

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2259H.01I
Bill No.: HB 985
Subject: Taxation and Revenue - General; Taxation and Revenue - Sales and Use; Bingo;
Department of Revenue, Gambling; Public Safety, Department of Public Safety
Type: Original
Date: March 12, 2025

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 2026	FY 2027	FY 2028
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Bingo Proceeds for Education (0289)*	(\$1,158,600)	(\$1,365,153)	(\$1,340,575)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$1,158,600)	(\$1,365,153)	(\$1,340,575)

Oversight notes the proposal repeals a 2% tax on the gross receipts of retail sales paid on each pull tab card sold in the State and repeals a tax imposed on each organization conducting a game of bingo which annually awards at least \$5,000 and more than \$100 in a single day.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2026	FY 2027	FY 2028
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 2026	FY 2027	FY 2028
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 that the legislation will result in a decrease to Total State Revenue in that the Bill eliminates the tax imposed on the sale of bingo cards and pull-tab cards in Missouri. MGC also states that 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 Sections 313.055 and 313.057, RSMo. and enactment of a new Section 313.057 would eliminate the tax imposed on bingo cards and pull-tab cards sold in Missouri, with a estimated total tax loss of \$1,390,320 for fiscal year 2026 (\$563,194 tax loss on bingo cards and \$827,126 tax loss on pull-tabs), a total tax loss of \$1,365,153 for fiscal year 2027 (\$546,298 tax loss on bingo cards and \$818,855 tax loss on pull-tabs), a total tax loss of \$1,340,575 for fiscal year 2028 (\$529,909 tax loss on bingo cards and \$810,666 tax loss on pull-tabs), a total tax loss of \$1,316,572 for fiscal year 2029 (\$514,012 tax loss on bingo cards and \$802,560 tax loss on pull-tabs), and a total tax loss of \$1,293,125 for fiscal year 2030 (\$498,591 tax loss on bingo cards and \$794,534 tax loss on pull-tabs).

MGC estimates the following total tax loss:

	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Bingo Paper Tax	\$563,194	\$546,298	\$529,909	\$514,012	\$498,591
Pull-Tab Tax	\$827,126	\$818,855	\$810,666	\$802,560	\$794,534
Total	\$1,390,320	\$1,365,153	\$1,340,575	\$1,316,572	\$1,293,125

MGC estimates the total estimated tax loss over the next 5 fiscal years is \$6,705,745 (\$2,652,003 tax loss on bingo cards and \$4,053,741 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 of the tax repeal, the Missouri Gaming Commission used the assumptions that there will be a 3% decline per year in the sales of bingo cards, based on the most recent trends; and that there will be a 1% reduction in pull-tab sales, based on recent trends.

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 2024	\$1,441,708
FY 2023	\$1,452,755
FY 2022	\$1,371,549
FY 2021	\$ 902,629

Oversight will reflect ten (10) months of impact in FY 2026.

Officials from the **Department of Elementary and Secondary Education (DESE)** state DESE would potentially see a loss in funds for the Bingo Proceeds for Education Fund (0289) which is appropriated for the Board Operated Schools (Missouri Schools for the Severely Disabled). The FY 2025 appropriation amount for this fund was \$1,876,355. This loss in revenue to Bingo Proceeds may require a fund switch to General Revenue to replace this appropriation.

Oversight will use the estimated tax loss provided by the MGC.

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 Public Safety - Missouri Highway Patrol**, the **Office of the State Public Defender**, the **Office of the State Treasurer**, the **Department of Higher Education and Workforce Development**, the **Missouri Veterans Commission** 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.

Rule Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note 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 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 its 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.

<u>FISCAL IMPACT – State Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
BINGO PROCEEDS FOR EDUCATION FUND (0289)			
<u>Loss – MGC/DESE (\$313.057) – tax elimination p.3</u>	<u>(\$1,158,600)</u>	<u>(\$1,365,153)</u>	<u>(\$1,340,575)</u>
ESTIMATED NET EFFECT TO THE BINGO PROCEEDS FOR EDUCATION FUND (0289)	<u>(\$1,158,600)</u>	<u>(\$1,365,153)</u>	<u>(\$1,340,575)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2026 (10 Mo.)	FY 2027	FY 2028
	<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 2% tax 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 Higher Education and Workforce Development
Department of Revenue
Missouri Gaming Commission
Missouri Highway Patrol
Office of the Secretary of State
Joint Committee on Administrative Rules
Office of the State Public Defender
Office of the State Treasurer
Missouri Lottery Commission



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