

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0326-02  
Bill No.: SB 245  
Subject: Education, Elementary and Secondary; Gambling  
Type: Original  
Date: February 21, 2003

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
General Revenue	\$0	(\$5,000,000)	(\$5,000,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>(\$5,000,000)</b>	<b>(\$5,000,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
Gaming Proceeds for Education Fund	\$0	\$0	\$0
State School Moneys Fund	\$0	\$0	\$0
Lottery Proceeds Fund	\$0	\$0	\$0
Classroom Trust Fund	\$0	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>School Districts</b>	<b>\$0</b>	<b>\$0 to \$5,000,000</b>	<b>\$0 to \$5,000,000</b>

**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Office of State Treasurer** indicated this proposal would have no effect on their agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** indicated that they are unable to estimate the fiscal impact of this proposal. DESE does not have gaming data to estimate the amount of gaming proceeds that might be available in FY05 for the classroom trust fund. Any amount directed to the classroom trust fund reduces the amount that without this proposal would have been available to assist in funding the foundation formula.

Officials from the **Missouri Gaming Commission** provided information to the Office of Administration - Division of Budget of Planning (BAP) and deferred to BAP for a response regarding this fiscal note.

According to officials from the **Office of Administration - Division of Budget and Planning (BAP)**, Gaming Proceeds for Education grows approximately 2% each year. Based on the FY 04 estimate, over \$4.6M (\$231,380,000 x 2%) would be transferred to the Classroom Trust Fund. BAP also stated, as did DESE, that any amount directed to the Classroom Trust Fund reduces the

amount that would have been available to assist in funding the foundation formula.

ASSUMPTION (continued)

Officials from the **Missouri Lottery Commission** stated that Lottery unclaimed prizes on an annual basis are \$5 - \$6 million, although they may fluctuate above or below this range, depending on sales and jackpots.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>GENERAL REVENUE</b>			
<u>Loss</u> - Reduced Transfer from Lottery Proceeds Fund	<u>\$0</u>	<u>(\$5,000,000)</u>	<u>(\$5,000,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>\$0</u></b>	<b><u>(\$5,000,000)</u></b>	<b><u>(\$5,000,000)</u></b>
<b>GAMING PROCEEDS FOR EDUCATION FUND</b>			
<u>Savings</u> - Decreased Transfers to State School Moneys Fund	\$0	\$4,636,000	\$4,636,000
<u>Cost</u> - Transfer to Classroom Trust Fund	<u>\$0</u>	<u>(\$4,636,000)</u>	<u>(\$4,636,000)</u>
<b>ESTIMATED NET EFFECT ON GAMING PROCEEDS FOR EDUCATION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
<b>STATE SCHOOL MONEYS FUND</b>			
<u>Savings</u> - Decreased Distributions to School Districts	\$0	\$4,636,000	\$4,636,000
<u>Loss</u> - Decreased transfers from Gaming Proceeds for Education Fund	<u>\$0</u>	<u>(\$4,636,000)</u>	<u>(\$4,636,000)</u>

**ESTIMATED NET EFFECT ON  
 STATE SCHOOL MONEYS FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	FY 2004 (10 Mo)	FY 2005	FY 2006

**LOTTERY PROCEEDS FUND**

<u>Savings</u> - Decreased Transfer to General Revenue	\$0	\$5,000,000	\$5,000,000
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<u>Cost</u> - Transfer to Classroom Trust Fund (Unclaimed Prize Moneys)	<u>\$0</u>	<u>(\$5,000,000)</u>	<u>(\$5,000,000)</u>
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**ESTIMATED NET EFFECT ON  
 LOTTERY PROCEEDS FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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**CLASSROOM TRUST FUND**

<u>Transfer In</u> - Transfer from Gaming Proceeds for Education	\$0	\$4,636,000	\$4,636,000
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<u>Transfer In</u> - Transfer from Lottery Proceeds Fund	\$0	\$5,000,000	\$5,000,000
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<u>Transfer Out</u> - Distribution to School Districts (per pupil basis)	<u>\$0</u>	<u>(\$9,636,000)</u>	<u>(\$9,636,000)</u>
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**ESTIMATED NET EFFECT ON  
 CLASSROOM TRUST FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
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**SCHOOL DISTRICTS**

<u>Income</u> - Distribution (on per pupil basis) of funds from Classroom Trust Fund	\$0	\$9,636,000	\$9,636,000
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Loss - Reduced Distributions from State  
School Moneys Fund

\$0 (\$4,636,000 to (\$4,636,000 to  
(\$9,636,000) \$9,636,000)

**ESTIMATED NET EFFECT ON  
SCHOOL DISTRICTS**

**\$0 \$0 to 5,000,000 \$0 to 5,000,000**

FISCAL IMPACT - Small Business

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

DESCRIPTION

Under current law, excursion gambling boat proceeds deposited in the Gaming Proceeds for Education Fund (beyond the amount transferred to the School District Bond Fund) are directed to the State School Moneys Fund to be distributed through the foundation formula. According to this proposal, beginning in fiscal year 2005, any increase in the funds transferred (during fiscal year 2004) from the Gaming Proceeds for Education Fund shall be transferred, on a monthly basis, to the Classroom Trust Fund.

The Classroom Trust Fund will finance school construction, teacher recruitment and professional development, technology enhancements, and school safety. The moneys in the Classroom Trust Fund will be distributed to each district on a per-eligible-pupil basis and are exempt from certificated salary compliance. The Classroom Trust Fund will also receive all unclaimed lottery prize money.

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 State Treasurer  
Missouri Lottery Commission  
Missouri Gaming Commission  
Department of Elementary and Secondary Education  
Office of Administration  
Division of Budget and Planning

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A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a prominent "M" and "W".

Mickey Wilson, CPA  
Director  
February 21, 2003