

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1971-01
Bill No.: SB 475
Subject: Gambling; Education, Elementary and Secondary; Taxation.
Type: Original
Date: March 6, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$76,250,400)	(\$116,747,400)	(\$158,888,800)
Year 2000 Classroom	\$0	\$0	\$0
State School Money	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	(\$76,250,400)	(\$116,747,400)	(\$158,888,800)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$76,250,400	\$116,747,400	\$158,888,800

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Treasurer's Office** and the **Missouri Gaming Commission** assume this proposal will not fiscally impact their respective agencies.

Officials from **Department of Elementary and Secondary Education (DESE)** assume the following:

Gaming proceeds for education

Gaming proceeds for education amounts used in this fiscal note response begin with the FY 2002 budget request. A 3% per year growth factor in this amount is assumed for FY 2003 and FY 2004.

FY 2002	\$157,214,081	-- 20% will go to Year 2000 Classroom Fund = \$31,442,816
FY 2003	\$161,930,503	-- 40% will go to Year 2000 Classroom Fund = \$64,772,201
FY 2004	\$166,788,418	-- 60% will go to Year 2000 Classroom Fund = \$100,073,051

GR Impact

Funds diverted from the State School Moneys Fund (SSMF) to the Classroom Fund will be replaced by an equal transfer from the General Fund into the SSMF.

IT Impact

Minimal programming costs will be incurred to alter the existing school finance system. These costs are estimated to be \$1,000 to \$2,000 (\$1,500 mid-point selected).

DESE officials assume there would be a net increase in moneys going out to school districts of \$31,442,816 in FY 2002; \$64,772,201 in FY 2003; and \$100,073,051 in FY 2004. These moneys could be used by districts for school construction, renovation or leasing; teacher recruitment, retention, salaries or professional development; or technology enhancements, textbooks or instructional materials.

Officials from the **Office of Administration - Budget and Planning (BAP)** assume the following distribution to the Year 2000 Classroom Fund. BAP assumes the proposal requires 20% of the School District Bond Fund to be transferred to the Year 2000 Classroom Fund for FY 2001, however, the effective date of this proposal would be after the date this transfer would occur, therefore, BAP assumed there would be no 20% transfer in FY 2001, and started with a 40% transfer in FY 2002.

ASSUMPTION (continued)

	FY 2002	FY 2003	FY 2004
Estimated Gaming Proceeds for Education Fund revenue	197,626,000	201,579,000	205,611,000
Minus School District Bond Fund transfer	(7,000,000)	(7,000,000)	(7,000,000)
Net available to State School Money Fund	190,626,000	194,579,000	198,611,000
Allocation percentages:			
Percent to State School Money Fund	60%	40%	20%
Percent to Year 2000 Classroom Fund	40%	60%	80%
Distributions:			
State School Money Fund	114,375,600	77,831,600	39,722,200
Year 2000 Classroom Fund	76,250,400	116,747,400	158,888,800
General Revenue would pick-up	76,250,400	116,747,400	158,888,800

Oversight assumes since the proposal does not contain an emergency clause, it would not fiscally impact FY 2001, and would start with the 40% transfer as stated in the proposal for FY 2002. Oversight also assumes the General Revenue Fund would make up for the amount being transferred from the State School Money Fund to the Year 2000 Classroom Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
	(10 Mo.)		

GENERAL REVENUE FUND

Costs - Department of Elementary and Secondary Education (DESE)

Transfer to the SSMF	(\$76,250,400)	(\$116,747,400)	(\$158,888,800)
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YEAR 2000 CLASSROOM FUND

Income - DESE

Transfer from Gaming Proceeds for Education Fund	\$76,250,400	\$116,747,400	\$158,888,800
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Costs - DESE

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
Distributions to School Districts	<u>(\$76,250,400)</u>	<u>(\$116,747,400)</u>	<u>(\$158,888,800)</u>
ESTIMATED NET EFFECT ON YEAR 2000 CLASSROOM FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

STATE SCHOOL MONEYS FUND

<u>Loss</u> - reduction in transfer from Gaming Proceeds for Education Fund	(\$76,250,400)	(\$116,747,400)	(\$158,888,800)
<u>Income</u> - Replacement transfer in from General Revenue Fund	<u>\$76,250,400</u>	<u>\$116,747,400</u>	<u>\$158,888,800</u>
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
SCHOOL DISTRICTS			
<u>Income</u> - School Districts Distributions from Year 2000 Classroom Fund	\$76,250,400	\$116,747,400	\$158,888,800

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal revises the distribution of riverboat gaming proceeds. Currently, any gaming proceeds in excess of the amount transferred to the School District Bond Fund is transferred to the State School Moneys Fund and used to fund the basic state school aid formula.

DESCRIPTION (continued)

RAS:LR:OD (12/00)

The proposal revises the distribution to place the riverboat gaming proceeds which now go to the State School Moneys Fund to the Year 2000 Classroom Fund, which is created by the act. The change is implemented over a five year period beginning in FY 2001, with 20% increases each year in the portion transferred to the Year 2000 Classroom Fund, until 100% of such funds are transferred in FY 2005. For FY 2006 and thereafter, the distribution reverts to transferring all such funds to the State School Moneys Fund. Transfers to the School District Bond Fund are not affected by this act.

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

Missouri Gaming Commission
State Treasurer's Office
Office of Administration - Budget and Planning
Department of Elementary and Secondary Education



Jeanne Jarrett, CPA
Director

March 6, 2001