

COMMITTEE ON LEGISLATIVE RESEARCH
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0567-01
Bill No.: HB 91
Subject: Education, Elementary and Secondary: Gambling
Type: Original
Date: December 29, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government			

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

FISCAL ANALYSIS

ASSUMPTION

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.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume that for FY 2001, the gaming proceeds to the Gaming Proceeds for Education Fund is estimated to be \$180,000,000. This amount, divided by a projected eligible pupil number of 880,000, equals approximately \$204 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 \$180,000,000.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
GENERAL REVENUE FUND			
<u>Cost</u> - Increased Transfers to State School Moneys Fund to replace gaming funds	(\$180,000,000)	(\$180,000,000)	(\$180,000,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	(\$180,000,000)	(\$180,000,000)	(\$180,000,000)
STATE SCHOOL MONEYS FUND			
<u>Income</u> - Increased Transfers from General Revenue Fund	\$180,000,000	\$180,000,000	\$180,000,000
<u>Loss</u> - Decreased gaming revenues	(\$180,000,000)	(\$180,000,000)	(\$180,000,000)
ESTIMATED NET EFFECT ON STATE SCHOOL MONEYS FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
SCHOOL DISTRICTS			
<u>Income</u> - Increased State Aid	\$180,000,000	\$180,000,000	\$180,000,000
ESTIMATED NET EFFECT ON SCHOOL DISTRICTS	<u>\$180,000,000</u>	<u>\$180,000,000</u>	<u>\$180,000,000</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would specify that excursion gambling boat proceeds deposited in the Gaming Proceeds for Education Fund in excess of the amount transferred to the School District Bond Fund 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. The proposal would not affect Total State Revenue.

SOURCES OF INFORMATION

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



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Director
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