

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3037-01  
Bill No.: SB 788  
Subject: Gambling; Education, Elementary and Secondary; Taxation and Revenue - General.  
Type: Original  
Date: February 4, 2002

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(\$35,950,200)	(\$74,141,412)	(\$114,674,482)
Year 2000 Classroom	\$0	\$0	\$0
State School Money	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$35,950,200)</b>	<b>(\$74,141,412)</b>	<b>(\$114,674,482)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
<b>Local Government</b>	<b>\$35,950,200</b>	<b>\$74,141,412</b>	<b>\$114,674,482</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Office of the State Treasurer, Department of Public Safety - Missouri Gaming Commission**, and the **Department of Revenue** assume this proposal will not fiscally impact their respective agencies.

Officials from **Department of Elementary and Secondary Education (DESE)** assume this proposal would take the gaming money currently used in funding the foundation formula and instead distribute that money on a per eligible pupil basis through a new fund labeled "Year 2000 Classroom Fund" (CF) beginning with FY 03.

For FY2002 the gaming proceeds in the Gaming Proceeds for Education Fund transferred to the State School Moneys Fund (SSMF) is estimated to be \$186,751,000. This amount divided by a projected eligible pupil number of 880,000 equals approximately \$212 per eligible pupil. This would be increased money to school districts if the legislature replaces this source of money for the foundation formula with General Revenue as required in the proposal in Section 160.534.3. The proposal would eliminate the transfer to the State School Moneys Fund over 5 years. The increased state costs would be equal to the amount of gaming proceeds transferred to the State School Moneys Fund for the state aid formula, which is approximately \$186,751,000 in FY 02.

**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.

Officials from the **Office of Administration - Budget and Planning (BAP)** did not respond to the request for fiscal impact of this legislation. Based on the BAP response on similar legislation from last year, **Oversight** assumes the following distribution to the Year 2000 Classroom Fund, including a 3% inflation factor for FY 2004 and FY 2005..

	FY 2003	FY 2004	FY 2005
Estimated Gaming Proceeds for Education Fund revenue	\$186,751,000	\$192,353,530	\$198,124,136
Minus School District Bond Fund transfer	<u>(\$ 7,000,000)</u>	<u>(\$ 7,000,000)</u>	<u>(\$ 7,000,000)</u>
Net available to State School Money Fund	<u>\$179,751,000</u>	<u>\$185,353,530</u>	<u>\$191,124,136</u>
Allocation percentages:			
Percent to State School Money Fund	80%	60%	40%

Percent to Year 2000 Classroom Fund	20%	40%	60%
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ASSUMPTION (continued)

Distributions:

State School Money Fund	\$143,800,800	\$111,212,118	\$ 76,449,654
Year 2000 Classroom Fund	\$ 35,950,200	\$ 74,141,412	\$ 114,674,482

General Revenue would pick-up	\$ 35,950,200	\$ 74,141,412	\$ 114,674,482
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<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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**GENERAL REVENUE FUND**

Costs - Department of Elementary and Secondary Education (DESE)

Transfer to the SSMF	<u>(\$35,950,200)</u>	<u>(\$74,141,412)</u>	<u>(\$114,674,482)</u>
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**YEAR 2000 CLASSROOM FUND**

Income - DESE

Transfer from Gaming Proceeds for Education Fund	\$35,950,200	\$74,141,412	\$114,674,482
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Costs - DESE

Distributions to School Districts	<u>(\$35,950,200)</u>	<u>(\$74,141,412)</u>	<u>\$114,674,482)</u>
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**ESTIMATED NET EFFECT ON YEAR 2000 CLASSROOM FUND**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**STATE SCHOOL MONEYS FUND**

Loss - reduction in transfer from Gaming Proceeds for Education Fund

(\$35,950,200)	(\$74,141,412)	(\$114,674,482)
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Income - Replacement transfer in from General Revenue Fund

<u>\$35,950,200</u>	<u>\$74,141,412</u>	<u>\$114,674,482</u>
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<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
<b>ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
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**SCHOOL DISTRICTS**

Income - School Districts

Distributions from Year 2000

Classroom Fund

<b><u>\$35,950,200</u></b>	<b><u>\$74,141,412</u></b>	<b><u>\$114,674,482</u></b>
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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.

The proposal revises the distribution to place the riverboat gaming proceeds which now go to the State School Moneys Fund. It transfers a portion of the proceeds to the Year 2000 Classroom Fund, which is created by the proposed legislation. The change is implemented over a five year period beginning in FY 2003, with 20% increases each year in the portion transferred to the Year 2000 Classroom Fund, until 100% of such funds are transferred in FY 2007. For FY 2008 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 proposal.

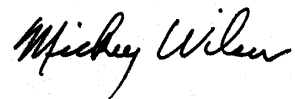
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Public Safety  
Missouri Gaming Commission  
Department of Revenue  
Office of State Treasurer  
Department of Elementary and Secondary Education

**Not responding**

Office of Administration  
Division of Budget and Planning



Mickey Wilson, CPA  
Acting Director  
February 4, 2002