

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3899-03  
Bill No.: HCS for HB 1893  
Subject: Gambling; Veterans  
Type: Original  
Date: February 19, 2010

Bill Summary: This proposal revises the laws regarding distribution of gaming funds.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Veterans' Commission Capital Improvement Trust	\$0 to \$500,000	\$0 to \$500,000	\$0 to \$500,000
Early Childhood Development, Education and Care	\$0 to (\$500,000)	\$0 to (\$500,000)	\$0 to (\$500,000)
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<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 FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).
- Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2011</b>	<b>FY 2012</b>	<b>FY 2013</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Missouri Gaming Commission (MGC)** state the legislation has no fiscal impact on the operations of the MGC or to the total amount of money transferred from the Gaming Fund (286). Discussion as to possible fiscal impact on the distribution of these transfers should be with the agencies currently receiving these monies.

In response to a previous version of this proposal, officials from the **Office of Administration - Budget and Planning** stated this proposal does not change the amount of gaming monies coming into the state treasury, but would make changes to the way those monies are distributed. The proposed changes could result in an additional \$500,000 transferred to the Veterans' Commission Capital Improvement Trust Fund (VCCITF) that would have otherwise been credited to the Early Childhood Development Fund.

In response to a previous version of this proposal, officials from the **Missouri Veterans' Commission** stated if the increase in funding to the Veterans Service Officer Grants of \$500,000 equals the increase in transfers to the VCCITF, there would be no fiscal impact.

In response to a previous version of this proposal, officials from the **Office of the Adjutant General** stated the fiscal impact to their agency is unknown at this time.

In response to a previous version of this proposal, officials from the **Department of Higher Education** assume the proposal would have direct, foreseeable fiscal impact on their agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** state under current statute, to the extent proceeds in the gaming commission fund exceed \$28 million and the transfers per section 313.835.1(3)(1) totaling \$4.5 million have been made, the remaining proceeds in the gaming commission fund are transferred to the Early Childhood Development, Education and Care Fund (ECDEC).

This proposal appears to divert \$500,000 away from the ECDEC fund and into the Veteran's Commission Capital Improvement Trust Fund (VCCIT) when transfers into ECDEC equals the funding level in FY 2009.

Per the FY 2007 Missouri Gaming Commission annual report, FY 2009 funding in the ECDEC fund was \$30,146,510. Therefore, when revenues deposited into the Gaming Commission Fund begin to exceed those from FY 2009, the VCCIT will receive an additional \$500,000.

ASSUMPTION (continued)

Monies deposited into the ECDEC fund are appropriated to the DOSS and DESE. Of the first 60% appropriation, 20% goes to DOSS and 80% goes to DESE. DESE uses the ECDEC monies to fund First Steps and the Missouri Preschool Program (MPP).

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS 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 the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we 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 our office can sustain with our core budget. Therefore, we 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.

In response to a previous version of this proposal, officials from the **Department of Social Services (DOS)** stated that starting in FY '11, this bill would divert the first \$500,000 over the FY '09 appropriation level to veteran's programs. Additional funds above this \$500,000 would then be deposited into the Early Childhood Development, Education and Care fund. This would not impact the Children's Division as we would maintain the same appropriation levels as of FY 09, which are the same as current levels.

**Oversight** will range the fiscal impact of this proposal from \$0 (funding for early childhood education is below or equals the amount for FY 2009 so no additional transfer to VCCITF occurs) to a \$500,000 increase to VCCITF and offsetting loss to the ECDEC Fund. According to the Gaming Commission report for FY 2009, the transfers into the ECDEC Fund for the previous five years have been \$30,969,774 in FY 2005, \$31,449,560 in FY 2006, \$27,513,143 in FY 2007, \$26,158,125 in FY 2008 and \$30,146,510 in FY 2009.

Officials from the **Office of the State Treasurer** did not respond to our request for fiscal impact.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
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**VETERANS' COMMISSION  
 CAPITAL IMPROVEMENT TRUST  
 FUND**

<u>Income</u> - potential additional transfer in from Gaming Fund from change in distribution (dependant upon comparison of funding levels vs. 2009)	\$0 or \$500,000	\$0 or \$500,000	\$0 or \$500,000
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**ESTIMATED NET EFFECT TO THE  
 VETERANS' COMMISSION  
 CAPITAL IMPROVEMENT TRUST  
 FUND**

**EARLY CHILDHOOD  
 DEVELOPMENT, EDUCATION AND  
 CARE FUND**

<u>Loss</u> - New potential incremental transfer to the Veterans' Commission Capital Improvement Trust Fund	\$0 or <u>(\$500,000)</u>	\$0 or <u>(\$500,000)</u>	\$0 or <u>(\$500,000)</u>
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**ESTIMATED NET EFFECT TO THE  
 EARLY CHILDHOOD  
 DEVELOPMENT, EDUCATION AND  
 CARE FUND**

\$0 or <u>(\$500,000)</u>	\$0 or <u>(\$500,000)</u>	\$0 or <u>(\$500,000)</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Currently, the laws regarding the distribution of gaming funds contain provisions that govern the administration of early childhood education and veterans' programs which are supported by gaming moneys. This bill repeals and re-enacts those provisions with no changes, placing them in the statutes that apply to veterans (Chapter 42, RSMo) and to education (Chapter 161). An obsolete subsection that describes how distributions were made in Fiscal Year 1998 and earlier is also repealed.

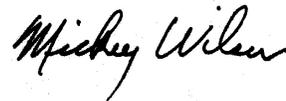
Beginning in Fiscal Year 2011, veterans' programs will receive an additional \$500,000 per year if the Gaming Commission Fund reaches the 2009 appropriation level for early childhood education. Once the \$500,000 is distributed to the Veterans' Commission Capital Improvement Trust Fund, additional funds will be deposited into the Early Childhood Development Education and Care Fund.

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  
Missouri Veterans Commission  
Office of the Adjutant General  
Office of Administration  
Department of Elementary and Secondary Education  
Office of the Secretary of State  
Department of Social Services  
Department of Higher Education

**NOT RESPONDING:**  
**Office of the State Treasurer**



Mickey Wilson, CPA  
Director  
February 19, 2010