

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4228H.011
Bill No.: HB 1427
Subject: Taxation and Revenue - General; Taxation and Revenue - Sales and Use; Bingo;
Department of Revenue; Gambling; Department of Public Safety
Type: Original
Date: February 23, 2024

Bill Summary: This proposal repeals the tax imposed on the sale of bingo cards.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Bingo Proceeds for Education	(\$1,134,708)	(\$1,335,491)	(\$1,310,640)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$1,134,708)	(\$1,335,491)	(\$1,310,640)

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on FTE	0	0	0

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§313.057 – Repeals tax on the sale of bingo cards

Officials from the **Missouri Gaming Commission (MGC)** state the repeal of §313.055 and enactment of the new §313.057 eliminates the tax (two tenths of one cent) imposed on each bingo card and progressive bingo game card sold in Missouri to be paid by a supplier. In addition, the repeal of §313.057 and enactment of the new §313.057 eliminates the tax (2% of the gross receipts of the retail sales value charged) imposed on pull-tab cards sold in Missouri to be paid by a supplier.

The repeal of taxes related to bingo cards and pull-tab cards has no fiscal impact on the Missouri Gaming Commission. The entirety of the tax revenues collected on bingo and pull-tab cards are directed to the Missouri Bingo Proceeds for Education Fund. However, because the taxes are collected from bingo suppliers, who are licensed by the Missouri Gaming Commission, the repeal does affect MGC’s regulation of bingo licensees.

The repeal of §§313.055 and 313.057, RSMo, and enactment of a new §313.057 would eliminate the tax imposed on bingo cards and pull-tab cards sold in Missouri, with an estimated total tax loss of \$1,389,184 for fiscal year 2024 (\$550,705 tax loss on bingo cards and \$838,479 tax loss on pull-tabs), a total tax loss of \$1,361,649 for fiscal year 2025 (\$523,170 tax loss on bingo cards and \$838,479 tax loss on pull-tabs), a total tax loss of \$1,335,491 for fiscal year 2026 (\$497,012 tax loss on bingo cards and \$838,479 tax loss on pull-tabs), a total tax loss of \$1,310,640 for fiscal year 2027 (\$472,161 tax loss on bingo cards and \$838,479 tax loss on pull-tabs), and a total tax loss of \$1,287,032 for fiscal year 2028 (\$448,553 tax loss on bingo cards and \$838,479 tax loss on pull-tabs).

MGC estimates the following total tax loss:

	FY 2025	FY 2026	FY 2027	FY 2028
Bingo Paper Tax	\$523,170	\$497,012	\$472,161	\$448,553
Pull-Tab Tax	\$838,479	\$838,479	\$838,479	\$838,479
Total	\$1,361,649	\$1,335,491	\$1,310,640	\$1,287,032

MGC estimates the total estimated tax loss over the next 5 fiscal years is \$6,683,996 (\$2,491,601 tax loss on bingo cards and \$4,192,395 tax loss on pull-tabs). The losses will continue into the future in perpetuity. Due to the tax imposed on bingo cards and pull-tab cards sold in Missouri being the only revenue streams for the Bingo Proceeds for Education Fund, then the elimination of such taxes will result in the fund not being funded, which in turn will negatively impact initiatives being supported by the fund.

In determining the impact on tax revenue, the Gaming Commission used the assumption that there will be a 5% decline per year in the sale of bingo cards based on the most recent decline that occurred prior to the impact of COVID-19 and that there will a 0% change in pull-tab sales based on the rise in popularity of pull-tabs with licensees and players offset by a decline in the number of bingo licensees.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimated loss of revenue to the Bingo Proceeds for Education Fund (0289) impact in the fiscal note.

Oversight notes, per reports from the Office of the State Treasurer, the following receipts into the Bingo Proceeds for Education Fund (0289) over the past four fiscal years:

FY 2023	\$1,452,755
FY 2022	\$1,371,549
FY 2021	\$ 902,629
FY 2020	\$1,397,534

Oversight will reflect ten (10) months of impact in FY 2025.

Officials from the **Office of Administration - Budget and Planning** and the **Department of Revenue** defer to the Missouri Gaming Commission for the potential fiscal impact of this proposal.

Officials from the **Department of Elementary and Secondary Education** assume the proposal will have no fiscal impact on their organization. However, the proposal may reduce state revenue.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect no fiscal impact for this agency.

Officials from the **Department of Public Safety - Missouri Highway Patrol**, the **Office of the State Public Defender** and the **Missouri Lottery Commission** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
BINGO PROCEEDS FOR EDUCATION FUND (0289)			
<u>Loss – MGC (§313.057) - tax elimination p.3</u>	<u>(\$1,134,708)</u>	<u>(\$1,335,491)</u>	<u>(\$1,310,640)</u>
ESTIMATED NET EFFECT TO THE BINGO PROCEEDS FOR EDUCATION FUND (0289)	<u>(\$1,134,708)</u>	<u>(\$1,335,491)</u>	<u>(\$1,310,640)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

A direct fiscal impact to organizations that conduct a game of bingo could be expected as a result of this proposal.

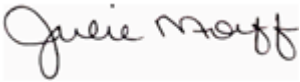
FISCAL DESCRIPTION

This bill repeals a tax of 2% on the gross receipts of retail sales paid on each pull tab card sold in the state. The bill also repeals a tax imposed on each organization conducting a game of bingo which annually awards at least \$5000 and more than \$100 in a single day.

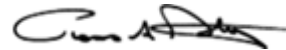
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Administration - Budget and Planning
Department of Elementary and Secondary Education
Department of Revenue
Department of Public Safety -
 Missouri Gaming Commission
 Missouri Highway Patrol
Office of the State Public Defender
Missouri Lottery Commission



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