

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2139S.01I
Bill No.: SB 467
Subject: Gambling
Type: Original
Date: March 22, 2021

Bill Summary: This proposal creates provisions relating to wagering on peer-to- peer fantasy sports.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Gaming Proceeds for Education	\$400,000 to \$700,000	\$400,000 to \$700,000	\$400,000 to \$700,000
Compulsive Gamblers Fund (0249)	\$0 or (Unknown)	\$0 or (Unknown)	\$0 or (Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	Less than \$400,000 to \$700,000	Less than \$400,000 to \$700,000	Less than \$400,000 to \$700,000

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Section 313.915.3(2) – Peer-to-Peer Fantasy Sports

Officials from the **Missouri Gaming Commission (MGC)** state this legislation will increase the amount of fees collected by operators and taxes paid to the state. This legislation requires the licensed operator to accept and place wagers on peer-to-peer fantasy sports contests into the same segregated accounts as its other fantasy sports wagers. Those wagers are used to calculate the operator's net revenue and ultimate annual operation fee for the next calendar year. Adding another form of wager that will allowed to be accepted by the operators in section 313.915.3 will likely have a positive impact on the amount of revenue, and, thus, fees and taxes collected by the MGC and the state.

Based on the proposed legislation and our projection that the peer-to-peer wagering is limited to Fantasy Sports Contest Operators, MGC anticipates the amount of annual operations fee (taxed 6%) will increase the funds for the Proceeds for Education in a range of \$400,000 to \$700,000 per year. This estimate is based on the Annual Operations Fees from the previous two fiscal years.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the fiscal impact as estimated by the MGC.

Officials from the **Office of Administration - Budget and Planning (B&P)** state this proposal will increase TSR, and impact the calculation pursuant to Article X, Section 18(e), by increasing the revenues generated from entry fees to fantasy sport contests by expanding the definition to include peer-to-peer fantasy sports contests. B&P defers to the MGC for an estimate of increased revenues.

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 FY 19 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 current balance of the Compulsive Gamblers Fund (0249) is \$37,500 (February 2021) and was \$3,049 on June 30, 2020. Oversight notes this legislation does not allocate any revenues to the Compulsive Gamblers Fund. Oversight assumes DMH will only be allowed to spend what is currently in the fund on mental health services. Therefore, Oversight will reflect a "\$0 or (Unknown)" cost to the Compulsive Gamblers Fund as a result of this proposal.

Officials from the **Missouri State University** assume this legislation will result in a potential positive fiscal impact.

Oversight assumes the amount of annual operations fee (taxed 6%) will increase the funds for the Gaming Proceeds for Education Fund (0285) and will not reflect an increase in revenue to colleges and universities.

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, they 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, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Revenue**, the **Department of Public Safety - Missouri Highway Patrol**, the **Northwest Missouri State University**, the **State Technical College of**

Missouri and the **University of Central Missouri** each assume the proposal will have no 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.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
GAMING PROCEEDS FOR EDUCATION FUND (0285)			
<u>Revenue – MGC Annual Operations Fee (taxed 6%)</u>	<u>\$400,000 to \$700,000</u>	<u>\$400,000 to \$700,000</u>	<u>\$400,000 to \$700,000</u>
ESTIMATED NET EFFECT TO THE GAMING PROCEEDS FOR EDUCATION FUND (0285)	<u>\$400,000 to \$700,000</u>	<u>\$400,000 to \$700,000</u>	<u>\$400,000 to \$700,000</u>
COMPULSIVE GAMBLERS FUND (0249)			
<u>Cost - DMH Administrative cost for treating additional consumers</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>
ESTIMATED NET EFFECT ON THE COMPULSIVE GAMBLERS FUND	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>	<u>\$0 or (Unknown)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Some of the licensed daily fantasy sports operators that may be affected by this bill are considered small businesses.

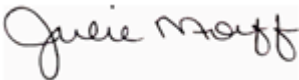
FISCAL DESCRIPTION

This act allows a player registered to participate in fantasy sports contests to make a wager with one or more such players based on the outcome of a fantasy sports contest, which may include winning outcomes based on the score, point spread, the performance of teams or athletes, or on in-game outcomes, as defined in the act. Fantasy sports licensed operators shall ensure that such wagers comply with any limits placed on such wagers by the licensed operator. Wagers shall be remitted with the entry fee in advance of the contest or in-game outcome, as applicable, and wagers shall be kept segregated from player funds and operational funds. A licensed operator shall deposit winning wagers into a registered player's account in the same manner as other prizes are deposited under current law.

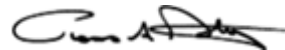
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration - Budget and Planning
Department of Mental Health
Department of Revenue
Department of Public Safety - Missouri Gaming Commission
Department of Public Safety – Missouri Highway Patrol
Office of the Secretary of State
Joint Committee on Administrative Rules
Missouri State University
Northwest Missouri State University
State Technical College of Missouri
University of Central Missouri



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March 22, 2021



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