

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3902-01  
BILL NO.: HB 1553  
SUBJECT: Education, Elementary and Secondary: Gambling  
TYPE: Original  
DATE: February 16, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$148,800,000)	(\$148,800,000)	(\$148,800,000)
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$148,800,000)</b>	<b>(\$148,800,000)</b>	<b>(\$148,800,000)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<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 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$148,800,000</b>	<b>\$148,800,000</b>	<b>\$148,800,000</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 3 pages.

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**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Gaming Commission** assume the proposal would result in no fiscal impact to the agency.

Officials from the **Office of Administration - Budget and Planning** assume the proposal would not result in any impact on Total State Revenue, nor would it result in any fiscal impact on the Office of Administration. However, it could result in a significant General Revenue Fund cost in order to fully fund the school foundation formula since the Gaming Proceeds for Education Fund revenues would no longer be distributed through the school foundation formula. Further, distribution of Gaming Proceeds for Education Fund revenues on a per pupil basis rather than through the foundation formula would decrease equity and could result in additional costs to meet constitutional school finance equity requirements.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume that for FY 2000, the gaming proceeds to the Gaming Proceeds for Education Fund is estimated to be \$148,800,000. This amount, divided by a projected eligible pupil number of 880,000, equals approximately \$169 per eligible pupil. This would be the increased money to school districts if the legislature would replace this source of money for the foundation formula with some other source of money such as General Revenue.

If this money would not be available for the foundation formula, and the legislature would not replace the gaming money with general revenue, the foundation formula would have a proration factor less than 1.00. In this situation only hold harmless districts would experience a net increase in funding because hold harmless districts are guaranteed an amount per pupil which is minimally, if at all, affected by the proration factor. All other districts could experience a reduction in combined funding of the foundation formula plus this proposed per pupil gaming distribution.

The increased state costs would be equal to the amount of gaming revenue distributed on a per pupil basis rather than being used in the formula, approximately \$148,800,000.

FISCAL IMPACT - State Government                      FY 2001                      FY 2002                      FY 2003  
(10 Mo.)

**GENERAL REVENUE FUND**

Cost-Department of Elementary and  
Secondary Education (DESE)

State Aid                      (\$148,800,000)                      (\$148,800,000)                      (\$148,800,000)

FISCAL IMPACT - Local Government                      FY 2001                      FY 2002                      FY 2003  
(10 Mo.)

**SCHOOL DISTRICTS**

Income-School Districts

State Aid                      \$148,800,000                      \$148,800,000                      \$148,800,000

FISCAL IMPACT - Small Business

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

DESCRIPTION

The excursion gambling boat proceeds deposited in the Gaming Proceeds for Education Fund in excess of the amount transferred to the School District Bond Fund would be distributed on a per pupil basis, instead of through 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

Department of Elementary and Secondary Education  
Gaming Commission  
Office of Administration - Budget and Planning



Jeanne Jarrett, CPA  
Director  
February 16, 2000