

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0776-01
Bill No.: HB 313
Subject: Entertainment, Sports and Amusements; Gambling.
Type: Original
Date: February 20, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Lottery Proceeds for Education *	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>All</u> State Funds *	(Unknown)	(Unknown)	(Unknown)

* Unknown loss of revenue, unable to quantify.

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 School District Funds	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Division of Fire Safety** assume this proposal would not fiscally impact their agency.

Officials from the **Lottery Commission (LOT)** stated that if the proposal allowed a player of amusement devices to win more than what the player spent in dollars, then the continued addition of video machines and amusement devices in Missouri businesses that pay out prizes will annually reduce Lottery profits for education. LOT assumes that 50% of Lottery-licensed pull tab retailer locations (650) will lose 50% of lottery sales annually (\$6,825,000), which at a 20% profit loss equals \$1,365,000 less for education funding. However, if the proposal does not allow a player to win more in prizes than what the player has spent in dollars, then they assume this proposal would have "minimal" impact on Lottery sales.

Based on a vote of the Oversight Subcommittee on April 8, 1999, the Oversight Subcommittee determined loss of revenue is unknown. Because of supply and demand there could be an affect on other revenues of the state. The unknown loss of revenue applies to the Lottery Proceeds for Education Fund.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** anticipate no fiscal impact from this legislation. The MHP assumes there will be an affect on total state revenue currently collected through the Missouri Lottery and the riverboat gaming industry.

Officials from the **Missouri Gaming Commission** state there is no known fiscal impact to their agency.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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**LOTTERY PROCEEDS FOR
EDUCATION FUND**

Loss of Revenue - Lottery Commission

Decreased Lottery Sales from Amusement Devices	(Unknown)	(Unknown)	(Unknown)
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**ESTIMATED EFFECT ON
LOTTERY PROCEEDS FOR
EDUCATION FUND**

	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
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FISCAL IMPACT - Local Government

FY 2002
(10 Mo.)

FY 2003

FY 2004

SCHOOL DISTRICT FUNDS

Loss of Revenue

Reduced Transfers-In from Lottery
Proceeds for Education Fund Resulting
from Amusement Devices

(Unknown)

(Unknown)

(Unknown)

**ESTIMATED EFFECT ON SCHOOL
DISTRICT FUNDS**

(Unknown)

(Unknown)

(Unknown)

FISCAL IMPACT - Small Business

Small businesses who choose to operate "amusement devices" may realize revenue from them. Also, small businesses may experience a decrease in Lottery pull-tab sales due to the addition of "amusement devices".

DESCRIPTION

This proposal clarifies the definitions of the terms "gambling" and "gambling device." The terms exclude amusement devices that are games of skill and not lotteries or gift enterprises and that confer only an immediate right of replay, noncash prizes, toys, novelties, coupons, or other representations of value redeemable for prizes, toys, or novelties. Each prize, toy, or novelty cannot exceed \$250 in value and cannot be resold for cash or other consideration. The proposal prohibits redeeming representations of value for cash, gift certificates, intoxicating beer or liquor, nonintoxicating beer, or tobacco products. The wholesale value of any prize for a single play will not exceed the value of a single play or \$5, whichever is greater; and the value of any prize for multiple plays will not exceed the cumulative value of play or \$250, whichever is lesser.

An amusement device will not act as a lottery or gift enterprise or simulate a slot machine or any gambling game of skill or video representation of any gambling game of skill specified in current law, including poker, blackjack, and craps.

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

RAS:LR:OD (12/00)

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Missouri Lottery Commission
Missouri Gaming Commission
Department of Public Safety
Division of Fire Safety
Missouri Highway Patrol

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive "e" at the end.

Jeanne Jarrett, CPA
Director

February 20, 2001