

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3899-06
Bill No.: Truly Agreed To and Finally Passed SS No. 2 for HCS for HB 1893
Subject: Gambling; Veterans
Type: Original
Date: June 2, 2010

Bill Summary: This proposal revises the laws regarding excursion gambling boats.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	\$0	(\$59,591)	(\$56,008)
Total Estimated Net Effect on General Revenue Fund	\$0	(\$59,591)	(\$56,008)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Veterans' Commission Capital Improvement Trust	\$0 to \$600,000	\$0 to \$600,000	\$0 to \$600,000
Early Childhood Development, Education and Care	\$0 to (\$600,000)	\$0 to (\$600,000)	\$0 to (\$600,000)
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 8 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	0	1 FTE	1 FTE
Total Estimated Net Effect on FTE	0	1 FTE	1 FTE

- 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).

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

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).

Officials from the **Office of Administration - Budget and Planning** state 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 \$600,000 to be transferred to the Veterans' Commission Capital Improvement Trust Fund (VCCITF) that would have otherwise been credited to the Early Childhood Development Fund.

Officials from the **Missouri Veterans' Commission** state beginning in FY 2011, the Veterans' Commission Capital Improvement Trust Fund and the Early Childhood Development Education and Care Fund (ECDEC) will each receive, subject to appropriation, an additional \$600,000 per year if the Gaming Commission Fund maintains or exceeds the 2009 appropriation level for ECDEC.

Officials from the **Office of the Adjutant General** stated the fiscal impact to their agency is unknown at this time.

Officials from the **Department of Higher Education** assume the proposal would have no 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)(l) 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 \$600,000 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 \$600,000.

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).

In response to a previous version of this proposal, officials from the **Department of Social Services (DOS)** stated 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 \$600,000 (one half of \$1.2 million) 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** assume the proposal would not have a fiscal impact on their agency.

Officials from the **Office of the State Auditor (SAU)** state Section 42.300.4 would require the auditor to conduct an annual audit of the Veterans' Commission Capital Improvement Trust Fund while Section 161.215.8 would require the auditor to audit the Early Childhood Development, Education and Care Fund. Each of these additional audits would require 1 FTE for a total of 2 FTE. The SAU assumes an annual cost of these additional 2 FTE to total roughly \$130,000 per year.

Oversight assumes the Office of the State Treasurer will be able to complete the audits of the Veterans' Commission Capital Improvement Trust Fund (Section 42.300.4) as well as the Early Childhood Development, Education and Care Fund (Section 161.215.8) with one additional FTE. The audits are for calendar years 2011, 2012 and 2013; therefore, Oversight assumes the additional FTE will be needed by the SAU starting in July 2011, or FY 2012, to review receipts and expenditures of the funds from January 1, 2011 forward. Therefore, Oversight will reflect the additional FTE in FY 2012 and FY 2013. Oversight assumes after the audits are completed through December 31, 2013, as stipulated in the bill, the funds will revert back to the normal audit rotation and the additional FTE for the SAU will no longer be required.

ASSUMPTION (continued)

Oversight has, for fiscal note purposes only, changed the starting salary for SAU's Staff Auditor I to correspond to the second step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees and policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

Oversight assumes SAU's estimate of expense and equipment cost for the new FTE could be overstated. If the SAU is able to use existing desks, file cabinets, chairs, etc., the estimate for equipment for fiscal year 2012 could be reduced by roughly \$5,200.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
GENERAL REVENUE			
<u>Costs - Office of the State Auditor</u>			
Personal Service (1 FTE)	\$0	(\$35,455)	(\$36,519)
Fringe Benefits	\$0	(\$18,593)	(\$19,151)
Expense and Equipment	\$0	(\$5,543)	(\$338)
<u>Total Costs - SAU</u>	\$0	(\$59,591)	(\$56,008)
FTE Change - SAU	0 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$0</u>	<u>(\$59,591)</u>	<u>(\$56,008)</u>
Estimated Net FTE Change for General Revenue	0 FTE	1 FTE	1 FTE

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

Income - potential additional transfer in from Gaming Fund from change in distribution (dependant upon comparison of funding levels vs. 2009)	<u>\$0 to \$600,000</u>	<u>\$0 to \$600,000</u>	<u>\$0 to \$600,000</u>
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ESTIMATED NET EFFECT TO THE VETERANS' COMMISSION CAPITAL IMPROVEMENT TRUST FUND	<u>\$0 to \$600,000</u>	<u>\$0 to \$600,000</u>	<u>\$0 to \$600,000</u>
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**EARLY CHILDHOOD
 DEVELOPMENT, EDUCATION AND
 CARE FUND**

Loss - New potential incremental transfer to the Veterans' Commission Capital Improvement Trust Fund	\$0 to <u>(\$600,000)</u>	\$0 to <u>(\$600,000)</u>	\$0 to <u>(\$600,000)</u>
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ESTIMATED NET EFFECT TO THE EARLY CHILDHOOD DEVELOPMENT, EDUCATION AND CARE FUND	<u>\$0 to (\$600,000)</u>	<u>\$0 to (\$600,000)</u>	<u>\$0 to (\$600,000)</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 two changes and places them in the statutes that apply to veterans (Chapter 42, RSMo) and to education (Chapter 161). The changes include requiring grant funds to be made available for service officer training for outreach programs between veteran service organizations and the Missouri Veterans Commission and adds the Vietnam War to the list of conflicts for which service medals are awarded. An obsolete subsection that describes how distributions were made in Fiscal Year 1998 and earlier is also repealed.

Beginning in Fiscal Year 2011, the Veterans' Commission Capital Improvement Trust Fund and the Early Childhood Development Education Care Fund will each receive, subject to appropriations, an additional \$600,000 per year if the Gaming Commission Fund reaches the 2009 appropriation level for early childhood education. Once the \$1.2 million is distributed to these two funds, any additional moneys will be deposited into the Early Childhood Development Education and Care Fund.

The bill also requires the State Auditor to conduct an annual audit for a period of three years beginning January 1, 2011, of the Veterans' Commission Capital Improvement Trust Fund and the Early Childhood Development Education and Care Fund. The findings of each audit of the veterans' trust fund must be distributed to the General Assembly, the Governor, and Lieutenant Governor within 10 business days after completion of the audit, and the finding of each audit of the early childhood fund must be distributed to the General Assembly within 10 business days after completion of the audit.

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
Department of Social Services
Department of Higher Education
Office of the State Treasurer
Office of the State Auditor



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Director
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