

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.     0735-01  
BILL NO.    HB 190  
SUBJECT:    Gambling  
TYPE:       Original  
DATE:       January 22, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Gaming Proceeds for Education	\$74,555,000 to \$130,073,000	\$89,465,000 to \$156,088,000	\$89,465,000 to \$156,088,000
Gaming Commission	\$4,079,000	\$4,895,000	\$4,895,000
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$78,634,000 to \$134,152,000</b>	<b>\$94,360,000 to \$160,983,000</b>	<b>\$94,360,000 to \$160,983,000</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
<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 2002	FY 2003	FY 2004
<b>Local Government</b>	\$12,363,000 to \$18,532,000	\$14,836,000 to \$22,238,000	\$14,836,000 to \$22,238,000

Numbers within parentheses: ( ) indicate costs or losses  
This fiscal note contains 4 pages.

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**FISCAL ANALYSIS**

ASSUMPTION

Officials of the **Gaming Commission (GAM)** state this proposal is likely to increase the amount of state and local tax dollars received from riverboat gambling. GAM states that it is difficult to estimate the impact this proposal would have on problem gambling or social costs. GAM assumes that a way to predict the fiscal impact of removing the \$500 loss limit is to assume that all Missouri boats' adjusted gross receipts per patron would rise to at least the level of the Illinois riverboats doing business in the St. Louis market, which was \$70.61 in calendar year ended, December 31, 2000.

A "patron" is an individual visiting a riverboat, regardless of how long they may stay on the boat. An "admission", however, is the number of times that a patron may hit a two-hour cruise window while on the boat. For example, a patron may stay on the boat for 2 1/2 hours, but could possibly hit three two-hour cruise windows, or admissions, each of which triggers a \$2 admission fee.

In addition, GAM stated there is strong evidence that the inconveniences of the loss limits drive down the number of visits. Patrons that have been to gaming facilities with no loss limits often find the loss limits cumbersome and inconvenient and either do not return or reduce their number of visits to Missouri casinos. In addition, high limit players in Missouri and from other jurisdictions limit visitation or do not patronize Missouri casinos because of the loss limits.

Based on these facts, GAM assumed the removal of the loss limits would raise the adjusted gross receipts per patron to \$70.61 (from the current AGR per patron of \$41.53) and would increase admissions by at least 10%. Based upon calculations used by GAM and updated with calendar year 2000 admission totals, the state impact from gaming tax is assumed to be \$156,088,000 annually; while the local impact would be \$17,343,000 annually. GAM also estimated an increase in the number of admissions, and applying fiscal year 2000 admission totals to their assumptions, GAM has estimated an annual state and local impact of \$4,895,000 each. The estimates do not account for any increase in jobs, a multiplier effect, facility expansion, or additional facilities constructed as a result of the removal of the loss limit.

GAM assumes the proposed changes to RSMo 313.805 (3) regarding the commission not having the power to restrict the amount of time an individual may spend aboard an excursion gambling boat will not have a fiscal impact.

The **Office of Administration (OA), Division of Budget and Planning** state that the proposal should not result in additional costs or savings to their agency.

ASSUMPTION (continued)

In response to similar legislation from last year, the **Missouri Highway Patrol** stated that they initially anticipate no fiscal impact nor an increase in personnel.

**Oversight** reviewed the effect of the loss limits on the state of Iowa and found that Iowa's win per admission increased by approximately \$7.50. According to the Gaming Commission, the Adjusted Gross Receipts (AGR) per admission in FY 2000 was \$20.18. Oversight assumes this proposal would increase the AGR per admission in Missouri to \$27.68. Assuming a 10% increase in the number of admissions, Oversight estimates the state impact from gaming tax and admissions fee would be \$94,360,000 annually; while the local impact would be \$14,836,000 annually. For fiscal note purposes, Oversight will range the potential fiscal impact from the low to high estimates.

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
	(10 Mo.)		

**GAMING PROCEEDS FOR EDUCATION**

Income

Gaming Tax	\$74,555,000	\$89,465,000	\$89,465,000
	to	to	to
	\$130,073,000	\$156,088,000	\$156,088,000

<b>ESTIMATED NET EFFECT ON GAMING PROCEEDS FOR EDUCATION FUND</b>	<b>\$74,555,000</b>	<b>\$89,465,000</b>	<b>\$89,465,000</b>
	<b>to</b>	<b>to</b>	<b>to</b>
	<b><u>\$130,073,000</u></b>	<b><u>\$156,088,000</u></b>	<b><u>\$156,088,000</u></b>

**GAMING COMMISSION FUND**

Income

Admission Fees	\$4,079,000	\$4,895,000	\$4,895,000
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<b>ESTIMATED NET EFFECT ON GAMING COMMISSION FUND</b>	<b>\$4,079,000</b>	<b>\$4,895,000</b>	<b>\$4,895,000</b>
	<b><u>\$4,079,000</u></b>	<b><u>\$4,895,000</u></b>	<b><u>\$4,895,000</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
<b>LOCAL</b>			
<u>Income</u>			
Gaming Tax	\$8,284,000 to \$14,453,000	\$9,941,000 to \$17,343,000	\$9,941,000 to \$17,343,000
Admission Fees	\$4,079,000	\$4,895,000	\$4,895,000
<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>	<b>\$12,363,000</b> to <b>\$18,532,000</b>	<b>\$14,836,000</b> to <b>\$22,238,000</b>	<b>\$14,836,000</b> to <b>\$22,238,000</b>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal amends the powers of the Missouri Gaming Commission to prohibit the commission from restricting the amount of time a person may spend aboard an excursion gambling boat and repeals the \$500 loss limit per individual player per gambling excursion.

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

Gaming Commission  
Office of Administration  
Division of Budget and Planning  
Missouri Highway Patrol



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Director  
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