

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0592-04
Bill No.: HCS for HB 119
Subject: Gambling
Type: Original
Date: April 29, 2019

Bill Summary: This proposal establishes provisions relating to sports wagering.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2024)
General Revenue	\$250,752 to (\$49,248) to (\$66,632)	\$300,000 to \$0 to (\$80,631)	\$300,000 to \$0 to (\$80,631)	\$300,000 to \$0 to (\$80,631)
Total Estimated Net Effect on General Revenue	\$250,752 to (\$49,248) to (\$66,632)	\$300,000 to \$0 to (\$80,631)	\$105,000 to \$0 to (\$80,631)	\$105,000 to \$0 to (\$80,631)

Numbers within parentheses: () indicate costs or losses. This fiscal note contains 23 pages.

ESTIMATED NET EFFECT ON OTHER STATE FUNDS				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2024)
Gaming Commission Fund (0286)	(\$70,217)	(\$217,130)	(\$217,130)	(\$217,130)
Gaming Proceeds for Education Fund (0285)	\$2,469,614 to \$14,600,000	\$2,469,614 to \$14,600,000	\$2,469,614 to \$14,600,000	\$2,469,614 to \$14,600,000
Sports Wagering Fund	\$0	\$65,000	\$65,000	\$195,000
Entry Facilities Infrastructure Fund	\$3,741,840	\$3,741,840	\$3,741,840	\$3,741,840
Child Support Enforcement Collections (0169)	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown	\$0 or Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	Could exceed \$6,141,237 to \$18,271,623	Could exceed \$6,059,324 up to \$18,189,710	Could exceed \$6,059,324 up to \$18,189,710	Could exceed \$6,189,324 up to \$18,319,710

ESTIMATED NET EFFECT ON FEDERAL FUNDS				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2024)
Federal Funds	\$0	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2024)
General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE
Gaming Commission Fund (0286)	2 FTE	2 FTE	2 FTE	2 FTE
Total Estimated Net Effect on FTE	2 or 3 FTE	2 or 3 FTE	2 or 3 FTE	2 or 3 FTE

☒ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS				
FUND AFFECTED	FY 2020	FY 2021	FY 2022	Fully Implemented (FY 2024)
Local Government	\$274,402 to \$1,600,000	\$274,402 to \$1,600,000	\$274,402 to \$1,600,000	\$274,402 to \$1,600,000

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Gaming Commission** estimate this proposal would increase total state revenue by approximately \$2.4 million annually. MGC bases those estimates off of comparison to Mississippi's Sports Betting experience for the past 4 months, Rubin Brown and an Oxford Study. Based on MGC calculations (Oxford and Ruben Brown study), adjusted gross receipts under this proposal could be approximately \$34 million. At a tax rate of 8%, revenues generated from the tax could be approximately \$2.7 million (distributed 90/10 between the state and local governments).

MGC states they annualized the state of Mississippi's Total Revenue from sports betting by taking their total revenue in September through December of 2018 dividing by four and multiplied by 12 ($(\$14,530,610.51/4) \times 12 = \$43,591,831.53$). We then determined their sports betting revenue was 2% of their total gaming revenue. This was calculated by taking $\$43,591,831.53$ and dividing by $\$2,120,060,000$ ($\$43,591,831.53/\$2,120,060,000 = .02$ or 2%). We then could assume Missouri's sports betting revenue would also be 2% of our total gaming revenue of $\$1,715,010,000$ ($\$1,715,010,000 \times 2\% = \$34,300,200$). We assumed the sports betting revenue would be 70% more if the law would allow mobile wagers to be placed ($\$34,300,200 \times 170\% = \$58,310,340$). MGC based their estimated revenue from this bill off of an anticipated Adjusted Gross Receipts (AGR) of \$34.3 million.

Oversight notes that estimates used to calculate revenue for this proposal differs greatly from a similar proposal from last year (SB 1013) (assumed AGR of \$141.6 million in 2018 versus \$58.3 million in 2019). Oversight also notes, according to a New York Times article dated April 16, 2019, sports betting revenue has only brought in half of what Tunica officials had expected. Since sports betting is a new concept for Mississippi, Oversight notes the revenue used by MGC to calculate revenue generated from this proposal could be skewed. Oversight does not currently have the resources or ability to produce an independent estimate. Therefore, Oversight will reflect the AGR listed above as estimated by MGC.

Officials from the **Missouri Gaming Commission (MGC)** state that the bill allows for a Certificate of Authority Application Fee (\$10,000, Section 313.1006), a Sports Wagering Platform License Application Fee (Initial/\$10,000, Section 313.1010) and an Annual Renewal fee for interactive sports wagering platform license (\$5,000, Section 313.1010) but the proposed legislation does not state where those moneys are to be deposited.

ASSUMPTION (continued)

For fiscal note purposes, **Oversight** will reflect a revenue generated from these fees into the Gaming Commission Fund to stay consistent with how funds are appropriated in Chapter 313.

Officials from the **Missouri Gaming Commission (MGC)** state that the bill allows for a Certificate Holder Administration Fee (\$5,000, section 313.1020) and Certificate Holder Reinvestigation Fee (\$10,000 in the 5th year, section 313.1020) that will all be deposited into the Sports Wagering Fund.

Section 313.1018.2

MCG assumes this section requires the certificate holder to remit to the MGC a royalty of $\frac{1}{4}$ of 1% of the amounts wagered on sporting events. Holds typically are an average of 5.5% of the total wagers. To calculate, MCG divided the Total AGR by 5.5% to determine the total estimated wagers of \$623,640,000. MCG estimates \$1,559,100 will be remitted to the sports governing body ($\frac{1}{4}$ of 1% of total wagers).

Section 313.1019

MCG assumes section 313.1019 requires a sports wagering operator to remit to the commission an "entry and facilities infrastructure fee" of $\frac{3}{5}$ of 1% of the gross amount wagered on its sporting events during the previous calendar quarter to be paid in addition to all other fees already required by the bill. Holds typically are an average of 5.5% of the total wagers. To calculate, MCG divided the Total AGR by 5.5% to determine the total estimated wagers of \$623,640,000. MCG estimates \$3,741,840 will be remitted to the newly created, Entry Facilities Infrastructure Fund. ($\frac{3}{5}$ of 1% of total wagers).

Oversight will use the MCG's estimate and reflect a revenue of \$3,741,840 ($\frac{3}{5}$ of 1% of total wagers) to the Entry Facilities Infrastructure Fund.

According to the **Missouri Gaming Commission (MGC)**, there are five parent companies, referred to as Class A Licensees, that own casinos in Missouri. Each Class A Licensee owns between one and five of the 13 Missouri casinos. Each casino will be the holder of a Certificate of Authority. MGC anticipates each Class A Licensee will select at least one Sports Wagering Platform Licensee to operate their sports wagering activities in the casinos that they own. Therefore, MGC anticipates issuing five Sports Wagering Platform Licenses. (Based on experience in other states, it is possible that each Class A Licensee may contract with up to four different Sports Wagering Platform Licensees, which would then increase the amount of license fees received accordingly.)

ASSUMPTION (continued)

Since the number of casinos applying is unknown, **Oversight** will use the Missouri Gaming Commissions estimated number Sports Wagering Platform Licenses (5) and estimated number of licensed applicants and certificate holders of (13), but it should be noted that the number of applicants (and therefore revenues generated) could be different.

Oversight will reflect the revenue generated from the Certificate Holder Reinvestigation Fee starting in FY 24.

Officials from the **Office of Administration - Budget and Planning** assume his proposal will increase TSR and 18e calculations by imposing fees related to the regulation of legal sports betting and levying an adjusted gross receipts tax on sport wagers. Additional administrative fee revenues will be deposited into two newly created funds: the Entry and Facilities Infrastructure Fund and the Sports Wagering Fund. Additional gross receipts tax revenues will be deposited into the Gaming Proceeds for Education Fund. B&P defers to the MGC for an estimate of increased revenues.

Oversight also notes that the Missouri Gaming Commission and the Office of Administration - Budget and Planning has stated the proposal will have a direct fiscal impact on total state revenue. Oversight does not currently have the resources or ability to produce an independent estimate. Therefore, Oversight will reflect the revenues listed below as estimated by MGC:

ASSUMPTION (continued)

Provision	<u>State Impact - Estimated by MGC</u>					
	FY20	FY21	FY22	FY23	FY24	FY25
Initial License Fee	\$130,000	\$0	\$0	\$0	\$0	\$0
Certificate Holder Admin Fee	\$0	\$65,000	\$65,000	\$65,000	\$65,000	\$65,000
Certificate Holder Reinvestment Fee	\$0	\$0	\$0	\$0	\$130,000	\$130,000
Interactive Sports Wagering Platform Initial License Fee	\$50,000	\$0	\$0	\$0	\$0	\$0
Interactive Sports Wagering Platform Initial Renewal Fee	\$0	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Entry and Facilities Infrastructure Fee	\$3,741,840	\$3,741,840	\$3,741,840	\$3,741,840	\$3,741,840	\$3,741,840
AGR tax (90%)*	\$2,469,614	\$2,469,614	\$2,469,614	\$2,469,614	\$2,469,614	\$2,469,614
Total State Impact	\$6,391,454	\$6,301,454	\$6,301,454	\$6,301,454	\$6,431,454	\$6,431,454
<u>Local Impact</u>						
Dock* Cities/Counties (10% AGR tax)	\$274,402	\$274,402	\$274,402	\$274,402	\$274,402	\$274,402

*8% of \$34,300,200 AGR

Source: MGC

ASSUMPTION (continued)

Total State Impact by Fund - Estimated by MGC						
Fund	FY20	FY21	FY22	FY23	FY24	FY25
GR	\$0	\$0	\$0	\$0	\$0	\$0
Gaming						
Commission Fund	\$180,000	\$25,000	\$25,000	\$25,000	\$25,000	\$25,000
Gaming Proceeds						
for Education						
Fund	\$2,469,614	\$2,469,614	\$2,469,614	\$2,469,614	\$2,469,614	\$2,469,614
Sports Wagering						
Fund	\$0	\$65,000	\$65,000	\$65,000	\$195,000	\$195,000
Entry and Facilities						
Infrastructure						
Fund	\$3,741,840	\$3,741,840	\$3,741,840	\$3,741,840	\$3,741,840	\$3,741,840
Total State						
Impact	\$6,391,454	\$6,301,454	\$6,301,454	\$6,301,454	\$6,431,454	\$6,431,454

Source: MGC

Officials from the **Department of Revenue (DOR)** assume the following:

Section 313.1006

This proposed section states that sports wagering shall not be conducted except by an excursion gambling boat licensed under this chapter.

In addition, this proposed section states the necessary actions of a licensed applicant who wishes to offer sports wagering under Sections 313.1000 to 313.1020 which includes submitting an application and paying an initial application fee of ten thousand dollars.

Section 313.1008

This proposed section states that the commission shall test new sports wagering devices and new forms, variations, or composites of sports wagering under the terms and conditions that the commission considers appropriate prior to authorizing a certificate holder to offer a new sports wagering device or a new form, variation, or composite of sports wagering.

Section 313.1010

An interactive sports wagering platform provider may offer sports wagering on behalf of a certificate holder only if the interactive sports wagering platform holds an interactive sports wagering platform license issued by the commission.

ASSUMPTION (continued)

After making an announcement under Section 313.1006, the commission may begin accepting applications for an interactive sports wagering platform license from any provider that wishes to offer an interactive sports wagering platform to a certificate holder. The commission shall prescribe the form of the application.

Also, this proposed section states what an applicant for an interactive sports wagering platform license shall do.

Section 313.1018

This proposed section states that a sport's governing body may register with the commission if the sport's governing body is headquartered in the United States and it completes such registration form as the commission may require. Upon submission of a completed registration form to the commission, the eligible sport's governing body shall be deemed registered and shall be entitled to receive the royalty provided for in this section.

Within thirty days of the end of each calendar quarter, a certificate holder shall remit to the commission a royalty of one-fourth of one percent of the amounts wagered on sporting events conducted by registered sports governing bodies.

Section 313.1019

This proposed section states that within thirty days of the end of each calendar quarter, a certificate holder shall remit to the commission a royalty of three-fifths of one percent of the amounts wagered on various events.

Section 313.1020

This proposed section states that a wagering tax eight percent is imposed on the adjusted gross receipts received from sports wagering conducted by a certificate holder under Sections 313.1000 to 313.1020. If a third party is contracted with to conduct sports wagering at a certificate holders' licensed facility, the third party contractor shall fulfill the certificate holder's duties under this section.

This proposed section states that the revenues received from the tax imposed under subsection 1 of this section shall be deposited in the state treasury to the credit of the Gaming Proceeds for Education Fund, and shall be distributed as provided under Section 313.822.

This proposed section states that a certificate holder shall pay to the commission an annual administrative fee of five thousand dollars.

ASSUMPTION (continued)

The fee imposed shall be due one year after the date on which the certificate holder commences sporting wagering operations under Sections 313.1000 to 313.1020, and on each annual anniversary date thereafter. The commission shall deposit the administrative fees received under this subsection in the sports wagering fund established under subsection 6 of section 313.1020.

In addition to the annual administrative fee required under this subsection, a certificate holder shall pay to the commission a fee of ten thousand dollars to cover the costs of a full reinvestigation of a certificate holder in the fifth year after the date on which the certificate holder commences sports wagering operations under Sections 313.1000 to 313.1020 and on each fifth year thereafter. The commission shall deposit the fees received under this subdivision in the sports wagering fund established under subsection 6 of section 313.1020.

This proposed section states that there is hereby established the "Sports Wagering Fund", to be administered by the commission. The fund shall consist of the fees deposited under subsection 5 of section 313.1020. The state treasurer shall invest the moneys in the fund not currently needed to meet the obligations of the fund in the same manner as other funds are invested.

Any interest and moneys earned on such investments shall be credited to the fund. Notwithstanding the provisions of Section 33.080 to the contrary, the moneys remaining in the fund at the end of the biennium shall not revert to the credit of the general revenue fund. Moneys in the fund shall be used by the commission to pay the costs incurred to administer Sections 313.1000 to 313.1020.

Methodology

Using the Oxford Economics report titled "Economic Impact of Legalized Sports Betting," the Department believes TSR will increase an estimated \$16.2 million - \$20.3 million. This report breaks out the possible revenue impacts into three categories. They are Limited Availability, Moderate Availability, and Convenient Availability. For the purpose of this fiscal note response, the Department utilized the Moderate Availability, due to the proposed legislation allowing sports wagering to occur in any of our casinos, and online. If online would have not been permitted, the Department would have used the Limited Availability number, and if it were to be treated like the lottery, Convenient Availability would have been used.

ASSUMPTION (continued)

\$202,200,000 - \$253,300,000 (Moderate Availability AGR Estimate per Oxford report)

\$16,200,000 - \$20,300,000 (8% tax imposed on AGR)

Breakout of the 8% per Section 313.822 RSMo.

\$16,200,000 - \$20,300,000 (8% tax imposed on AGR)

10% to Dock Cities (Local) - \$1,600,000 - \$2,000,000

90% to Gaming Proceeds for Education Fund - \$14,600,000 - \$18,200,000

Oversight currently does not have the data or resources available to produce independent revenue projections, including an Economist to estimate the elasticity of demand for sports wagering in relation to other games of chance offered at casinos or the Missouri Lottery. Therefore, for purposes of this fiscal note, Oversight will range the anticipated revenue from MGC estimates to the “low” estimates of DOR.

	MGC	DOR (low)	DOR (high)
Sports Betting Adjusted Gross Receipts	\$34,300,200	\$202,200,000	\$253,300,000
8% tax on AGR (state portion - 90%)	\$2,469,614	\$14,600,000	\$18,200,000
8% tax on AGR (local portion - 10%)	\$274,402	\$1,600,000	\$2,000,000

Officials from the **Department of Public Safety - Missouri Gaming Commission (MGC)** state that the fees collected in the Gaming Fund (fund number 0286) for sports wagering based on the language in this Senate Bill are not sufficient to cover the expenditures of this proposal.

MGC estimates a cost of approximately \$705,000 (2.5% of MGC existing budget) each year. This cost is the average hours and expenses (current background investigators, financial investigators, compliance auditors and tax auditors) the MGC staff would spend on licencing and regulating sports wagering. MGC would need a revenue source to cover this allotment.

MGC notes that if more revenue is not collected for the purpose of sports wagering the admission fees collected from the riverboat casinos will be used to cover MGC's expenditures related to sports wagering and as a result the transfer to the Veteran's Commission Capital Improvement funds will be less.

The Missouri Gaming Commission will be able to use two current allocated vacant FTE positions to fill the FTE this proposal will require. (Information Technology Specialist II (\$71,726/annually) and a Public Safety Manager Band 1 (\$65,976/ annually).

ASSUMPTION (continued)

It is estimated that the fees would cover the initial investigative expenses but not cover the on-going costs to MGC relating to interactive sports wagering platform approval, testing devices, adopting rules, and regulating sports wagering operators. As a result, the MGC need to request an additional \$50,040.87 in spending authority the first year and \$41,954.37 thereafter.

Oversight assumes an annual direct fiscal impact of \$137,702 plus fringes and notes MGC has stated they are reallocating \$87,661 and 2 FTE of excess existing appropriation authority and are only requesting \$50,041 for this program in the FY 2020 budget.

Section 313.1022.1(2)

Income Maintenance (IM)

Officials from the **Department of Social Services - Family Support Division (FSD)** assume the reimbursement of government subsidized program are claims for overpayment of public assistance benefits made to individuals when it is found that the individual was not eligible to receive the assistance, and is not reimbursement of public assistance the individual was eligible to receive. No public assistance programs administered by FSD require repayment of public assistance that was rightfully received.

Currently, the Family Support Division has an interface with the Missouri gaming commission to receive notification when a participant has lottery winnings. FSD is also currently working with the commission on a Memorandum of Agreement (MOA) that the FSD will receive information on winnings that allows the agency to collect on claims for overpayments of benefits.

In SFY 2018, the total amount of claims for overpayment of public assistance benefits established by FSD was \$2,499,635. FSD will work in conjunction with the commission to develop a reimbursement process for individuals whose single-day winnings exceed five hundred dollars. If the provisions of this legislation are enacted, the FSD estimates the total reimbursement to be \$0 - \$2,499,635.

When FSD IM recoups overpaid benefits, the money is split with the federal government. To calculate the amount paid to the federal government, the current time-study rate was used.

ASSUMPTION (continued)

Child Support (CS)

In SFY 2018, \$377,753,521 of the total IV-D child support arrearage was assigned to the state. As it is unknown how many obligors in FSD's child support caseload will engage in sports wagering, for the purpose of this fiscal note response, FSD child support projects potential increased collections of assigned arrearages under this proposed legislation to be a range from \$0 up to \$377,753,521. Of the state-assigned collections, approximately 65% would be the federal portion and the remaining 35% would be deposited into the child support enforcement collections (CSEC) fund used to fund Missouri's IV-D program. Therefore, FSD child support projects the state share of the potential increased collections under this proposed legislation to be a range from \$0 up to \$132,213,732 ($\$377,753,521 \times 35\%$).

The positive fiscal impact to the FSD child support program is \$0 up to \$132,213,732.

In summary, FSD assumes a range of revenue from the income maintenance section of this proposal to the General Revenue Fund from \$0 - \$1,160,581 and \$0 - \$1,339,054 to Federal Funds. FSD assumes a range of revenue from the child support section of this proposal to the Child Support Enforcement Collections Fund from \$0 - \$132,213,732 and \$0 - \$245,878,843 to Federal Funds. (federal fund revenue totals range from \$0 - \$245,878,843 (\$1,339,054 + \$245,539,789)).

Oversight notes that the Missouri Lottery Commission paid out \$111.7 million in taxable prizes for FY 2018. The amount intercepted for child support offsets for DSS was \$316,075 which equals .29% of prize payouts. (It should be noted that child support offsets were significantly larger in FY 2018 than previous years. The average for the past 5 years was \$145,200). For fiscal note purposes, Oversight will assume sports wagering payouts to be similar to lottery taxable prizes. Oversight also assumes there could be some overlap between persons who make sports wagers and persons who buy lottery tickets. Oversight will reflect a revenue range from \$0 to Up to \$300,000 to the General Revenue Fund.

Oversight notes that the DFS has stated the proposal would have a direct fiscal impact on their organization. Oversight does not have information from which to calculate an estimate of the amount of money that may be collected from this reimbursement requirement; therefore, Oversight will reflect a potential unknown amount to the funds specified by DSS.

ASSUMPTION (continued)

Officials from the **Office of Administration - Information Technology Services Division (OA-ITSD)** assume a new .Net program along with new Gen/Cobol programs would have to be written in order to create a web portal for the Missouri Gaming Commission to give them access to OA-ITSD MACSS obligors and their arrears balances and a way for them to submit those winnings to child support. This would require the following:

- 1) A secure login process would have to be created for this portal as well in order to insure that the data provided is secure.
- 2) A new collection source would have to be created for gambling intercepts and new collection/distribution logic would have to be written to process the new collection source.
- 3) A change to MACER020 (Enforcement Batch) if a new enforcement remedy/resource is needed in order to certify an obligor for gambling intercept.
- 4) A number of financial reports including the OCSE34A federal report would have to be changed to accommodate this new collection source.
- 5) A change to Hearing processing in order to accommodate hearings filed on gambling intercepts.
- 6) A change to any forms related gambling intercept notification, enforcement, hearings, etc.

In summary, OA-ITSD assumes a cost of \$49,248 in FY 2020 to provide for the implementation of the changes in this proposal.

Oversight notes ITSD assumes that every new IT project/system will be bid out because all their resources are at full capacity. For this bill, ITSD assumes they will contract out the programming changes need to create a web portal for the Missouri Gaming Commission. ITSD estimates the project would take 656.64 hours at a contract rate of \$75 per hour for a total cost to the state of \$49,248. Oversight notes that an average salary for a current IT Specialist within ITSD is \$51,618, which totals roughly \$80,000 per year when fringe benefits are added. Assuming that all ITSD resources are at full capacity, Oversight assumes ITSD may (instead of contracting out the programming) hire an additional IT Specialist to perform the work required from this bill. Therefore, Oversight will range the fiscal impact from the cost of contracting out the work (\$49,248) to hiring an additional FTE IT Specialist (roughly \$80,000 per year).

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 SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet

ASSUMPTION (continued)

these costs. However, the SOS also recognizes 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 the office can sustain with the core budget. Therefore, the SOS reserves 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.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could require additional resources.

Officials from the **Office of the State Treasurer** assume the proposal will have no fiscal impact on their organization.

Oversight notes that the Office of the State Treasurer has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for that office.

<u>FISCAL IMPACT - State Government</u>	FY 2020 (10 Mo.)	FY 2021	FY 2022	Fully Implemented (FY 2024)
GENERAL REVENUE FUND				
<u>Revenue - DSS</u>				
Income				
Maintenance and Child Support §313.1022.2	\$0 to up to \$300,000	\$0 to up to \$300,000	\$0 to up to \$300,000	\$0 to up to \$300,000
Cost - DOR - ITSD costs (ranged from contracting out programming (\$49,248) to hiring additional FTE IT Specialist) §313.1022	(\$49,248) to (\$66,632)	\$0 to (\$80,631)	\$0 to (\$80,631)	\$0 to (\$80,631)
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>\$250,752 to (\$49,248) to (\$66,632)</u>	<u>\$300,000 to \$0 to (\$80,631)</u>	<u>\$300,000 to \$0 to (\$80,631)</u>	<u>\$300,000 to \$0 to (\$80,631)</u>
Estimated Net FTE Change for General Revenue	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE	0 or 1 FTE

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2020 (10 Mo.)	FY 2021	FY 2022	Fully Implemented (FY 2024)
GAMING COMMISSION FUND				
Revenue - Royalty of 1/4 of 1% §313.1018.2 p. 5	\$1,559,100	\$1,559,100	\$1,559,100	\$1,559,100
<u>Cost</u> - Payment of Royalty revenue to registered sports governing bodies	(\$1,559,100)	(\$1,559,100)	(\$1,559,100)	(\$1,559,100)
<u>Revenue</u>				
Initial License Fee §313.1006	\$130,000	\$0	\$0	\$0
Sports Wagering Platform License Application Fee §313.1010	\$50,000	\$0	\$0	\$0
Sports Wagering Platform License Renewal Fee §313.1010	<u>\$0</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>
<u>Total Revenue</u>	<u>\$180,000</u>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$25,000</u>

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2020 (10 Mo.)	FY 2021	FY 2022	Fully Implemented (FY 2024)
GAMING COMMISSION FUND (continued)				
<u>Cost - MGC</u>				
Salaries	(\$137,702)	(\$137,702)	(\$137,702)	(\$137,702)
Fringe Benefits	(\$62,474)	(\$62,474)	(\$62,474)	(\$62,474)
Equipment and Expense	<u>(\$50,041)</u>	<u>(\$41,954)</u>	<u>(\$41,954)</u>	<u>(\$41,954)</u>
<u>Total Cost - MGC</u>	<u>(\$250,217)</u>	<u>(\$242,130)</u>	<u>(\$242,130)</u>	<u>(\$242,130)</u>
FTE Change - MGC	2 FTE	2 FTE	2 FTE	2 FTE
ESTIMATED NET EFFECT TO THE GAMING COMMISSION FUND	<u>(\$70,217)</u>	<u>(\$217,130)</u>	<u>(\$217,130)</u>	<u>(\$217,130)</u>
Estimated Net FTE Change to the Gaming Commission Fund	2 FTE	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2020 (10 Mo.)	FY 2021	FY 2022	Fully Implemented (FY 2024)
GAMING PROCEEDS FOR EDUCATION FUND				
Revenue 90% of the 8% Wagering Tax §313.1020.1	\$2,469,614 to <u>\$14,600,000</u>	\$2,469,614 to <u>\$14,600,000</u>	\$2,469,614 to <u>\$14,600,000</u>	\$2,469,614 to <u>\$14,600,000</u>
ESTIMATED NET EFFECT TO THE GAMING PROCEEDS FOR EDUCATION FUND	\$2,469,614 to <u>\$14,600,000</u>	\$2,469,614 to <u>\$14,600,000</u>	\$2,469,614 to <u>\$14,600,000</u>	\$2,469,614 to <u>\$14,600,000</u>
SPORTS WAGERING FUND				
<u>Revenue</u>				
Certificate Holder Admin Fee §313.1020	\$0	\$65,000	\$65,000	\$65,000
Certificate Holder Reinvestigation Fee §313.1020	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$130,000</u>
ESTIMATED NET EFFECT TO THE SPORTS WAGERING FUND	<u>\$0</u>	<u>\$65,000</u>	<u>\$65,000</u>	<u>\$195,000</u>

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2020 (10 Mo.)	FY 2021	FY 2022	Fully Implemented (FY 2024)
ENTRY FACILITIES INFRASTRUCTURE FUND				
<u>Revenue - 3/5 of 1% of total wagers (section 313.1019)</u>	<u>\$3,741,840</u>	<u>\$3,741,840</u>	<u>\$3,741,840</u>	<u>\$3,741,840</u>
ESTIMATED NET EFFECT TO THE ENTRY FACILITIES INFRASTRUCTURE FUND	<u>\$3,741,840</u>	<u>\$3,741,840</u>	<u>\$3,741,840</u>	<u>\$3,741,840</u>
CHILD SUPPORT ENFORCEMENT COLLECTIONS (0169)				
<u>Revenue - DSS Child Support §313.1022</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
ESTIMATED NET EFFECT TO THE CHILD SUPPORT ENFORCEMENT COLLECTIONS	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>

<u>FISCAL IMPACT -</u> <u>State Government</u> (continued)	FY 2020 (10 Mo.)	FY 2021	FY 2022	Fully Implemented (FY 2024)
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FEDERAL FUNDS

Revenue - DSS

Income				
Maintenance	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
§313.1022				

Cost - DSS

Income				
Maintenance to	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>	<u>\$0 or Unknown</u>
Federal Government				
§313.1022				

**ESTIMATED NET
EFFECT ON
FEDERAL FUNDS**

<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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	<u>FY 2020</u> <u>(10 Mo.)</u>	<u>FY 2021</u>	<u>FY 2022</u>	<u>Fully</u> <u>Implemented</u> <u>(FY 2024)</u>
LOCAL HOME DOCKS				
Revenue - Home Dock City or County 10% of the 8%				
Wagering Tax §313.1020.1	<u>\$274,402 to</u> <u>\$1,600,000</u>	<u>\$274,402 to</u> <u>\$1,600,000</u>	<u>\$274,402 to</u> <u>\$1,600,000</u>	<u>\$274,402 to</u> <u>\$1,600,000</u>
ESTIMATED NET EFFECT TO THE LOCAL HOME DOCKS	<u>\$274,402 to</u> <u>\$1,600,000</u>	<u>\$274,402 to</u> <u>\$1,600,000</u>	<u>\$274,402 to</u> <u>\$1,600,000</u>	<u>\$274,402 to</u> <u>\$1,600,000</u>

FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

This bill defines the term "sports wagering" and authorizes the Missouri Gaming Commission to implement regulations governing sports wagering, including standards for the conduct of sports wagering and holders of certificates for sports wagering.

The bill provides that sports wagering shall not be conducted except by an excursion gambling boat licensed under Chapter 313, RSMo. The bill further provides that sports wagering shall be conducted according to specific statutory criteria. The commission is required to test new sports wagering devices and forms of sports wagering. The commission may also issue a certificate for an interactive sports wagering platform. The bill establishes specific recording keeping requirements of all bets and wagers placed.

A wagering tax of 8% is imposed on gross receipts received from sports wagering which shall be deposited in the "Gaming Proceeds for Education Fund." Certain royalties for college athletics and other sports governing bodies shall be remitted by the certificate holder. The bill creates a

FISCAL DESCRIPTION (continued)

"Sports Wagering Fund" and the "Entry Facilities Infrastructure Fund" to be used by the commission to administer the provisions of this bill.

The bill also makes provision for withholding proceeds of winning wagers to be intercepted to reimburse the state for overpayments of public assistance benefits when the individual was not eligible for those benefits and to collect child-support arrearages.

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

Department of Public Safety
Missouri Gaming Commission
Department of Revenue
Office of the State Treasurer
Office of the Secretary of State
Office of Administration
Budget and Planning
Department of Social Services



Kyle Rieman
Director
April 29, 2019

Ross Strobe
Assistant Director
April 29, 2019