

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3404-02
Bill No.: SB 754
Subject: Gambling
Type: Original
Date: February 21, 2020

Bill Summary: This proposal authorizes sports wagering.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2025)
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 19 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2025)
Gaming Proceeds to Education (0285)	\$1,105,765 to \$11,850,000	\$1,326,918 to \$14,220,000	\$1,326,918 to \$14,220,000	\$1,326,918 to \$14,220,000
Sports Wagering	(\$534,696)	(\$834,090)	(\$854,721)	(\$767,455)
Gaming Commission (0286)	\$0	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$571,069 to \$11,315,304	\$492,828 to \$13,385,910	\$472,197 to \$13,365,279	\$559,463 to \$13,452,545

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2025)
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2021	FY 2022	FY 2023	Fully Implemented (FY 2025)
Sports Wagering	2 FTE	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 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 2021	FY 2022	FY 2023	Fully Implemented (FY 2025)
Local Government	\$122,863 to \$1,316,667	\$147,435 to \$1,580,000	\$147,435 to \$1,580,000	\$147,435 to \$1,580,000

FISCAL ANALYSIS

ASSUMPTION

§§313.800, 313.1000, 313.1002, 313.1004, 313.1006, 313.1008, 313.1010, 313.1012, 313.1014, 313.1016, 313.1018, 313.1019, 313.1020, and 313.1022 - Sports wagering

Officials from the **Missouri Gaming Commission (MGC)** estimate this proposal would increase total state revenue by approximately \$35 million annually. MGC bases these estimates off of a comparison to Mississippi's Sports Betting experience for the past 12 months, Rubin Brown and an Oxford Study. Based on MGC calculations (Oxford and Rubin Brown study), adjusted gross receipts under this proposal could be approximately \$23.6 million. At a tax rate of 6.25%, revenues generated from the tax could be approximately \$1.475 million (distributed 90/10 between the state and local governments).

MGC states they annualized the state of Mississippi's Total Revenue from sports betting by taking their total revenue from November 2018 through October 2019. MGC then determined Mississippi's sports betting revenue was 2% of their total gaming revenue. This was calculated by taking \$45,036,857 and dividing by \$2,141,840,000 ($\$45,036,857 / \$2,141,840,000 = .02$ or 2%). MGC assumes Missouri's sports betting revenue would also be 2% of total gaming revenue of \$1,754,470,000 ($\$1,754,470,000 \times 2\% = \$35,089,400$). Per §313.1000 of SB 574, Adjusted Gross Receipts is calculated by starting with total revenue, minus payouts, minus royalties.

Total Revenue	\$35,089,400
Less Payouts	\$1,929,917
Less Royalty Fees	<u>\$9,569,836</u>
Adjusted Gross Receipts (AGR)	\$23,589,647

MGC notes, per the provisions of §313.1008, sports wagering will be limited to only occur on the premises through an approved limited mobile gaming system. A certificate holder may approved the use of a limited mobile gaming system to allow a patron to wager on sports in the following locations: within the certificate holder's licensed facility for conducting sports wagering, a hotel, restaurant or other amenity that is operated by the certificate holder and subject to supervision of the commission. However, a patron shall not transmit a sports wager using a mobile gaming device while present in any other location.

Oversight notes, according to a New York Times article dated April 16, 2019, sports betting revenue has only brought in half of what Tunica officials had expected. Since sports betting is a fairly new concept for Mississippi, Oversight notes the revenue used by MGC to calculate revenue generated from this proposal could be skewed. Oversight does not currently have the resources or ability to produce an independent estimate. Therefore, Oversight will reflect the AGR listed above as estimated by MGC.

ASSUMPTION (continued)

Officials from the **MGC** state this bill allows for a Certificate of Authority Application Fee (initially) of \$10,000/Section 313.1006, a Certificate Holder Administration Fee (annual after the first year) of \$5,000/Section 313.1022, a Certificate Holder Reinvestigation Fee of \$10,000/Section 1022 (in the 5th year after sports wagering commenced and each 5 years, thereafter), a Sports Wagering Platform License Application Fee (initially) of \$10,000/Section 313.1010, and a Sports Wagering Platform License Annual Renewal Fee of \$5,000/Section 313.1010 (annual after the first year) to the deposited in the Sports Wagering Fund.

Oversight will reflect revenue generated from these fees into the Sports Wagering Fund.

Officials from the **Department of Public Safety - Missouri Gaming Commission (MGC)** assume the following:

Section 313.1019.2

This proposed section requires the certificate holder to remit to the MGC a royalty of $\frac{3}{4}$ of 1% of the amounts wagered on sporting events during the previous calendar quarter. These royalty fees are to be disbursed by the MGC to registered sports governing bodies requesting disbursement of those funds by April 30 of each year. The MGC must then disburse all unclaimed royalty fees under this section to eligible certificate holders on a pro rata basis. To calculate, MCG divided the total estimated annual revenue amount by 5.5% to determine the total estimated wagers of \$637,989,091 (\$35,089,400/ 5.5%). MCG estimates \$4,784,918 will be remitted to the sports governing body ($\frac{3}{4}$ of 1% of total wagers).

Section 313.1020

This proposed section requires a certificate holder to also remit to the commission royalty fees of $\frac{3}{4}$ of 1% of the amount wagered on sporting events involving at least one National Collegiate Athletic Association (NCAA) Football Bowl Subdivision football team and at least one NCAA Division I basketball team to be used for athletics compliance. This fee is due within 30 days of each calendar quarter and must be distributed by the MGC to those two sports teams by April 30 of each year. To calculate, MCG divided the total estimated annual revenue amount by 5.5% to determine the total estimated wagers of \$637,989,091 (\$35,089,400/ 5.5%) . MCG estimates \$4,784,918 will be remitted to selected NCAA colleges ($\frac{3}{4}$ of 1% of total wagers).

Section 313.1022.6

This proposed section creates the “Sports Wagering Fund” to be administered by the MGC and hold the fees collected pursuant to section 313.1022.5. Money held in this fund shall be used by the MGC to pay for costs incurred to administer sections 313.1000 to 313.1022.

ASSUMPTION (continued)

The fees collected in the Sports Wagering Fund based on the language in this bill are not sufficient to cover the expenditures of the two positions identified in the MGC's fiscal note or the time and expenses needed for current background investigators, financial investigators, compliance auditors, and tax auditors to regulate these licensees.

Oversight will use the MGC's estimate and disburse \$4,784,918 (3/4 of 1% of total wagers) each to sports governing bodies and selected NCAA colleges respectively.

Officials from the **Office of Administration - Budget and Planning (B&P)** assume this proposal will increase TSR and 18e calculations by imposing fees related to the regulation of legal sports betting and levying an adjusted gross receipts tax on sport wagers. Additional administrative fee revenues will be deposited into the newly created fund: the Sports Wagering Fund. Additional gross receipts tax revenues will be deposited into the Gaming Proceeds for Education Fund. B&P defers to the MGC for an estimate of increased revenues.

Oversight also notes the MGC and B&P has stated the proposal will have a direct fiscal impact on total state revenue. Oversight does not currently have the resources or ability to produce an independent estimate. Therefore, Oversight will reflect the revenues listed below as estimated by MGC:

ASSUMPTION (continued)

Provision	<u>State Impact - Estimated by MGC</u>					Fund to Deposit
	FY21	FY22	FY23	FY24	FY25	
Cert of Authority App Fee (Initial) 313.1006	\$130,000	\$0	\$0	\$0	\$0	Sports Wagering Fund
Cert Holder Admin Fee (Annual after the 1st year) 313.1022	\$0	\$65,000	\$65,000	\$65,000	\$65,000	Sports Wagering Fund
Cert Holder Reinvestigation Fee (in the 5 th year and each 5 th year thereafter) 313.1022	\$0	\$0	\$0	\$0	\$130,000	Sports Wagering Fund
Sports Wagering Platform License App Fee (Initially) 313.1010	\$130,000	\$0	\$0	\$0	\$0	Sports Wagering Fund
Sports Wagering Platform License Annual Review Fee (Annual after the first year) 313.1010	\$0	\$65,000	\$65,000	\$65,000	\$65,000	Sports Wagering Fund
Total Fees Collected	\$260,000	\$130,000	\$130,000	\$130,000	\$260,000	Sports Wagering Fund
Wagering tax (6.25% of AGR)*	\$1,326,918	\$1,326,918	\$1,326,918	\$1,326,918	\$1,326,918	Gaming Proceeds for Education Fund
Total State Impact	\$1,474,353	\$1,474,353	\$1,474,353	\$1,474,353	\$1,474,353	
<u>Local Impact</u>						
Dock* Cities/Counties (6.25% AGR tax)	\$147,435	\$147,435	\$147,435	\$147,435	\$147,435	

Source: MGC

ASSUMPTION (continued)

MGC estimates needing two FTEs, an Information Technology Specialist I and a Public Safety Manager Band I if this bill passes. These FTEs would result in an additional cost to the MGC of \$196,182 for FY 2021 (including salary, fringe, supplies, equipment, and travel/lodging related to job performance).

Besides the 2 FTE positions and additional costs reflected in the fiscal note, MGC also estimates an additional cost of approximately \$718,217 (which represents 2.5% of MGC existing budget) each year. This cost represents the average number of hours and expenses to cover the costs of current background investigators, financial investigators, compliance auditors and tax auditors needed to license and regulate sports wagering.

Oversight does not have any information contrary to that provided by MGC. Therefore, Oversight will reflect MGC's impact for fiscal note purposes to the Sports Wagering Fund.

Officials from the **Department of Revenue (DOR)** assume the following:

Section 313.1022

This proposed section states that a wagering tax of six and one fourth percent is imposed on the adjusted gross receipts received from sports wagering conducted by a certificate holder under Sections 313.1000 to 313.1022. If a third party is contracted with to conduct sports wagering at a certificate holders' licensed facility, the third party contractor shall fulfill the certificate holder's duties under this section.

This proposed section states that the revenues received from the tax imposed under subsection 1 of this section shall be deposited in the state treasury to the credit of the Gaming Proceeds for Education Fund, and shall be distributed as provided under Section 313.822.

This proposed section states that a certificate holder shall pay to the commission an annual administrative fee of five thousand dollars. The fee imposed shall be due one year after the date on which the certificate holder commences sporting wagering operations under Sections 313.1000 to 313.1022, and on each annual anniversary date thereafter. The commission shall deposit the administrative fees received under this subsection in the sports wagering fund established under subsection 6 of this section.

In addition to the annual administrative fee required under this subsection, a certificate holder shall pay to the commission a fee of ten thousand dollars to cover the costs of a full reinvestigation of a certificate holder in the fifth year after the date on which the certificate holder commences sports wagering operations under Sections 313.1000 to 313.1022 and on each fifth year thereafter. The commission shall deposit the fees received under this subdivision in the sports wagering fund established under subsection 6 of this section.

ASSUMPTION (continued)

This proposed section states that there is hereby established the “Sports Wagering Fund”, to be administered by the commission. The fund shall consist of the fees deposited under subsection 5 of this section. The state treasurer shall invest the moneys in the fund not currently needed to meet the obligations of the fund in the same manner as other funds are invested. Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding the provisions of Section 33.080 to the contrary, the moneys remaining in the fund at the end of the biennium shall not revert to the credit of the general revenue fund. Moneys in the fund shall be used by the commission to pay the costs incurred to administer Sections 313.1000 to 313.1022.

Methodology

Using the Oxford Economics report titled “Economic Impact of Legalized Sports Betting,” the DOR believes TSR will increase an estimated \$11.3 million-\$14.2 million. This report breaks out the possible revenue impacts into three categories. They are 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 Missouri’s 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-\$253,300,000 (Moderate Availability AGR Estimate per Oxford report)

\$12,600,000-\$15,800,000 (6.25% tax imposed on AGR)

Breakout of the 6.25% per Section 313.822 RSMo.

\$12,600,000-\$15,800,000 (6.25% tax imposed on AGR)

10% to Dock Cities (Local) - \$1,260,000-\$1,580,000

90% to Gaming Proceeds for Education Fund- \$11,340,000-\$14,220,000

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 the “low” estimates of MGC to DOR’s estimate.

	MGC	DOR (low)	DOR (high)
Sports Betting Adjusted Gross Receipts	\$35,089,400	\$202,200,000	\$253,300,000
6.25% tax (state portion - 90%)	\$1,326,918	\$11,340,000	\$14,220,000
6.25% tax (local portion - 10%)	\$147,435	\$1,260,000	\$1,580,000

ASSUMPTION (continued)

Bill as a Whole

Officials from the **Department of Mental Health (DMH)** assume the increase in gambling opportunities will increase the number of individuals who voluntarily seek treatment for a gambling problem. However, the bill does not mandate that any individual receive treatment and treatment will remain voluntary. Therefore, DMH assumes that expenditures cannot exceed the balance of the Compulsive Gamblers Fund and no State General Revenue beyond that balance will be expended.

In FY19, DMH served approximately 118 consumers through compulsive gambling (CG) treatment services with an average cost of \$1,030 per consumer for a total of \$121,540.

If the number of consumers served triples, DMH estimates treatment for 354 consumers with an average cost of \$1,030 per treatment episode for a total treatment cost of \$364,620. Total cost to DMH would be estimated at \$445,850 in FY 21. For FY 22 and beyond, the amount would be \$535,020 or more based upon the need for compulsive gambling services. Currently, DMH has twelve certified compulsive gambling treatment providers; this number would likely need to increase over time along with the need for additional compulsive gambling counselors. DMH estimates 25 new compulsive gambling counselors will be needed throughout the state, with initial cost for training new counselors estimated at \$160 per person for a total of \$4,000 in FY 21. If additional advertising is needed, DMH anticipates annual cost for advertising with public service announcements for help with compulsive gambling at \$166,400.

Oversight notes the ending balance of the Compulsive Gamblers Fund (0249) was \$82,720 on December 31, 2019 and \$6,832 on June 28, 2019.

Oversight notes the **Department of Public Safety - Missouri State Highway Patrol (MHP)** has stated the proposal would not have a direct fiscal impact on their organization. MHP notes any costs would be associated with additional training of agents regarding sports betting. The MHP assumes that if any training were necessary, that cost would be handled by the Gaming Commission and there would be no impact to the Highway Patrol.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Officials from the **Joint Committee on Administrative Rules (JCAR)** state the legislation is not anticipated to cause a fiscal impact to JCAR beyond its current appropriation.

Oversight assumes JCAR will be able to administer any rules resulting from this proposal with existing resources.

ASSUMPTION (continued)

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 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.

Oversight notes the **Department of Commerce and Insurance**, the **Department of Social Services**, the **State Treasurer's Office**, **State Technical College of Missouri**, and the **University of Central Missouri** have each 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 in the fiscal note for these agencies.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other colleges and universities were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

This proposal could increase Total State Revenue.

FISCAL IMPACT -
State Government

	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2025)
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**GAMING
 PROCEEDS FOR
 EDUCATION
 FUND (0285)**

Revenue - 90% of
 the 6.25% tax
 imposed on AGR
 p. 10

	<u>\$1,105,765 to</u>	<u>\$1,326,918 to</u>	<u>\$1,326,918 to</u>	<u>\$1,326,918 to</u>
	<u>\$11,850,000</u>	<u>\$14,220,000</u>	<u>\$14,220,000</u>	<u>\$14,220,000</u>

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

	<u><u>\$1,105,765 to</u></u>	<u><u>\$1,326,918 to</u></u>	<u><u>\$1,326,918 to</u></u>	<u><u>\$1,326,918 to</u></u>
	<u><u>\$11,850,000</u></u>	<u><u>\$14,220,000</u></u>	<u><u>\$14,220,000</u></u>	<u><u>\$14,220,000</u></u>

FISCAL IMPACT -
State Government

	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2025)
SPORTS WAGERING FUND				
<u>Revenue - MGC</u>				
§313.1006 Initial Application Fee p. 7	\$130,000	\$0	\$0	\$0
<u>Revenue - MGC</u>				
§313.1022 Certificate Holder Admin Fee p. 7	\$0	\$65,000	\$65,000	\$65,000
<u>Revenue - MGC p. 7</u>				
§313.1022 Certificate Holder Reinvestigation Fee	\$0	\$0	\$0	\$130,000
<u>Revenue - MGC p. 7</u>				
§313.1010 Sports Wagering Platform License App Fee	\$130,000	\$0	\$0	\$0
<u>Revenue - MGC p. 7</u>				
§313.1010 Sports Wagering Platform License Annual Renewal Fee	\$0	\$65,000	\$65,000	\$65,000

<u>FISCAL IMPACT -</u> <u>State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2025)
SPORTS WAGERING FUND (Continued)				
<u>Cost - MGC p. 8</u>				
Personal Services	(\$119,543)	(\$144,887)	(\$146,335)	(\$149,277)
Fringe Benefits	(\$58,900)	(\$71,157)	(\$71,638)	(\$72,615)
Equipment and Expenses	(\$17,739)	(\$11,874)	(\$12,171)	(\$12,786)
Investigators and auditors to license and regulate sports wagering	<u>(\$598,514)</u>	<u>(\$736,172)</u>	<u>(\$754,577)</u>	<u>(\$792,777)</u>
<u>Total Cost - MGC</u>	<u>(\$794,696)</u>	<u>(\$964,090)</u>	<u>(\$984,721)</u>	<u>(\$1,027,455)</u>
FTE Change - MGC	2 FTE	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT TO THE SPORTS WAGERING FUND				
	<u>(\$534,696)</u>	<u>(\$834,090)</u>	<u>(\$854,721)</u>	<u>(\$767,455)</u>
Estimated Net FTE Change to the Sports Wagering Fund	2 FTE	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2025)
GAMING COMMISSION FUND (0286)				
<u>Revenue - MGC</u>				
Royalty of 3/4 of 1% §313.1019 p. 5	\$9,569,836	\$9,569,836	\$9,569,836	\$9,569,836
<u>Cost - MGC</u>				
Payment of royalty revenue to registered sports governing bodies	(\$4,784,918)	(\$4,784,918)	(\$4,784,918)	(\$4,784,918)
<u>Cost - MGC</u>				
Payment of Royalty revenue to selected NCAA colleges	<u>(\$4,784,918)</u>	<u>(\$4,784,918)</u>	<u>(\$4,784,918)</u>	<u>(\$4,784,918)</u>
ESTIMATED NET EFFECT TO THE GAMING COMMISSION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023	Fully Implemented (FY 2025)
 LOCAL HOME DOCKS				
<u>Revenue</u> - 10% of the 6.25% tax imposed on AGR p. 10	<u>\$122,863 to \$1,316,667</u>	<u>\$147,435 to \$1,580,000</u>	<u>\$147,435 to \$1,580,000</u>	<u>\$147,435 to \$1,580,000</u>
 ESTIMATED NET EFFECT TO THE LOCAL HOME DOCKS	 <u>\$122,863 to \$1,316,667</u>	 <u>\$147,435 to \$1,580,000</u>	 <u>\$147,435 to \$1,580,000</u>	 <u>\$147,435 to \$1,580,000</u>

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.

Sports wagering shall only be authorized to be conducted on an excursion gambling boat or over the internet to persons physically located in this state. Such licensed facilities shall apply to the Missouri Gaming Commission for authorization to conduct sports wagering, and shall pay an application fee of \$10,000. If granted a certificate of authority, a certificate holder shall be authorized to conduct sports wagering in a licensed facility, through a limited mobile gaming system, or through an interactive sports wagering platform, as defined in the act. (Section 313.1006)

Certificate holders shall designate an area within the licensed facility for conducting sports wagering. In addition to such designated area, sports wagering may be conducted in a gaming or other betting area of the licensed facility through the use of a limited mobile gaming system, or in a hotel, restaurant or other amenity operated by the certificate holder and subject to the authority of the Commission. (Section 313.1008)

FISCAL DESCRIPTION (continued)

Certificate holders shall ensure that the certificate holder's surveillance system covers all areas in which sports wagering is conducted, allow the Commission to be present through gaming agents during the hours sports wagering is conducted, ensure that individuals under the age of 21 are not making sports wagers, provide certain information to sports wagering patrons, and post a sign indicating the minimum and maximum amounts that may be wagered. (Section 313.1004)

Subject to the approval of the Commission, a certificate holder may contract with a third party to conduct sports wagering at the certificate holder's licensed facility. (Section 313.1008)

An interactive sports wagering platform, as defined in the act, may apply to the Commission for authority to offer sports wagering on behalf of a certificate holder. Such interactive sports wagering platform shall submit an application fee of \$10,000. Each year after licensure, an interactive sports wagering platform shall submit an annual license renewal fee of \$5,000. (Section 313.1010)

The Commission shall promulgate rules for a sports wagering self-exclusion program, as described in the act. The Commission shall also promulgate rules to ensure that advertisements for sports wagering do not target minors or other persons who are ineligible to place wagers, problem gamblers, or other vulnerable persons.

Certificate holders shall not offer proposition wagers on any collegiate athletic or sporting event, or on the individual performance statistics of an athlete in a collegiate athletic or sporting event. (Section 313.1012)

The Commission shall conduct background checks on individuals seeking licenses under the act. Such background checks shall include a search for criminal history and any charges or convictions involving corruption or manipulation of sporting events. Certificate holders shall prohibit certain individuals from placing sports wagers, as described in the act.

A sports governing body may notify the Commission that it desires to restrict, limit, or exclude tier two sports wagers, as defined in the act, on its sporting events, including restrictions on sources of data and associated video upon which an operator may rely in offering and paying wagers. The Commission may deny such request if it determines that it is arbitrary and capricious. Within thirty days of a sports governing body notifying the Commission of its desire to supply official league data to certificate holders for determining the results of tier two wagers, as defined in the act, certificate holders shall only use official league data to determine the results of such wagers.

FISCAL DESCRIPTION (continued)

The Commission and certificate holders shall cooperate with investigations conducted by sports governing bodies, law enforcement agencies, and universities located in this state. (Section 313.1014)

A certificate holder shall maintain records of all bets and wagers placed for at least three years after the sporting event occurs, including personally identifiable information of the bettor, the amount and type of bet, the time the bet was placed, the location of the bet, the outcome of the bet, records of abnormal betting activity, and video camera recordings of in-person wagers. (Section 313.1016)

Within thirty days of the end of each calendar quarter, a certificate holder shall remit to the Commission a royalty fee of 0.75% of the amount wagered on sporting events conducted during the previous calendar quarter by sports governing bodies that have registered with the Commission, as described in the act. No later than April 30 of each year, a registered sports governing body may submit a request for disbursement of funds remitted by certificate holders in the previous calendar year. The Commission shall disburse the funds to the registered sports governing body in pro rata proportion of the total amount wagered on its sporting events. Any unclaimed royalty fees shall be distributed to certificate holders that timely remitted such fees. (Section 313.1019)

Within thirty days of the end of each calendar quarter, a certificate holder shall remit to the Commission a royalty fee of 0.75% of the amount wagered on sporting events involving at least one NCAA Football Bowl Subdivision football team or at least one NCAA Division I basketball team. No later than April 30 of each year, the Commission shall disburse such royalty fees evenly among the public universities in this state that sponsor an NCAA Football Bowl Subdivision football team or NCAA Division I basketball team. The royalty fees received by public universities under this act shall be used solely for athletics compliance. (Section 313.1020)

A tax is imposed at a rate of 6.25% on the adjusted gross receipts received from sports wagering conducted by a certificate holder. Such tax shall be remitted by the last business day of each month. Revenues received from the tax shall be deposited in the Gaming Proceeds for Education Fund.

A certificate holder shall also pay to the Commission an annual administrative fee of \$5,000. In addition to such administrative fee, a certificate holder shall pay to the Commission a fee of \$10,000 every five years for a reinvestigation of the certificate holder. Such fees shall be deposited in the Sports Wagering Fund, which is created by the act, and shall be used to pay the costs incurred by the Commission to administer the provisions of the act. (Section 313.1022)

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 Commerce and Insurance
Department of Mental Health
Department of Public Safety -
 Missouri Gaming Commission
 Missouri State Highway Patrol
Department of Revenue
Department of Social Services
Joint Committee on Administrative Rules
Office of Administration -
 Budget and Planning
Office of Secretary of State
State Treasurer's Office
State Technical College of Missouri
University of Central Missouri



Julie Morff
Director
February 21, 2020



Ross Strobe
Assistant Director
February 21, 2020