

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3577-01
Bill No.: SB 1058
Subject: Taxation and Revenue; Education, Elementary and Secondary; Gambling.
Type: Original
Date: January 28, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	(\$36,840)	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	(\$36,840)	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
State School Moneys Fund*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Additional income of \$148.2 million annually distributed to the local school districts.

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$86,450,000	\$148,200,000	\$148,200,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Budget and Planning (BAP)** state the proposal should not result in additional costs or savings to their agency.

Officials from the **Department of Elementary and Secondary Education (DES)** state that raising the admission fee by \$3 would result in \$153,496,998 in additional revenue for the local school districts.

Officials from the **Office of Secretary of State (SOS)** assume statewide newspaper publication of state statutes cost approximately \$1,228 per column inch based on an estimate provided by the Missouri Press Service x 3 for multiple printing as required by the constitution and state statute = \$3,684 per column inch. SOS estimates the total number of inches for this amendment to be ten, which includes title header and certification paragraph. Therefore, SOS estimates the total cost of publication to be \$36,840 and to be incurred in FY 2005.

Officials from the **Missouri Gaming Commission (GAM)** estimate the proposal would generate \$123.5 million in FY 2005 (with a September 1, 2004 start date) and then \$148.2 million in revenue for both FY 2006 and FY 2007.

ASSUMPTION (continued)

Oversight assumes this proposal is only effective with voter approval in November, 2004. If passed, Oversight assumes the proposal would become effective December 1, 2004, and therefore, assume seven months of impact in FY 2004. Oversight also assumes the additional proceeds to the State School Moneys Fund will be distributed to the local school districts in the same year.

According to the Gaming Commission's Annual Report for FY 2003, the number of admissions for the year ended June 30, 2003 at Missouri's casinos were 51,165,666. With an additional \$3 per admission fee charged, **Oversight** assumes this proposal could raise roughly \$153.5 million in additional revenue. Oversight assumes this estimate is relatively close to GAM's estimate (of \$148.2 million) and will utilize their more conservative estimate. However, Oversight will adjust GAM's estimate for FY 2004 to reflect seven months (effective date of December 1, 2004) of impact, or \$86.45 million (\$148.2 million / 12 months x 7 months).

This proposal could increase Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2005	FY 2006	FY 2007
GENERAL REVENUE			
<u>Cost</u> - Publication costs for SOS	<u>(\$36,840)</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>(\$36,840)</u>	<u>\$0</u>	<u>\$0</u>
 STATE SCHOOL MONEYS FUND			
<u>Income</u> - Increased admissions fees	\$86,450,000	\$148,200,000	\$148,200,000
<u>Transfer Out</u> - Additional revenue distributed to the local school districts	<u>(\$86,450,000)</u>	<u>(\$148,200,000)</u>	<u>(\$148,200,000)</u>

**ESTIMATED NET EFFECT TO THE
STATE SCHOOL MONEYS FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2005	FY 2006	FY 2007

LOCAL SCHOOL DISTRICTS

<u>Income</u> - increase in admission fees distributed to schools	<u>\$86,450,000</u>	<u>\$148,200,000</u>	<u>\$148,200,000</u>
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ESTIMATED NET EFFECT TO LOCAL SCHOOL DISTRICTS	<u>\$86,450,000</u>	<u>\$148,200,000</u>	<u>\$148,200,000</u>
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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 increases the gaming boat admission fees by three dollars. The additional three dollars in fees will be distributed to the schools under the provisions of the foundation formula.

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
Office of Administration - Budget and Planning
Department of Elementary and Secondary Education
Office of the Secretary of State

L.R. No. 3577-01
Bill No. SB 1058
Page 5 of 5
January 28, 2004

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
January 28, 2004