revenues generated from the tax could be approximately \$7 million (distributed 90/10 between the state and local governments).

Oversight notes that estimates used to calculate revenue for this proposal differs greatly from a similar proposal from last year (SB 1013) (assumed AGR of \$141.6 million in 2018 versus \$58.3 million in 2019).

Officials from the **Office of Administration - Budget and Planning** assume this proposal will increase TSR and 18e calculations by imposing fees relating to the regulation of legal sports betting and levying an adjusted gross receipts tax on sports event wagers.

Oversight also notes that the Missouri Gaming Commission and the Office of Administration - Budget and Planning has stated the proposal will have a direct fiscal impact on total state revenue. Oversight does not currently have the resources or ability or resources to produce an independent estimate. Therefore, Oversight will reflect the revenues listed below:

ASSUMPTION (continued)

<u>State Impact - Estimated by MGC</u>						
Provision	FY20	FY21	FY22	FY23	FY24	FY25
Initial License Fee	\$50,000	\$0	\$0	\$0	\$0	\$0
Annual Fee	\$0	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Investigation Fee	\$200,000	\$0	\$0	\$0	\$0	\$0
Admin Fee* Admin (Integrity) Fee**	\$1,457,759	\$1,457,759	\$1,457,759	\$1,457,759	\$1,457,759	\$1,457,759
AGR tax (90%***)	\$5,300,940	\$5,300,940	\$5,300,940	\$5,300,940	\$5,300,940	\$5,300,940
Total State Impact	\$13,306,216	\$13,081,216	\$13,081,216	\$13,081,216	\$13,081,216	\$13,081,216
<u>Local Impact</u>						
Dock*** Cities/Counties (10% AGR tax)	\$699,724	\$699,724	\$699,724	\$699,724	\$699,724	\$699,724

* 2.5% of estimated \$58,310,340 AGR (was 2% in original bill)

** .5% of estimated \$1,060,188,000 total wagers

***12% of estimated \$58,310,340 AGR

<u>Total State Impact by Fund - Estimated by MGC</u>						
Fund	FY20	FY21	FY22	FY23	FY24	FY25
GR Gaming Commission Fund*	\$0	\$0	\$0	\$0	\$0	\$0
Veterans Commission Capital Improvements Trust Fund*	\$541,552	\$616,552	\$616,552	\$616,552	\$616,552	\$616,552
Entertainment Facilities Infrastructure Fund	\$1,166,207	\$1,166,207	\$1,166,207	\$1,166,207	\$1,166,207	\$1,166,207
Gaming Proceeds for Education Fund	\$5,300,940	\$5,300,940	\$5,300,940	\$5,300,940	\$5,300,940	\$5,300,940
Total State Impact	\$6,297,517	\$6,297,517	\$6,297,517	\$6,297,517	\$6,297,517	\$6,297,517
Total State Impact	\$13,306,216	\$13,081,216	\$13,081,216	\$13,081,216	\$13,081,216	\$13,081,216

* Total of Initial Fee, Annual Fee and 20% of Administrative 2.5% Fee.

*80% of Administrative 2.5% Fee

ASSUMPTION (continued)

Officials from the **Department of Revenue (DOR)** state that by using the Oxford Economics report titled "Economic Impact of Legalized Sports Betting," DOR believes Total State Revenue (TSR) will increase an estimated \$29,319,000 to \$36,728,500. This report breaks out the possible revenue impacts into three categories: Limited Availability, Moderate Availability, and Convenient Availability.

For the purpose of this fiscal note response, the DOR utilized the Moderate Availability, due to the proposed legislation allowing sports wagering to occur in any of our casinos, and online. If online would have not been permitted, the DOR would have used the Limited Availability number, and if it were to be treated like the lottery, Convenient Availability would have been used.

\$202,200,000 to 253,300,000 (Moderate Availability AGR Estimate per Oxford report)

\$24,264,000 to 30,396,000 (12% tax imposed on AGR)

\$5,055,000 - \$6,332,5000 (2% Admin Fee/Veterans' Commission Capitol Improvement Trust Fund)

\$13,883,000 to \$21,930,000 (0.5% Integrity Fee/Entertainment Facilities Infrastructure Fund)

\$29,319,000 to 36,728,500 (Estimated total amount collected)

Breakout of the 12% per Section 313.822 RSMo.

\$24,264,000 to 30,396,000 (12% tax imposed on AGR)

10% to Dock Cities (Local) - \$2,426,400-3,039,600

90% to Gaming Proceeds for Education Fund- \$21,837,600-27,356,400

Officials from the **Department of Public Safety - Missouri Gaming Commission (MGC)** state that the fees collected in the Gaming Fund (fund number 0286) for sports wagering based on the language in this Senate Bill are not sufficient to cover the expenditures of this proposal.

ASSUMPTION (continued)

MGC estimates a cost of approximately \$705,000 (2.5% of MGC existing budget) each year. This cost is the average hours and expenses (current background investigators, financial investigators, compliance auditors and tax auditors) the MGC staff would spend on licencing and regulating sports wagering. MGC would need a revenue source to cover this allotment.

MGC notes that if more revenue is not collected for the purpose of sports wagering the admission fees collected from the riverboat casinos will be used to cover MGC's expenditures related to sports wagering and as a result the transfer to the Veteran's Commission Capital Improvement funds will be less.

The Missouri Gaming Commission will be able to use two current allocated vacant FTE positions to fill the FTE this proposal will require. (Information Technology Specialist II (\$71,726/annually) and a Public Safety Manager Band 1 (\$65,976/ annually). It is estimated that the fees would cover the initial investigative expenses but not cover the on-going costs to MGC relating to interactive sports wagering platform approval, testing devices, adopting rules, and regulating sports wagering operators. As a result, the MGC need to request an additional \$50,040.87 in spending authority the first year and \$41,954.37 thereafter.

Oversight assumes an annual direct fiscal impact of \$137,702 plus fringes and notes MGC has stated they are reallocating \$87,661 and 2 FTE of excess existing appropriation authority and are only requesting \$50,041 for this program in the FY 2020 budget.

Section 313.875

In response to a previous version, officials from the **Office of Administration - Budget and Planning (B&P)** assumed this section creates a civil penalty for violations of up to \$5,000 per violation and no more than \$50,000 for violations arising from one occurrence. For the purposes of the calculations above, B&P did not include civil penalties.

Bettors are required to register in an existing gaming facility so registrations will increase casino admission revenue slightly.

Oversight assumes this proposal allows for a penalty for violation of sports wagering of \$5,000 for each violation and not to exceed \$50,000 for violation arising out of the same transaction. It also allows any violation shall be subject to penalties under subdivision (6) of 313.805.

ASSUMPTION (continued)

For fiscal note purposes, **Oversight** will assume the legislation intends to remit penalties for violations of sports wagering to the school district in which the violation occurs and will show a \$0 or positive unknown to local school districts.

Officials from the **Department of Corrections (DOC)** assume the proposed legislation authorizes sports wagering and creates a class E felony offense for persons who knowingly engage in, facilitate, or conceal conduct that intends to improperly influence a betting outcome of a sporting event.

The standard response for a Class E felony applies. Under this situation, 1 individual will be sentenced to prison and 2 to probation in the first fiscal year, 2 to prison and 4 to probation in the second fiscal year, 2 to prison in the third and all subsequent fiscal years with 7 to probation. For incarcerated individuals, the average sentence is 3.4 years, with a total of 2.2 years in prison and 1.2 years on parole. The probationers serve a 3.0 year term.

In December 2017, the DOC reevaluated the calculation used for computing the Probation and Parole average daily cost of supervision and revised the cost calculation to be used for 2019 fiscal notes. The new calculation estimates the increase/decrease in caseloads at each Probation and Parole district due to the proposed legislative change. For the purposes of fiscal note calculations, the DOC averaged district caseloads across the state and came up with an average caseload of 51 offender cases per officer.

The new calculation assumes that an increase/decrease of 51 cases in a district would result in a change in costs/cost avoidance equal to the cost of 1 FTE in the district. Increases/decreases smaller than 51 offenders are assumed to be absorbable.

In instances where the proposed legislation would only affect a specific caseload, such as sex offenders, the DOC will use the average caseload figure for that specific type of offender to calculate cost increases/decreases.

The DOC cost of incarceration is \$17.003 per day or an annual cost of \$6,287 per offender. The DOC cost of probation or parole is determined by the number of P&P Officer II positions that would be needed to cover the new caseload.

ASSUMPTION (continued)

For the purpose of this proposed legislation, officials from the **Office of State Public Defender (SPD)** state they cannot assume that existing staff will provide effective representation for any new cases arising where indigent persons are charged with the proposed new crime of improperly influencing a betting outcome of a sporting event for the purpose of financial gain, a new Class E Felony. The Missouri State Public Defender System is currently providing legal representation in caseloads in excess of recognized standards.

While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide effective representation in all cases where the right to counsel attaches.

In FY 2018, SPD opened 10 gambling related cases:

313.813 - trespassing - 1st degree (gambling boat) - 3 cases
313.817 - presenting false ID to enter gambling boat - 5 cases
313.830 - gambling violating - 2 cases

Oversight notes over the last three fiscal years, the SPD has lapsed a total of \$152 of General Revenue appropriations (\$0 out of \$36.4 million in FY 2016; \$2 out of \$28.0 million in FY 2017; and \$150 out of \$42.5 million in FY 2018). Therefore, **Oversight** assumes the SPD is at maximum capacity and the increase in workload resulting from this bill cannot be absorbed within SPD's current resources.

Adding one additional Assistant Public Defender 1 (APD) with a starting salary of \$47,000, will cost approximately \$74,500 per year in personal service and fringe benefit costs. One additional APD II (\$52,000 per year; eligible for consideration after 1 year of successful performance at APD I) will cost the state approximately \$81,000 per year in personal service and fringe benefit costs. When expense and equipment costs such as travel, training, furniture, equipment and supplies are included, **Oversight** assumes the cost for a new APD could approach \$100,000 per year.

Oversight assumes the SPD cannot absorb the additional caseload that may result from this proposal within their existing resources and, therefore, will reflect a potential additional cost of (Less than \$100,000) per year to the General Revenue Fund.

ASSUMPTION (continued)

In response to a previous version, officials from the **Office of the Secretary of State (SOS)** assumed 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 SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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 require additional resources.

Officials from the **Office of Prosecution Services** and **Office of the State Courts Administrator** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **Office of the State Treasurer (STO)** assumes this bill would create the "Entertainment Facilities Infrastructure Fund" which would not be subject to the biennial transfer and would have interest credited back to it. The STO assumes the proposal will have no fiscal impact on their organization.

Oversight notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their respective organizations. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for these agencies.

Officials from the **Department of Public Safety - Missouri Highway Patrol** state that the Highway Patrol anticipates no fiscal impact. Reorganization of current resources by both the Patrol and Missouri Gaming Commission will allow the Gaming Division to complete the statutory mandates required. The Patrol believes that the amount of fingerprint/background checks will be minimal, and estimates revenue to the Criminal Record System Fund will be approximately \$600 a year.

For fiscal note purposes, **Oversight** will not reflect a revenue or cost as a result of statutory mandated fingerprint/background checks.

ASSUMPTION (continued)

Officials from the **Department of Public Safety - Missouri Veterans Commission** assume section 313.855.5(2) of this proposal would assess an administrative fee of 2 1/2% on adjusted gross receipts received by gambling boats from wagers on sporting events as set out in the proposal. Of funds collected through this fee, 80% of those funds will be transferred into the Veterans Commission Capital Improvement Trust Fund (VCCITF). The Veterans Commission defers to the Missouri Gaming Commission regarding an estimate of the amount of funds projected to be generated by this proposed administrative fee.

Oversight notes this proposal creates an administrative fee at 2.5% of adjusted gross receipts to be deposited into the Gaming Commission Fund with 80% of the 2.5% adjusted gross receipts to be transferred to the Veterans Commission Capital Improvement Trust Fund.

	MGC	B&P	DOR (low)	DOR (high)
Sports Betting Adjusted Gross Receipts	\$58,310,340	\$58,310,340	\$202,200,000	\$253,300,000
12% tax on AGR (state portion - 90%)	\$6,297,517	\$6,297,517	\$21,837,600	\$27,356,400
12% tax on AGR (local portion - 10%)	\$699,724	\$608,347	\$2,426,400	\$3,039,600
2.5% Veterans Tax on AGR	\$1,457,795	\$1,457,795	\$5,055,000	\$6,332,500
Wagers	\$1,060,188,000	\$1,060,188,000	\$202,200,000	\$253,300,000
Right & Integrity Fee (0.5% of wagers)	\$5,300,940	\$5,300,940	\$13,883,000*	\$21,930,000*

*Note: DOR submitted a revised response (for the 0.5% integrity fee) after Oversight prepared the fiscal note for the original bill.

Oversight currently does not have the data or resources available to produce independent revenue projections, including an Economist to estimate the elasticity of demand for sports wagering in relation to other games of chance offered at casinos or the Missouri Lottery. Therefore, for purposes of this fiscal note, Oversight will range the anticipated revenue from MGC (and B&P) estimates to the “low” estimates of DOR.

FISCAL IMPACT - State Government	FY 2020 (10 Mo.)	FY 2021	FY 2022
GENERAL REVENUE FUND			
Cost - DOC - Incarceration Cost	(\$5,239)	(\$12,825)	(\$13,082)
Cost - SPD Additional caseload	(Less than \$100,000)	(Less than \$100,000)	(Less than \$100,000)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	(Less than \$105,239)	(Less than \$112,825)	(Less than \$113,082)
GAMING COMMISSION FUND			
Revenue			
Initial License Fee - §313.855.3(2)(b)	\$50,000	\$0	\$0
Annual Renewal Fee - §313.855.3(3)(a)	\$0	\$25,000	\$25,000
Investigation Reimbursement Fee	\$200,000	\$0	\$0
§313.855.4			
2.5% Administrative Fee §313.855.5(2)	\$1,457,759 to \$5,055,000	\$1,457,759 to \$5,055,000	\$1,457,759 to \$5,055,000
Total Revenue	\$1,707,759 to \$5,305,000	\$1,482,759 to \$5,080,000	\$1,482,759 to \$5,080,000
Cost - MGC			
Salaries	(\$137,702)	(\$137,702)	(\$137,702)
Fringe Benefits	(\$62,474)	(\$62,474)	(\$62,474)
Equipment and Expense	(\$50,041)	(\$41,954)	(\$41,954)
Total Cost - MGC	(\$250,217)	(\$242,130)	(\$242,130)
FTE Change - MGC	2 FTE	2 FTE	2 FTE
Transfer Out - to VCCITF- 80% of 2.5% Administrative Fee - §313.855.5(2)	(\$1,166,207) to (\$4,044,000)	(\$1,166,207) to (\$4,044,000)	(\$1,166,207) to (\$4,044,000)
ESTIMATED NET EFFECT TO THE GAMING COMMISSION FUND	\$291,335 to \$1,010,783	\$74,422 to \$793,870	\$74,422 to \$793,870
Estimated Net FTE Change to the Gaming Commission Fund	2 FTE	2 FTE	2 FTE

FISCAL IMPACT - State Government (continued)	FY 2020 (10 Mo.)	FY 2021	FY 2022
GAMING PROCEEDS FOR EDUCATION FUND			
Revenue - §313.855.5(1) 90% of the 12% Wagering Tax	\$6,297,517 to \$21,837,600	\$6,297,517 to \$21,837,600	\$6,297,517 to \$21,837,600
ESTIMATED NET EFFECT TO THE GAMING PROCEEDS FOR EDUCATION FUND	\$6,297,517 to \$21,837,600	\$6,297,517 to \$21,837,600	\$6,297,517 to \$21,837,600
ENTERTAINMENT FACILITIES INFRASTRUCTURE FUND			
Revenue - §313.871.3 0.5% Admin (Integrity) Fee on wagers	\$5,300,940 to \$13,883,000	\$5,300,940 to \$13,883,000	\$5,300,940 to \$13,883,000
ESTIMATED NET EFFECT TO THE ENTERTAINMENT FACILITIES INFRASTRUCTURE FUND	\$5,300,940 to \$13,883,000	\$5,300,940 to \$13,883,000	\$5,300,940 to \$13,883,000
VETERANS COMMISSION CAPITAL IMPROVEMENT TRUST FUND			
Transfer In - from Gaming Commission Fund 80% of 2.5% Administrative Fee - §313.855.5(2)	\$1,166,207 to \$4,044,000	\$1,166,207 to \$4,044,000	\$1,166,207 to \$4,044,000
ESTIMATED NET EFFECT ON THE VETERANS COMMISSION CAPITAL IMPROVEMENT TRUST FUND	\$1,166,207 to \$4,044,000	\$1,166,207 to \$4,044,000	\$1,166,207 to \$4,044,000

FISCAL IMPACT - Local Government	FY 2020 (10 Mo.)	FY 2021	FY 2022
LOCAL HOME DOCKS			
Revenue - Home Dock City or County 10% of the 12% Wagering Tax §313.855.5(1)	\$699,724 to \$2,426,400	\$699,724 to \$2,426,400	\$699,724 to \$2,426,400
ESTIMATED NET EFFECT TO THE LOCAL HOME DOCKS	\$699,724 to \$2,426,400	\$699,724 to \$2,426,400	\$699,724 to \$2,426,400

LOCAL SCHOOL DISTRICTS

Revenue - Violation of sports wagering penalty	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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ESTIMATED NET EFFECT TO LOCAL SCHOOL DISTRICTS	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This act authorizes sports wagering, and modifies the definition of "gambling game" to include sports wagering. (Section 313.800)

Sports wagering shall only be authorized on excursion gambling boats. A gaming facility may offer sports wagering in-person at the licensed facility and over the internet via an interactive sports wagering platform to persons physically located in this state, provided that the person making the wager over the internet shall be required to activate an account in-person at the gaming facility to enable such wager.

A gaming facility may contract with an interactive sports wagering platform, as defined in the act, to administer sports wagering over the internet only if it holds a license issued by the Commission. Such licenses shall require a \$10,000 application fee. Additionally, interactive sports wagering platforms shall pay an annual license renewal fee of \$5,000. All license fees shall be deposited in the Gaming Commission Fund and distributed according to existing law. The Commission shall investigate all applicants for an interactive sports wagering platform license.

FISCAL DESCRIPTION (continued)

If the cost of such application exceeds the cost of the investigation, the applicant shall remit the total cost of the investigation prior to the license being issued, provided the total cost of the investigation shall not exceed \$50,000.

This act imposes a 12% tax on the adjusted gross receipts received from wagers on sporting events, and such tax shall be remitted and distributed as provided in current law. This act also imposes an administrative fee at a rate of 2.5% of adjusted gross receipts from wagers on sporting events. Such administrative fee shall be deposited in the Gaming Commission Fund, and eighty percent of such administrative fee shall be transferred to the Veterans' Commission Capital Improvement Trust Fund. (Section 313.855)

Sports wagering operators shall allow individuals to restrict themselves from placing wagers with the operator, as described in the act.

The Commission shall promulgate rules to ensure that an operator's advertisements for sports wagering disclose the identity of the operator, provide information about resources relating to gambling addiction, are not false, misleading, or deceptive, and do not target minors or other ineligible individuals. (313.860)

The Commission shall conduct background checks on all newly hired employees, and annual background checks on all existing employees. Operators shall employ reasonable methods to prohibit the following individuals from placing wagers with the operator: the operator and employees of the operator, along with any relative living in the same household as such person, from placing bets with the operator; athletes, coaches, referees, and other individuals associated with a sporting event (with the prohibition applying only to a sporting event overseen by that sport's governing body); individuals with access to non-public confidential information held by the operator; and persons placing wagers as agents or proxies for others.

Operators shall maintain the security of wagering data, customer data, and other confidential information from unauthorized access and dissemination.

A sports governing body may notify the Commission that it desires to restrict, limit, or exclude wagering on its sporting events by providing notice in a form required by the Commission, including restrictions on the sources of data and associated video upon which an operator may rely in offering and paying wagers and the bet types that may be offered. Upon receiving such notice, the Commission shall publish such wagering restrictions.

FISCAL DESCRIPTION (continued)

The Commission shall designate a state law enforcement entity to have primary responsibility for conducting, or assisting the Commission in conducting, investigations into abnormal betting activity, match fixing, or other conduct that corrupts a betting outcome. The Commission and sports wagering operators shall cooperating with investigations conducted by sports governing bodies or law enforcement agencies. Operators shall immediately report to the Commission any information relating to certain suspicious or illegal wagering activities, as described in the act. (Section 313.865)

Sports wagering operators shall maintain records of all bets and wagers placed, including personally identifiable information of the bettor, amount and type of bet, and certain other information relating to the bet as described in the act.

In addition to the other fees authorized under this act, at least once per calendar quarter, a sports wagering operator shall remit to the Commission an administrative fee of 0.5% of the gross amount wagered on its sporting events. Such fees shall be deposited in the "Entertainment Facilities Infrastructure Fund", which is created by the act. Such fund shall be used solely to fund the construction and maintenance of entertainment structures, fixtures, systems, and facilities including, but not limited to, convention centers, multipurpose sports and entertainment venues, exhibition and trade facilities, transportation facilities, cultural facilities, field houses, indoor and outdoor convention and recreational facilities and centers, playing fields, or parking facilities that contribute to the attraction of convention, sports, recreational, transportation, cultural, or meeting activities, either professional or amateur, commercial or private. (Section 313.870)

Any person who knowingly violates any procedure implemented under this act shall be liable for a civil penalty of not more than \$5,000 for each violation, not to exceed \$50,000 for violations arising out of the same transaction or occurrence. Such person shall also be subject to actions and penalties provided under current law, provided that any such financial penalties shall not exceed those provided for in the act. (Section 313.875)

Any person who places, or causes to be placed, a bet or wager on the basis of non-public information relating to that bet or wager, or who knowingly engages in, facilitates, or conceals conduct that intends to improperly influence a betting outcome of a sporting event for purposes of financial gain in connection with betting or wagering on a sporting event shall be guilty of a Class E felony. (Section 313.880)

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 Public Safety
 Missouri Gaming Commission
 Missouri Veterans Commission
 Missouri Highway Patrol
Office of the State Treasurer
Office of the Secretary of State
Department of Revenue
Office of Administration
 Budget and Planning
Department of Corrections
Office of the State Courts Administrator
Office of the State Public Defender
Office of Prosecution Services



Kyle Rieman
Director
February 8, 2019

Ross Strobe
Assistant Director
February 8, 2019