

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4428-05
Bill No.: HCS for HB 1813
Subject: Entertainment, Sports and Amusement; Gambling
Type: Original
Date: March 12, 2008

Bill Summary: This proposal exempts certain taxes on bingo.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Bingo Proceeds for Education Fund	(\$1,917,000)	(\$2,300,000)	(\$2,300,000)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$1,917,000)	(\$2,300,000)	(\$2,300,000)

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on FTE	0	0	0

- 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 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Veterans' Commission** assume this proposal would not fiscally impact their agency.

In response to a similar version of this proposal, officials from the **Office of Administration - Budget and Planning** deferred to the Missouri Gaming Commission for an estimate of possible decreased revenues to the state as a result of this proposal.

Officials from the **Missouri Gaming Commission (GAM)** state the approximate bingo tax collected for FY 2007 was \$2,282,000. If this bill is passed, there would be an approximate \$2,282,000 decrease in funds contributed to the Proceeds for Education Fund.

Officials from the **Department of Elementary and Secondary Education (DESE)** state the FY 2009 Governor's recommendation for bingo proceeds is as follows:

\$210,152	Missouri School for the Blind
\$246,486	Missouri School for the Deaf
\$1,267,369	State Schools for the Severely Handicapped

There is also a portion that goes toward capital projects at each of the three entities. None of the bingo money goes to local school districts. However, we cannot be certain that other entities do not receive a portion of this money. We cannot determine what portion of bingo proceeds are received from taxes on veteran's, service, and fraternal organizations. Any decrease in bingo proceeds will have a direct negative impact on the Missouri School for the Blind, the Missouri School for the Deaf, and the State Schools for the Severely Handicapped.

For simplicity, **Oversight** will reflect the reduced revenue estimate of \$2.3 million to the Bingo Proceeds for Education Fund. However, this loss of revenue could also be reflected at the Missouri School for the Blind Fund, the Missouri School for the Deaf fund, and/or the State Schools for the Severely Handicapped fund. Oversight assumes 10 months of impact in FY 2009. Officials from GAM stated there are currently 4 suppliers of bingo cards that collect and remit this tax monthly to GAM. Therefore, this proposal would not result in a large administrative cost savings to GAM.

This proposal could reduce Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
BINGO PROCEEDS FOR EDUCATION FUND			
<u>Loss - Missouri Gaming Commission</u>			
Loss of revenue from tax on bingo face cards and pull-tabs	<u>(\$1,917,000)</u>	<u>(\$2,300,000)</u>	<u>(\$2,300,000)</u>
ESTIMATED NET EFFECT TO THE BINGO PROCEEDS FOR EDUCATION FUND	<u>(\$1,917,000)</u>	<u>(\$2,300,000)</u>	<u>(\$2,300,000)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<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

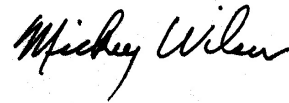
This proposal removes the tax on pull-tab bingo cards (Section 313.057) as well as bingo cards and progressive bingo cards (Section 313.055).

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

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



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March 12, 2008