

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0437S.01I  
Bill No.: SB 217  
Subject: Gambling  
Type: Original  
Date: February 1, 2021

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Bill Summary: Authorizes sports wagering.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>Fully Implemented (FY 2026)</b>
General Revenue Fund	(\$100,445)	\$0	\$0	\$0
<b>Total Estimated Net Effect on General Revenue</b>	<b>(\$100,445)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>Fully Implemented (FY 2026)</b>
Gaming Proceeds for Education	\$1,507,144 to \$11,873,438	\$1,808,573 to \$14,248,125	\$1,808,573 to \$14,248,125	\$1,808,573 to \$14,248,125
Sports Wagering Fund	\$190,000	\$95,000	\$95,000	\$225,000
Gaming Commission Fund	(\$1,269,618)	(\$1,379,372)	(\$1,405,920)	(\$1,460,806)
Compulsive Gamblers Fund	\$0 to (Less than \$50,000)	\$0 to (Less than \$50,000)	\$0 to (Less than \$50,000)	\$0 to (Less than \$50,000)
Colleges and Universities	(Unknown)	(Unknown)	(Unknown)	(Unknown)
<b>Total Estimated Net Effect on Other State Funds</b>	<b>Less than \$377,526 to \$10,743,820</b>	<b>Less than \$474,201 to \$12,913,753</b>	<b>Less than \$447,653 to \$12,887,205</b>	<b>Less than \$522,767 to \$12,962,319</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>Fully Implemented (FY 2026)</b>
<b>Total Estimated Net Effect on All Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>
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FUND AFFECTED	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2026)
Gaming Commission Fund	4 FTE	4 FTE	4 FTE	4 FTE
<b>Total Estimated Net Effect on FTE</b>	4 FTE	4 FTE	4 FTE	4 FTE

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2026)
<b>Local Government</b>	<b><u>\$200,953 to</u> <u>\$1,583,125</u></b>	<b><u>\$200,953 to</u> <u>\$1,583,125</u></b>	<b><u>\$200,953 to</u> <u>\$1,583,125</u></b>	<b><u>\$200,953 to</u> <u>\$1,583,125</u></b>

**FISCAL ANALYSIS**

## ASSUMPTION

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

### Section 313.1000(1)

MGC assumes this section of the proposal defines “adjusted gross revenue” (AGR) for sports wagering as the total of all cash and cash equivalents received by a sports wagering operator from sports wagering minus the total of all cash and cash equivalents paid out as winnings and uncollectible sports wagering receivables.” This amount is used to calculate the amount of wagering tax imposed by section 313.1022.

### Section 313.1006.2(2)

MGC assumes this section of the proposal imposes an initial application fee for a licensed applicant of \$10,000 to be deposited in the sports wagering fund created pursuant to section 313.1022.

**Oversight** will reflect revenue generated from this fee in the Sports Wagering Fund.

### Section 313.1008.1

**MGC** assumes this section of the proposal requires the MGC to “test new sports wagering devices and new forms, variations, or composite of sports wagering” but does not provide for any funding to the MGC to pay for such testing.

### Section 313.1010.2

**MGC** assumes this section of the proposal imposes an initial application fee for an interactive sports wagering platform license of \$10,000 and an annual license renewal fee of \$5,000 to be deposited in the sports wagering fund created pursuant to section 313.1022. We anticipate a minimum of six interactive sports wagering platform providers to apply for licensure.

**Oversight** will reflect revenue generated from this fee in the Sports Wagering Fund.

### Section 313.1022.1

**MGC** assumes this section of the proposal imposes a wagering tax of 6.25% on the AGR received from sports wagering conducted by a certificate holder. Revenues from this tax are to be deposited in the Gaming Proceeds for Education Fund and distributed as provided by section 313.822.

MGC estimates this proposal would increase sports betting revenue by approximately \$32 million annually. MGC bases this estimate 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 \$32 million. At a wagering tax rate of 6.25% (of AGR), revenues generated

from the tax could be approximately \$2 million (distributed 90/10 between the state and local governments).

MGC annualized the state of Mississippi's Total Revenue from sports betting by taking Mississippi's actual total revenue amounts from November 2018 through October 2020. MGC then determined their sports betting revenue was 1.87% of their total gaming revenue.

This was calculated by taking \$40,085,363 and dividing by \$2,141,840,000 ( $\$40,085,363/\$2,141,840,000=0.0187$ ). MGC assumes Missouri's sports betting revenue would also be 1.87% of our total gaming revenue of \$1,754,470,000 ( $\$1,754,470,000 \times 1.87\% = \$32,808,589$ ). Mississippi sports betting is limited to bets placed in person at the casinos. In making fiscal estimates, MGC assumes that allowing online wagering will significantly increase revenue. Based on the experience in other states, including Pennsylvania and New Jersey, MGC made the assumption that the estimated \$32 million calculated for wagers placed in person at casinos would comprise approximately 30% of the adjusted gross receipts. Therefore, sports betting revenue would be comprised of 70% mobile wagering and 30% retail wagering if the law would allow mobile wagers to be placed ( $(\$32,808,589 \times 70\%)/30\% = \$76,553,374$ = additional revenue).

Note: MGC analysis completed this year is different from last year due to additional data being available.

Total Revenue	\$32,808,589
Less Deductions	<u>\$656,172</u> ( $\$32,808,589 \times 2\%$ per §313.1000)
Adjusted Gross Receipts	\$32,152,417
6.25% AGR tax	\$ 2,009,526

**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 overstated. Oversight does not currently have the resources or ability to produce an independent estimate. Therefore, Oversight will reflect the AGR estimated by MGC.

Per section 313.1000, Adjusted Gross Receipts is calculated by starting with total revenue minus winnings, minus voided wagers and uncollectible receivables. MGC estimated Missouri's total revenue to be \$109,361,963 (shown above). MGC then subtracted an estimated amount (2.0% of total revenue) for uncollectible receivables, as allowed in section 313.1000.

**Oversight** will reflect revenue generated from this tax to the Gaming Proceeds for Education Fund.

Section 313.1022.5(1)

**MGC** assumes this section of the proposal imposes an annual administrative fee of \$5,000 on certificate holders to be paid to the MGC. The funds received shall be deposited in the sports wagering fund created pursuant to section 313.1022.

**Oversight** will reflect revenue generated from this fee in the Sports Wagering Fund.

Section 313.1022.5(2)

**MGC** assumes this section of the proposal requires a certificate holder to also pay a \$10,000 fee to the MGC to cover the costs of a full investigation of the certificate holder in the fifth year after the date on which the certificate holder begins offering sports wagering. This fee is to be paid every five years, thereafter. This fee is in addition to the annual administrative fee required to be paid by Section 313.1022.5(1) and must also be deposited by the MGC in the sports wagering fund created pursuant to section 313.1022.

**Oversight** will reflect revenue generated from this fee in the Sports Wagering Fund.

The **MGC** estimates needing two FTE positions, a Senior Application Developer and a Program Coordinator if this bill passes. These FTEs would result in an additional cost to the MGC of \$190,263 for FY 2022 (including salary, fringe, supplies, equipment, and travel/lodging related to job performance). Anticipated costs for FY 2023 and FY 2024 would be \$221,419 and \$223,575, respectively.

Besides the two FTE positions and additional costs reflected in the fiscal note, MGC also estimates an additional cost of approximately \$808,906 (represents 2.5% of MGC existing budget) each year. \$808,906 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.

<b><u>State Impact - Estimated by MGC</u></b>						
<b>Provision</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>Fund to Deposit</b>
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 <sup>th</sup> year and each 5 <sup>th</sup> year thereafter) 313.1022	\$0	\$0	\$0	\$0	\$130,000	Sports Wagering Fund
Sports Wagering Platform License App Fee (Initially) 313.1010	\$60,000	\$0	\$0	\$0	\$0	Sports Wagering Fund
Sports Wagering Platform License Annual Review Fee (Annual after the first year) 313.1010	\$0	\$30,000	\$30,000	\$30,000	\$30,000	Sports Wagering Fund
<b>Total Fees Collected</b>	<b>\$190,000</b>	<b>\$95,000</b>	<b>\$95,000</b>	<b>\$95,000</b>	<b>\$225,000</b>	<b>Sports Wagering Fund</b>
90% of 6.25% AGR Wagering Tax *	\$1,808,573	\$1,808,573	\$1,808,573	\$1,808,573	\$1,808,573	Gaming Proceeds for Education Fund
<b>Total State Impact</b>	<b>\$1,998,573</b>	<b>\$1,903,573</b>	<b>\$1,903,573</b>	<b>\$1,903,573</b>	<b>\$2,033,573</b>	
<b><u>Local Impact - Estimated by MGC</u></b>						
<b>(10% of 6.25% AGR Wagering Tax)*</b>	<b>\$200,953</b>	<b>\$200,953</b>	<b>\$200,953</b>	<b>\$200,953</b>	<b>\$200,953</b>	<b>Dock Cities/Counties</b>

\*\$32,152,417 AGR / Source MGC

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

Section 313.1021 states that a wagering tax of six and one-quarter 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 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 313.1024 and on each fifth year thereafter. The commission shall deposit the fees received under this subdivision in the Sports Wagering Fund established under this section.

The Department defers to the Gaming Commission for determining the amount of administrative fees that may be collected.

#### 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.*

\$12,637,500-\$15,831,250 (6.25% tax imposed on AGR)  
10% to Dock Cities (Local) - \$1,263,750-\$1,583,125  
90% to Gaming Proceeds for Education Fund- \$11,373,750-\$14,248,125

Administrative Impact

DOR assumes this legislation will result in an increase in the number of payments received. If the increase is significant, the Department will require the following FTE.

1 Associate Customer Service Representative

2022 -\$45,812

2023 -\$45,339

2024 -\$45,680

**Oversight** assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the cost related to an increase in payments received. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

**DOR** also anticipates ITSD will need to create a new sports betting tax collection database.

**Oversight** notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, **ITSD** assumes they will contract out the programming and development cost for this new program. ITSD estimates the project would take 1,057 hours at a contract rate of \$95 for a total cost of **\$100,445** in FY 2022 only. Oversight notes that an average salary for a current IT Specialist within ITSD is approximately \$54,641, which totals roughly \$85,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required from this bill; however, for fiscal note purposes, Oversight will reflect the ITSD estimated cost of \$100,445 in FY 2022.

Officials from the **Office of Administration - Budget and Planning (B&P)** state 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 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** notes that the Missouri Gaming Commission the Department of Revenue and Office of Administration - Budget and Planning has stated the proposal will have a direct fiscal impact on total state revenue.

**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 estimates of the MGC (low) to the DOR’s (high) estimate.

	MGC	DOR (low)	DOR (high)
Sports Betting Adjusted Gross Receipts	\$32,152,417	\$202,200,000	\$253,300,000
6.25% tax (state portion - 90%)	\$1,808,573	\$11,373,750	\$14,248,125
6.25% tax (local portion - 10%)	\$200,953	\$1,263,750	\$1,583,125

Bill as a Whole:

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** state the licensing and background investigation of the potential licensees, employees, suppliers, etc., there would significantly increase to the workload of the current background investigation team. Assuming the level of backgrounds are to the current levels of suppliers, level one employees, key people, etc., and there is at least one company per property, two additional investigators (FTE’s) would be needed to conduct this workload.

The reasoning behind the two (2) FTE, is at minimum there would be one sport bet company (supplier) per property, which would include the necessary background investigations for the supplier as well as separate background investigations for its individual key personnel and possibly, key business entities. This would mean that, again at minimum, this would add 13 (number of riverboat casinos) plus the associated individuals for background investigations.

Also, it appears that each riverboat property could conceivably have as many as three different sport bet suppliers at each property, which would mean potentially 39 new background investigations and renewals and the corresponding separate individual backgrounds as well. The Patrol assumes it wouldn’t be the high number, but, it could reasonably be higher than the low number.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect the cost estimate provided by the MHP to the Gaming Commission Fund.

In response to a similar proposal from this year (SB 18), officials from the **Department of Mental Health (DMH)** assumed 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 FY 20 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. 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 22. If additional advertising is needed, DMH anticipates annual cost for advertising with public service announcements for help with compulsive gambling at \$166,400. Total cost to DMH would be estimated at \$445,850 in FY 22. For FY 23 and beyond the amount would be \$535,020 or more based upon the need for compulsive gambling services.

**Oversight** notes the balance of the Compulsive Gamblers Fund (0249) was \$51,769 on December 31, 2020 and \$3,049 on June 30, 2020. Oversight assumes DMH will only be allowed to spend what is currently in the fund. Therefore, Oversight will reflect a cost of \$0 to Less than \$50,000 to the Compulsive Gamblers Fund.

#### Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office 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 Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office 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 **University of Missouri** state this legislation would have a potential positive fiscal impact by creating additional revenue designated for higher education institutions.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect an unknown fiscal impact to colleges and universities.

**Oversight** notes the **Department of Commerce and Insurance**, the **Department of Social Services**, the **State Treasurer’s Office**, the **Missouri State University** and the **Northwest Missouri State University** 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.**

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024	Fully Implemented (FY 2026)
<b>GENERAL REVENUE FUND</b>				
<u>Cost – DOR Tax collection database p. 9</u>	<u>(\$100,445)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND</b>	<b><u>(\$100,445)</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<b>GAMING PROCEEDS FOR EDUCATION FUND (0285)</b>				
<u>Revenue</u> - 90% of the 6.25% tax imposed on AGR p. 10	<u>\$1,507,144 to \$11,873,438</u>	<u>\$1,808,573 to \$14,248,125</u>	<u>\$1,808,573 to \$14,248,125</u>	<u>\$1,808,573 to \$14,248,125</u>
<b>ESTIMATED NET EFFECT TO THE GAMING PROCEEDS FOR EDUCATION FUND</b>	<b><u>\$1,507,144 to \$11,873,438</u></b>	<b><u>\$1,808,573 to \$14,248,125</u></b>	<b><u>\$1,808,573 to \$14,248,125</u></b>	<b><u>\$1,808,573 to \$14,248,125</u></b>
<b>SPORTS WAGERING FUND</b>				
<u>Revenue</u> - MGC §313.1006 Initial Application Fee p. 7	\$130,000	\$0	\$0	\$0
<u>Revenue</u> - MGC §313.1022 Certificate Holder Admin Fee p. 7	\$0	\$65,000	\$65,000	\$65,000
<u>Revenue</u> - MCG p. 7 §313.1022 Certificate Holder Reinvestigation Fee	\$0	\$0	\$0	\$130,000
<u>Revenue</u> - MGC p. 7 §313.1010 Sports Wagering Platform License App Fee	\$60,000	\$0	\$0	\$0

Revenue - MGC p. 7 §313.1010 Sports Wagering Platform License Annual Renewal Fee	\$0	\$30,000	\$30,000	\$30,000
<b>ESTIMATED NET EFFECT TO THE SPORTS WAGERING FUND</b>	<b><u>\$190,000</u></b>	<b><u>\$95,000</u></b>	<b><u>.\$95,000</u></b>	<b><u>\$225,000</u></b>
<b>GAMING COMMISSION FUND (0286)</b>				
Cost - MGC p. 6				
Personal Services	(\$114,398)	(\$138,651)	(\$140,037)	(\$142,852)
Fringe Benefits	(\$58,509)	(\$70,675)	(\$71,142)	(\$72,093)
Equipment and Expenses	(\$17,056)	(\$12,093)	(\$12,396)	(\$13,022)
Investigators and auditors to license and regulate sports wagering	(\$674,008)	(\$829,129)	(\$849,857)	(\$892,881)
<b>Total Cost - MGC</b>	<b><u>(\$864,351)</u></b>	<b><u>(\$1,050,548)</u></b>	<b><u>(\$1,073,432)</u></b>	<b><u>(\$1,120,848)</u></b>
FTE Change - MGC	2 FTE	2 FTE	2 FTE	2 FTE
Cost - MHP p. 10				
Personal Services	(\$132,640)	(\$160,760)	(\$162,367)	(\$165,631)
Fringe Benefits	(\$117,917)	(\$142,916)	(\$144,344)	(\$147,246)
Equipment and Expenses	(\$154,710)	(\$25,148)	(\$25,777)	(\$27,081)
<b>Total Cost - MHP</b>	<b><u>(\$405,267)</u></b>	<b><u>(\$328,824)</u></b>	<b><u>(\$332,488)</u></b>	<b><u>(\$339,958)</u></b>
FTE Change - MHP	2 FTE	2 FTE	2 FTE	2 FTE
<b>ESTIMATED NET EFFECT TO THE GAMING COMMISSION FUND</b>	<b><u>(\$1,269,618)</u></b>	<b><u>(\$1,379,372)</u></b>	<b><u>(\$1,405,920)</u></b>	<b><u>(\$1,460,806)</u></b>

Estimated Net FTE Change to the Gaming Commission Fund	4 FTE	4 FTE	4 FTE	4 FTE
<b>COMPULSIVE GAMBLERS FUND (0249)</b>				
Cost - DMH Administrative cost for treating additional consumers p. 11	<u>\$0 to (less than \$50,000)</u>	<u>\$0 to (less than \$50,000)</u>	<u>\$0 to (less than \$50,000)</u>	<u>\$0 to (less than \$50,000)</u>
<b>ESTIMATED NET EFFECT TO THE COMPULSIVE GAMBLERS FUND (0249)</b>	<b><u>\$0 to (less than \$50,000)</u></b>	<b><u>\$0 to (less than \$50,000)</u></b>	<b><u>\$0 to (less than \$50,000)</u></b>	<b><u>\$0 to (less than \$50,000)</u></b>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024	Fully Implemented (FY 2025)
<b>LOCAL HOME DOCKS</b>				
Revenue - 10% of the 6.25% tax imposed on AGR p. 7	<u>\$200,953 to \$1,583,125</u>	<u>\$200,953 to \$1,583,125</u>	<u>\$200,953 to \$1,583,125</u>	<u>\$200,953 to \$1,583,125</u>
<b>ESTIMATED NET EFFECT TO THE LOCAL HOME DOCKS</b>	<b><u>\$200,953 to \$1,583,125</u></b>	<b><u>\$200,953 to \$1,583,125</u></b>	<b><u>\$200,953 to \$1,583,125</u></b>	<b><u>\$200,953 to \$1,583,125</u></b>

FISCAL IMPACT – Small Business

Small business that participate in sports wagering may be positively impacted.

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)

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.

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)

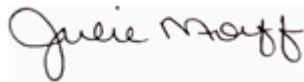
A tax is imposed at a rate of 6.25% on the adjusted gross receipts received from sports wagering conducted by a certificate holder. Such tax shall be remitted by the last business day of each month. Revenues received from the tax shall be deposited in the Gaming Proceeds for Education Fund.

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

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



Julie Morff  
Director  
February 1, 2021



Ross Strobe  
Assistant Director  
February 1, 2021