

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 3899-03  
Bill No.: HCS for HB 1893 with SCA 1  
Subject: Gambling; Veterans  
Type: Original  
Date: April 23, 2010

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Bill Summary: This proposal revises the laws regarding distribution of gaming funds.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Veterans' Commission Capital Improvement Trust	\$0 to \$600,000	\$0 to \$600,000	\$0 to \$600,000
Early Childhood Development, Education and Care	\$0 to (\$600,000)	\$0 to (\$600,000)	\$0 to (\$600,000)
Gaming Commission	\$0 or (Could exceed \$250,000)	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 or (Could exceed \$250,000)</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<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 FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ 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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Missouri Gaming Commission (MGC)** state the legislation has no fiscal impact on the operations of the MGC or to the total amount of money transferred from the Gaming Fund (286). Discussion as to possible fiscal impact on the distribution of these transfers should be with the agencies currently receiving these monies.

Officials from the **Office of Administration - Budget and Planning** state this proposal does not change the amount of gaming monies coming into the state treasury, but would make changes to the way those monies are distributed. The proposed changes could result in an additional \$500,000 transferred to the Veterans' Commission Capital Improvement Trust Fund (VCCITF) that would have otherwise been credited to the Early Childhood Development Fund.

Officials from the **Missouri Veterans' Commission** stated if the increase in funding to the Veterans Service Officer Grants of \$600,000 equals the increase in transfers to the VCCITF, there would be no fiscal impact.

Officials from the **Office of the Adjutant General** state the fiscal impact to their agency is unknown at this time.

Officials from the **Department of Higher Education** assume the proposal would have direct, foreseeable fiscal impact on their agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** state under current statute, to the extent proceeds in the gaming commission fund exceed \$28 million and the transfers per section 313.835.1(3)(l) totaling \$4.5 million have been made, the remaining proceeds in the gaming commission fund are transferred to the Early Childhood Development, Education and Care Fund (ECDEC).

This proposal appears to divert \$600,000 away from the ECDEC fund and into the Veteran's Commission Capital Improvement Trust Fund (VCCIT) when transfers into ECDEC equals the funding level in FY 2009.

Per the FY 2007 Missouri Gaming Commission annual report, FY 2009 funding in the ECDEC fund was \$30,146,510. Therefore, when revenues deposited into the Gaming Commission Fund begin to exceed those from FY 2009, the VCCIT will receive an additional \$600,000.

ASSUMPTION (continued)

Monies deposited into the ECDEC fund are appropriated to the DOSS and DESE. Of the first 60% appropriation, 20% goes to DOSS and 80% goes to DESE. DESE uses the ECDEC monies to fund First Steps and the Missouri Preschool Program (MPP).

Officials from the **Office of the Secretary of State (SOS)** assume many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the Secretary of State's Office for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, we also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what our office can sustain with our core budget. Therefore, we reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Officials from the **Department of Social Services (DOS)** state this would not impact the Children's Division as we would maintain the same appropriation levels as of FY 09, which are the same as current levels.

With House Amendment 1, **Oversight** will range the fiscal impact of this proposal from \$0 (funding for early childhood education is below or equals the amount for FY 2009 so no additional transfer to VCCITF occurs) to a \$600,000 (one half of \$1.2 million) increase to VCCITF and offsetting loss to the ECDEC Fund. According to the Gaming Commission report for FY 2009, the transfers into the ECDEC Fund for the previous five years have been \$30,969,774 in FY 2005, \$31,449,560 in FY 2006, \$27,513,143 in FY 2007, \$26,158,125 in FY 2008 and \$30,146,510 in FY 2009.

Officials from the **Office of the State Treasurer** did not respond to our request for fiscal impact.

Senate Committee Amendment 1:

Officials from the **Missouri Gaming Commission (MGC)** state in November of 2008, Proposition A among its provisions capped the number of casino licenses. On July 1, 2010 a gaming license will become available with the closing of the President Casino in St. Louis.

ASSUMPTION (continued)

MGC views it important to consider every aspect of the current casino market as well as potential venues to form a comprehensive picture of the casino industry as it exists today before awarding said license. Commission staff was already working with the Missouri Economic Research and Information Center (MERIC) within the Department of Economic Development on an MOU to reimburse services rendered to utilize its complex econometric models and economist expertise to assist the Commission in this licensure process.

MERIC is working on producing a budget and scope of work to accompany the MOU, therefore, we at this time do not have costs available. However, a somewhat comparable statewide market survey and market analysis commissioned by MGC and conducted by the University of Missouri - St. Louis in 2007 cost about \$114,000.

At its regularly scheduled April Commission meeting this information was shared, prompting an industry representative to comment that he thought a statewide analysis was required but should only be conducted by private research firms knowledgeable about the intricacies of the gaming industry. The amendment simply states the Commission shall conduct a comprehensive market study, it does not imply how this is to be accomplished however. The industry representative referenced above was adamant that only a private research firm with extensive knowledge of the gaming industry would suffice. If this is to be the case and to avoid potential legal implications with the industry the fiscal impact at a minimum would likely exceed \$250,000.

**Oversight** assumes, even without this amendment, the MGC was prepared and intending to conduct such a study with MERIC and therefore, this amendment may not increase cost to the MGC. If, however, the MGC must contract with outside consultants to perform such a study, the costs could exceed the \$250,000, as described above. Therefore, Oversight will range the fiscal impact of the committee amendment to the Gaming Commission Fund from \$0 (MGC planning on performing study with DED's MERIC anyway) to 'Could Exceed \$250,000'.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>VETERANS' COMMISSION CAPITAL IMPROVEMENT TRUST FUND</b>			
<u>Income</u> - potential additional transfer in from Gaming Fund from change in distribution (dependant upon comparison of funding levels vs. 2009)	<u>\$0 to \$600,000</u>	<u>\$0 to \$600,000</u>	<u>\$0 to \$600,000</u>
<b>ESTIMATED NET EFFECT TO THE VETERANS' COMMISSION CAPITAL IMPROVEMENT TRUST FUND</b>	<u><b>\$0 to \$600,000</b></u>	<u><b>\$0 to \$600,000</b></u>	<u><b>\$0 to \$600,000</b></u>
<b>EARLY CHILDHOOD DEVELOPMENT, EDUCATION AND CARE FUND</b>			
<u>Loss</u> - New potential incremental transfer to the Veterans' Commission Capital Improvement Trust Fund	<u>\$0 to (\$600,000)</u>	<u>\$0 to (\$600,000)</u>	<u>\$0 to (\$600,000)</u>
<b>ESTIMATED NET EFFECT TO THE EARLY CHILDHOOD DEVELOPMENT, EDUCATION AND CARE FUND</b>	<u><b>\$0 to (\$600,000)</b></u>	<u><b>\$0 to (\$600,000)</b></u>	<u><b>\$0 to (\$600,000)</b></u>
<b>GAMING COMMISSION FUND</b>			
<u>Costs</u> - Potential additional costs of conducting a comprehensive market study SCA 1	<u>\$0 or (Could exceed \$250,000)</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO THE GAMING COMMISSION FUND</b>	<u><b>\$0 or (Could exceed \$250,000)</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

FISCAL IMPACT - Local Government

FY 2011  
(10 Mo.)

FY 2012

FY 2013

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

Currently, the laws regarding the distribution of gaming funds contain provisions that govern the administration of early childhood education and veterans' programs which are supported by gaming moneys. This bill repeals and re-enacts those provisions with no changes, placing them in the statutes that apply to veterans (Chapter 42, RSMo) and to education (Chapter 161). An obsolete subsection that describes how distributions were made in Fiscal Year 1998 and earlier is also repealed.

Beginning in Fiscal Year 2011, if the Gaming Commission Fund reaches the 2009 appropriation level for early childhood education, one half of the next \$1.2 million shall be transferred to the Veterans Commission Capital Improvement Trust Fund and the other half of the \$1.2 million shall be transferred to the ECDEC fund.

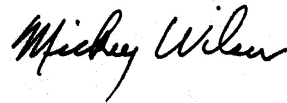
Senate Committee Amendment 1 requires the Missouri Gaming Commission, prior to any further consideration or solicitation of interest for a gaming license, to first conduct a comprehensive market study to determine the economic and financial impact of an additional gaming licensees as well as the impact that anticipated adjoining state gaming facilities will have on existing licensees and shall take such impact into consideration when determining whether an additional license shall be issued.

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

Missouri Gaming Commission  
Missouri Veterans Commission  
Office of the Adjutant General  
Office of Administration  
Department of Elementary and Secondary Education  
Office of the Secretary of State  
Department of Social Services  
Department of Higher Education

**NOT RESPONDING:**  
**Office of the State Treasurer**

A handwritten signature in black ink that reads "Mickey Wilson". The signature is fluid and cursive, with the first name "Mickey" and last name "Wilson" clearly distinguishable.

Mickey Wilson, CPA  
Director  
April 23, 2010