

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0064S.01I
Bill No.: SB 30
Subject: Gambling
Type: Original
Date: February 17, 2023

Bill Summary: This proposal authorizes sports wagering.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2024	FY 2025	FY 2026	Fully Implemented (FY 2027)
General Revenue Fund	(\$100,445)	\$0	\$0	\$0
Total Estimated Net Effect on General Revenue	(\$100,445)	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2024	FY 2025	FY 2026	Fully Implemented (FY 2027)
Gaming Commission Fund (0286)	(\$61,814)	(\$865,552)	(\$872,161)	(Could exceed \$742,161)
Gaming Proceeds for Education Fund (0285)	\$6,375,674 to \$22,297,000	\$19,493,817 to \$22,297,000	\$22,297,000 to \$27,548,437	\$22,297,000 to \$29,932,554
Compulsive Gamblers Fund (0249)	\$154,637	\$85,565	\$85,565	\$85,565
Highway Fund (0644)	Unknown	Unknown	Unknown	Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	Could exceed \$6,468,497 to \$22,389,823	Could exceed \$18,713,830 to \$21,517,013	Could exceed \$21,510,404 to \$26,761,841	Could Exceed \$21,640,404 to \$29,275,958

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2024	FY 2025	FY 2026	Fully Implemented (FY 2027)
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 2024	FY 2025	FY 2026	Fully Implemented (FY 2027)
Gaming Commission Fund – MGC	15 FTE	15 FTE	15 FTE	15 FTE
Gaming Commission Fund - MHP	2 FTE	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	17 FTE	17 FTE	17 FTE	17 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 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 2024	FY 2025	FY 2026	Fully Implemented (FY 2027)
Local Government	\$763,964 to \$2,533,000	\$2,221,535 to \$2,533,000	\$2,533,000 to \$3,116,493	\$2,533,000 to \$3,381,395

FISCAL ANALYSIS

ASSUMPTION

§§ 313.800 - 313.1022 - Sports Wagering

Officials from the **Missouri Gaming Commission** assume the following:

Section 313.813

MGC assumes this section permits the Missouri Gaming Commission to promulgate rules allowing a person to voluntarily exclude themselves from a licensed facility or platform regulated under Sections 313.1000 to 313.1022, RSMo. Requires a person that has self-excluded and has placed a wager under Section 313.1000 to 313.1022, RSMo, to forfeit his or her winnings, which shall be deposited to the Compulsive Gamblers Fund.

Section 313.842

MGC states this section requires programs that provide treatment, prevention, recover, and education services for compulsive gambling to be established. This section adds that funding for such programs may be from funds appropriated by the General Assembly and requires the Missouri Gaming Commission to administer programs that educate the public about compulsive gambling and to promote treatment programs.

It requires the Missouri Gaming Commission, beginning January 1, 2024, to conduct a socioeconomic study on the impact of gaming every 5 years and to submit the results of the study to the Governor, the President Pro Tempore of the Senate and the Speaker of the House of Representatives. Requires the Gaming Commission to also make the results readily available to the public.

Section 313.1006

MGC states this section requires a prospective sports wagering operator to submit an application (on forms proscribed by the Gaming Commission) to the Gaming Commission, pay an initial application fee of up to \$100,000 (deposited into the gaming commission fund), and submit a responsible gambling plan that shall include: a) annual staff training regarding the practice of responsible gambling and identifying compulsive or problem gamblers; b) policies and strategies for handling situations in which players indicate they are in distress or experiencing a problem; and c) policies and strategies to address third-party concerns about players' gambling behavior. Upon receipt of the application and fee, requires the Gaming Commission to issue a certificate of authority to the applicant to conduct sports wagering.

Oversight will reflect revenue generated from this fee in the Gaming Commission Fund.

Section 313.1008.3

MGC assumes this section permits each designated sports district mobile licensee to offer sports wagering through one interactive sports wagering platform, but the licensee must be licensed by the Gaming Commission as an interactive sports wagering platform operator.

MGC assumes the Sports District Mobile Licensee application fee of \$150,000. (Sports District Mobile Licensee will be licensed as an Interactive Sports Wagering Platform Operator, which is required to pay \$150,000 application fee under Section 313.1010, RSMo. MGC assumes this fee will be deposited into the Gaming Commission Fund, however, the legislation is not clear on what fund this will be deposited into.

For fiscal note purposes, **Oversight** will reflect revenue generated from this fee in the Gaming Commission Fund.

Section 313.1010

MGC assumes this section requires an interactive sports wagering platform operator that offers sports wagering on behalf of a licensed facility to be licensed and have a contract with the licensed facility. Requires a prospective interactive sports wagering platform operator to submit an application to the Gaming Commission, pay an initial application fee of up to \$150,000, and submit a responsible gambling plan that shall include: a) annual staff training regarding the practice of responsible gambling and identifying compulsive or problem gamblers; b) policies and strategies for handling situations in which players indicate they are in distress or experiencing a problem; and c) policies and strategies to address third-party concerns about players' gambling behavior.. Requires a licensed interactive sports wagering platform operator to pay an annual renewal fee of up to \$125,000, which is to be deposited into the gaming commission fund. Makes an application relating to sports wagering and all related submitted materials confidential.

Oversight will reflect revenue generated from these fees to the Gaming Commission Fund.

Section 313.1021

MGC assumes the following in this section:

.1 - Imposes a 10% wagering tax on a sports wagering operator's adjusted gross receipts received from sports wagering. If an interactive sports wagering platform operator is contracted to conduct sports wagering either at a licensed facility (that is an excursion gambling boat) or through an interactive sports wagering platform, then it may pay the imposed 10% tax.

.2 - Requires the imposed 10% tax to be paid no later than one day prior to the last business day of the month following the month in which the taxes were generated. If a month where the sports wagering operator's adjusted gross receipts was negative, the operator is permitted to carry over the negative amount for a period of 12 months.

.3 - Requires the imposed tax be paid to the Department of Revenue by an electronic funds transfer by an automated clearing house.

.4 - Requires that the received tax be deposited into the State Treasury to the credit of “Gaming Proceeds for Education Fund.”

.5 - Imposes an annual renewal fee of up to \$50,000 to be paid by a licensed facility that is an excursion gambling boat, which is to be paid on the anniversary date of issuance of the license and on each anniversary date thereafter. The received fees are required to be paid into the gaming commission fund. Requires a certificate holder to also pay a \$10,000 reinvestigation fee every 4 years, which such fee is required to be paid into the gaming commission fund.

.6 - Requires \$500,000 be appropriated from the gaming commission fund and credited annually to the compulsive gamblers fund. The General Assembly, when considering the amount of funds to appropriate to the compulsive gamblers fund, shall consider the findings and recommendations contained in the research report required by Section 313.842.2, RSMo, for increased funding in excess of the \$500,000.

MGC assumes this legislation authorizes which authorizes retail (in-person) and online sports wagering, the Missouri Gaming Commission estimates a total of 24 applicants for sports wagering licenses, to include the 13 current excursion gambling boats, 8 sportsbook providers that would offer the interactive platforms for sports wagering, and 3 sports district mobile licensees. Based on the aforementioned assumption, the Missouri Gaming Commission estimates collecting the following fee amounts to be paid into the Gaming Commission Fund: \$2,950,000 for the first year, \$2,025,000 for the second year, \$2,025,000 for the third year, and \$2,155,000 for the fourth year.

In calculating tax revenue estimates, the Missouri Gaming Commission used the sports wagering data from a comparable state, specifically Indiana, due it having similar population, number of casinos, geographical proximity and other demographics as Missouri.

Indiana’s total adjusted receipts from sports wagering, which includes both retail (in-person) and online, was:

FY 2020- \$84,969,839
FY 2021 \$240,503,973
FY 2022 \$328,639,984

Assuming that the total adjusted gross receipts for sports wagering in Missouri will be comparable to that of Indiana, the Gaming Commission estimates that total adjusted gross receipts for sports wagering in Missouri will be:

FY 2024 - \$76,396,382
FY 2025 - \$222,153,520

FY 2026 - \$311,649,297
FY 2027 - \$338,139,487

(* Fourth year estimate is based on 8.5% growth from the previous year per a study completed by Eilers & Krejcik)

In determining the aforementioned estimates, a .25% deduction for excise tax and a 9.84% deduction for promotional wagering were made to Indiana's total adjusted gross receipts from sports wagering due to the bill's (HB 556) definition of adjusted gross receipts including such deductions for the first year of sports wagering, whereas Indiana's definition does not. Additionally, the 9.84% deduction for promotional wagering has been adjusted so that the deduction is decreased by 25% each year as required by the new Section 313.1000.1(1)(a)d, RSMo. In other words, there is a 100% (9.84%) deduction of promotional wagering for the first year, a 75% (7.38%) deduction for the second year, a 50% (4.92%) for the third year, a 25% (2.46%) for the fourth year, and no deduction (0%) for the fifth year and any subsequent years. Furthermore, the bill's (HB 556) definition of adjusted gross receipts includes deducting voided or cancelled wagers and uncollectible receivables, but such deduction was not made in determining the aforementioned tax revenue estimates, because Indiana's adjusted gross receipts already include a 2% deduction for such, which the Missouri Gaming Commission estimates will be a similar amount in Missouri. Thus, using the total adjusted gross receipts for sports wagering in Missouri estimates, the Missouri Gaming Commission estimates that the revenue from the Gaming Tax (10% of Adjusted Gross Receipts) on sports wagering will be \$7,639,638.22 for the first year (\$6,875,674.40 to the State of Missouri and \$763,963.82) to the Home Dock Cities or Counties), \$22,215,351.99 for the second year (\$19,993,816.79 to the State of Missouri and \$2,221,535.20 to the Home Dock Cities or Counties), \$31,164,929.68 for the third year (\$28,048,436.71 to the State of Missouri and \$3,116,492.97 to the Home Dock Cities or Counties), and \$33,813,948.71 for the fourth year (\$30,432,553.84 to the State of Missouri and \$3,381,394.87 to the Home Dock Cities or Counties),

As a note, if promotional wagering and excise tax were not permitted deductions, then the Gaming Commission estimates that the total adjusted gross receipts for sports wagering would be \$84,969,839 for the first year, \$240,503,973 for the second year, \$328,639,984 for the third year, and \$356,574,383 for the fourth year, which would result in revenue from gaming tax on sports wagering being \$8,496,983.90 for the first year (\$7,647,285.51 to the State of Missouri and \$849,698.39 to the Home Dock Cities or Counties), \$24,050,397.30 for the second year (\$21,645,357.57 to the State of Missouri and \$2,405,039.73 to the Home Dock Cities or Counties), \$32,863,998.40 for the third year (\$29,577,598.56 to the State of Missouri and \$3,286,399.84 to the Home Dock Cities or Counties), and \$35,657,438 for the fourth year (\$32,091,694 to the State of Missouri and \$3,565,744 to the Home Dock Cities or Counties). The total loss of tax revenue due to the aforementioned deductions would be \$857,345.68 for the first year, \$1,835,045.31 for the second year, \$1,699,068.72 for the third year, and \$1,843,489 for the fourth year.

Oversight will reflect revenue generated from the 10% wagering tax into the Gaming Proceeds for Education Fund. (A summarized table has been provided below). Oversight will also reflect revenue generated from the renewal fee and the reinvestigation fee into the Gaming Commission Fund. Also, Oversight will reflect a transfer from the Gaming Commission Fund into the Compulsive Gamblers Fund of \$500,000.

<u>State Impact - Estimated by MGC</u>							
Provision		Fee Amount	FY24	FY25	FY26	FY28	Fund to Deposit
§313.1006(2) Certificate of Authority Application Fee (Initially) - Casino	13	\$100,000	\$1,300,000	\$0	\$0	\$0	Gaming Commission Fund
§313.1008.3 Sports District Mobile Licensee Application Fee	3	\$150,000	\$450,000	\$0	\$0	\$0	Gaming Commission Fund
§313.1010.2(2) Sports Wagering Platform License Application Fee (Initially)-Sportsbook Provider	8	\$150,000	\$1,200,000	\$0	\$0	\$0	Gaming Commission Fund
§313.1010.3 Sports Wagering Platform License Annual Renewal Fee-Sportsbook provider	8	\$125,000	\$0	\$1,000,000	\$1,000,000	\$1,000,000	Gaming Commission Fund
§313.1010.3 Sports District Mobile Licensee Annual Renewal Fee	3	\$125,000	\$0	\$375,000	\$375,000	\$375,000	Gaming Commission Fund
§313.1021.1.5.(1) Certificate Holder Administration Fee (Annual after the first year)	13	\$50,000	\$0	\$650,000	\$650,000	\$650,000	Gaming Commission Fund
§313.1021.5.(2) Certificate Holder Reinvestigation Fee (in the 4th year after sports wagering commenced and each 4th year thereafter)- Casino-	13	\$10,000	\$0	\$0	\$0	\$130,000	Gaming Commission Fund
Total Fees Collected			\$2,950,000	\$2,025,000	\$2,025,000	\$2,155,000	Gaming Commission
Wagering Tax (90%)* (§313.1021.1)			\$6,875,674	\$19,993,817	\$28,048,437	\$30,432,554	Gaming for Education
Total State Impact			\$9,825,674	\$22,018,817	\$30,073,437	\$32,587,554	
<u>Local Impact - Estimated by MGC</u>							
Wagering Tax (10%)* (§313.1021.1)			\$763,964	\$2,221,535	\$3,116,493	\$3,381,395	Dock Cities/Counties

*10% of AGR - FY24 AGR= \$76,396,382, FY25 AGR = \$222,153,520, FY26 AGR = \$311,649,297, FY27 AGR = \$338,139,487

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

Section 313.1021 requires a wagering tax of ten percent (10%) to be 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.

The certificate holder is required to remit the tax imposed to DOR by the close of business day one day prior to the last business day of the month. So as an example if this bill was effective January 1, 2022, then the first payment would be due January 28, 2022 and would need to cover all receipts from January 1-January 28. Currently, the excursion gaming boats send daily deposits to DOR; however, this could cause problems for a third party administrator meeting the deadlines. The Department notes if a third party is involved the Department would need to be notified so they would know who is responsible for the payment. These provisions are not expected to fiscally impact the Department.

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. DOR notes this would require the DOR to distribute the funds with 10% to the home dock city and the other 90% to the gaming proceeds for education fund. Since they currently receive their funding this way and use this distribution system they believe this would not have any additional fiscal impact.

This proposed section states that a certificate holder shall pay to the commission an annual administrative fee of up to fifty thousand dollars (\$50,000). 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 gaming commission fund.

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 (\$10,000) 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 gaming commission fund.

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

Methodology used by DOR

Using the Oxford Economics report titled “Economic Impact of Legalized Sports Betting,” the Department believes TSR will increase an estimated \$20.2– \$25.3 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 Department 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 Department 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)

\$20,200,000-\$25,330,000 (10% tax imposed on AGR)

Breakout of the 10% per Section 313.822 RSMo.

10% to Dock Cities (Local) – \$2,022,000-2,533,000

90% to Gaming Proceeds for Education Fund- \$18,198,000-\$22,797,000

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

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. (MGC estimates 13 certificates of authority and eight wagering platforms. If each reports monthly there would be 252 additional returns each year.) 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 2024 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 2024.

Oversight notes that the Missouri Gaming Commission and the Department of Revenue have 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 or 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.

FY		MGC	DOR (low)	DOR (high)
2024	Sports Betting AGR	\$76,396,382	\$202,200,000	\$253,300,000
	10% tax on AGR (state portion - 90%)	\$6,875,674	\$18,198,000	\$22,797,000
	10% tax on AGR (local portion - 10%)	\$763,964	\$2,022,000	\$2,533,000
2025	Sports Betting AGR	\$222,153,520	\$202,200,000	\$253,300,000
	10% tax on AGR (state portion - 90%)	\$19,993,817	\$18,198,000	\$22,797,000
	10% tax on AGR (local portion - 10%)	\$2,221,535	\$2,022,000	\$2,533,000
2026	Sports Betting AGR	\$311,649,297	\$202,200,000	\$253,300,000
	10% tax on AGR (state portion - 90%)	\$28,048,437	\$18,198,000	\$22,797,000
	10% tax on AGR (local portion - 10%)	\$3,116,493	\$2,022,000	\$2,533,000
2027	Sports Betting AGR	\$338,139,487	\$202,200,000	\$253,300,000
	10% tax on AGR (state portion - 90%)	\$30,432,554	\$18,198,000	\$22,797,000
	10% tax on AGR (local portion - 10%)	\$3,381,395	\$2,022,000	\$2,533,000

Bill as a Whole

Officials from the **Missouri Gaming Commission** estimate needing fifteen (15) FTE positions, which would result in an initial cost to the Missouri Gaming Commission of \$1,704,296.41 (including salary, fringe, supplies, equipment, and travel/lodging related to job performance of those additional employees), plus an additional \$870,444.80, which represents 2.5% of the Missouri Gaming Commission's existing budget each year (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) for a total of \$2,574,741.21. Additional costs included in this estimate may also encompass those associated with the development and implementation of responsible gambling programs and consumer education campaigns. The total annual ongoing personnel cost, after the first year, is estimated to be \$2,515,465.91. Based on the application, renewal and annual administrative fees for the certificate holders and the interactive sports wagering platform providers, the total amount of fees collected will be insufficient to cover the Missouri Gaming Commission's costs to license and regulate sports wagering.

Additionally, for the report required by Section 313.842, RSMo, the Gaming Commission anticipates needing to contract with a third party to prepare the report due to the Gaming Commission lacking personnel with the necessary expertise to generate such a report. The Gaming Commission anticipates that the cost of the report will be \$500,000.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated FTE to the Gaming Commission Fund.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** the patrol is tasked with enforcing gaming regulations at Missouri's thirteen (13) casinos. This proposed legislation would add sports wagering to the existing casinos and the regulation of that activity. The Patrol anticipates the need for two (2) additional FTE for background investigations and subsequent renewals for sports wagering vendors. The one time and on-going expenses would include salary, fringe, vehicles, gasoline, and related equipment. These expense and equipment costs are shown in the "Other Costs or Savings" section as it allows the Patrol to differentiate between the one time and on-going costs for the two (2) FTE.

In addition to the expense indicated for the two (2) FTE that will be transferring from Highway funded positions, it is assumed there will be an unknown savings to the Highway Fund (0644), as those two tenured troopers would be replaced with Highway funded probationary troopers.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated FTE to the Gaming Commission Fund as well as an Unknown savings to the Highway Fund.

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 FY22 DMH served approximately 51 consumers through compulsive gambling (CG) treatment services with an average cost of \$1,595 per consumer for a total of \$81,345.

If the number of consumers served triples, DMH estimates treatment for 153 consumers with an average cost of \$1,595 per treatment episode for a total treatment cost of \$244,035. Currently, DMH has ten 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 24. 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 \$345,363 in FY 24. For FY 25 and beyond the amount would be \$414,435 or more based upon the need for compulsive gambling services.

Oversight notes section 313.1021.6 requires \$500,000 be appropriated from the Gaming Commission Fund and credited annually to the compulsive gamblers fund.

The balance of the Compulsive Gamblers Fund (0249) was \$114,068 on December 31, 2022 and \$28,472 on June 30, 2022.

Oversight will reflect the estimated cost provided by DMH and will also reflect the transfers of monies as required by section 313.1021.6.

In response to similar proposals from last year, officials from the **Office of Administration - Budget and Planning** deferred to the Missouri Gaming Commission for the potential fiscal impact of this proposal.

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 their office can sustain with their 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 Elementary and Secondary Education**, the **Department of Higher Education and Workforce Development**, the **Missouri Lottery Commission** and the **Office of the State Public Defender** assume the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

In response to a similar proposal from this year (SB 1), officials from the **Office of the State Courts Administrator** assumed the proposal will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for OSCA.

Oversight only reflects the responses received from state agencies and political subdivisions; however, other colleges and universities were requested to respond to this proposed legislation but did not. A listing of political subdivisions included in the Missouri Legislative Information System (MOLIS) database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
GENERAL REVENUE FUND				
<u>Cost – DOR</u> Tax collection database p. 9-10	<u>(\$100,445)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE GENERAL REVENUE FUND	<u>(\$100,445)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

GAMING COMMISSION FUND (0286)				
<u>Revenue - MGC p. 8</u> Annual and Renewal Fees	\$2,950,000	\$2,025,000	\$2,025,000	\$2,155,000
<u>Cost – FTE MGC p. 11-12</u>				
Personal Services	(\$909,269)	(\$909,269)	(\$909,269)	(\$909,269)
Fringe Benefits	(\$565,491)	(\$565,491)	(\$565,491)	(\$565,491)
Equipment and Expenses	(\$229,536)	(\$171,260)	(\$171,260)	(\$171,260)
Other Cost	(\$870,445)	(\$870,445)	(\$870,445)	(\$870,445)
<u>Total Cost – MGC</u>	<u>(\$2,574,741)</u>	<u>(\$2,516,465)</u>	<u>(\$2,516,465)</u>	<u>(\$2,516,465)</u>
FTE Change – MGC	15 FTE	15 FTE	15 FTE	15 FTE
<u>Cost – FTE MHP p. 11</u>				Could exceed...
Personal Services	(\$142,800)	(\$174,787)	(\$178,283)	(\$178,283)
Fringe Benefits	(\$127,163)	(\$155,648)	(\$158,761)	(\$158,761)
Other Cost	(\$167,110)	(\$43,652)	(\$43,652)	(\$43,652)
<u>Total Cost – MHP</u>	<u>(\$437,073)</u>	<u>(\$374,087)</u>	<u>(\$380,696)</u>	<u>(\$380,696)</u>
FTE Change – MHP	2 FTE	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT TO THE GAMING COMMISSION FUND	<u>(\$61,814)</u>	<u>(\$865,552)</u>	<u>(\$872,161)</u>	<u>(Could exceed \$742,161)</u>
Estimated Net FTE Change to the Gaming Commission Fund	17 FTE	17 FTE	17 FTE	17 FTE
GAMING PROCEEDS FOR EDUCATION FUND (0285)				
<u>Revenue - 90% of the 10% Wagering Tax §313.1021 p. 11</u>	\$6,875,674 to \$22,797,000	\$19,993,817 to \$22,797,000	\$22,797,000 to \$28,048,437	\$22,797,000 to \$30,432,554

<u>Transfer Out</u> – to Compulsive Gamblers Fund p. 12-13 §313.1021.6	<u>(\$500,000)</u>	<u>(\$500,000)</u>	<u>(\$500,000)</u>	<u>(\$500,000)</u>
ESTIMATED NET EFFECT TO THE GAMING PROCEEDS FOR EDUCATION FUND	<u>\$6,375,674 to \$22,297,000</u>	<u>\$19,493,817 to \$22,297,000</u>	<u>\$22,297,000 \$27,548,437</u>	<u>\$22,297,000 to \$29,932,554</u>
HIGHWAY FUND (0644)				
<u>Savings</u> – MHP p. 11 Tenured troopers replacement	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO THE HIGHWAY FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
COMPULSIVE GAMBLERS FUND (0249)				
<u>Transfer In</u> – from Gaming Proceeds for Education Fund p. 12-13 §313.1021.6	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>	<u>\$500,000</u>
<u>Cost</u> – DMH p. 19-20 Administrative cost for treating additional consumers p. 12-13 §313.1021.6	<u>(\$345,363)</u>	<u>(\$414,435)</u>	<u>(\$414,435)</u>	<u>(\$414,435)</u>
ESTIMATED NET EFFECT TO THE COMPULSIVE GAMBLERS FUND	<u>\$154,637</u>	<u>\$85,565</u>	<u>\$85,565</u>	<u>\$85,565</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2024 (10 Mo.)	FY 2025	FY 2026	Fully Implemented (FY 2027)
LOCAL HOME DOCKS				
<u>Revenue - Home Dock City or County 10% of the 10% Wagering Tax §313.1021 p. 11</u>	<u>\$763,964 to \$2,533,000</u>	<u>\$2,221,535 to \$2,533,000</u>	<u>\$2,533,000 to \$3,116,493</u>	<u>\$2,533,000 to \$3,381,395</u>
ESTIMATED NET EFFECT TO THE LOCAL HOME DOCKS	<u>\$763,964 to \$2,533,000</u>	<u>\$2,221,535 to \$2,533,000</u>	<u>\$2,533,000 to \$3,116,493</u>	<u>\$2,533,000 to \$3,381,395</u>

FISCAL IMPACT – Small Business

This legislation could have an impact on small businesses that sell sports lottery games.

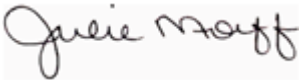
FISCAL DESCRIPTION

This proposal modifies provisions relating to sports wagering.

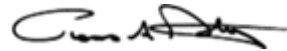
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Mental Health
Department of Corrections
Department of Revenue
Department of Public Safety
 Missouri Gaming Commission
 Missouri Highway Patrol
Office of the Secretary of State
Office of the State Public Defender
Office of the State Treasurer
Joint Committee on Administrative Rules
Lottery Commission
Office of Administration
 Budget and Planning
Office of the State Courts Administrator
Missouri Office of Prosecution Services



Julie Morff
Director
February 17, 2023



Ross Strobe
Assistant Director
February 17, 2023