

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 6459H.03C
Bill No.: HCS for HB 2989
Subject: Gambling; Department of Public Safety; Entertainment, Sports and Amusements; Lotteries; Boards, Commissions, Committees, and Councils
Type: Original
Date: February 5, 2026

Bill Summary: This proposal modifies provisions relating to gaming.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
State Lottery Fund (1682)	(\$129,577)	\$0*	\$0*
Lottery Enterprise Fund (1657)*	\$0	\$0	\$0
Lottery Proceeds Fund (1291) **	\$0	\$124,865,330	\$234,605,220
Compulsive Gamblers Fund (1249) ***	(\$401,478)	(\$373,781)	(\$373,781)
Criminal Records Fund (1671)	Unknown	Unknown	Unknown
Gaming for Education Proceeds Fund (1285)****	Unknown to (Unknown)	Unknown to (Unknown)	Unknown to (Unknown)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Gaming Commission Fund (1286)****	(Unknown)	(Unknown)	(Unknown)
Illegal Gaming Enforcement Fund*	\$0	\$0	\$0
Missouri State Highway Patrol Gambling Crimes Investigation Fund	\$0	\$634,375	\$761,250
Attorney General's Office Fund	\$0	\$317,188	\$380,625
Missouri Prosecutors' Pensions Fund	\$0	\$317,188	\$380,625
Veterans Commission Capital Improvement Trust Fund (1304)	\$56,000,000	\$56,537,500	\$56,045,000
Public Elementary and Secondary School Construction and Rehabilitation Grant Fund	(\$127,320)	Less than \$33,278,031	Less than \$59,403,212
Total Estimated Net Effect on Other State Funds	More or Less than \$55,341,625	More or Less than \$215,575,831	More or Less than \$351,202,151

*Revenues and transfers net to \$0.

**Oversight reflects revenue tax of 31% imposed on adjusted gross gaming revenue due to §313.427(2) less administrative expenses and transfers.

***Oversight reflects the net difference between the cost of 1% of the license fee under §313.429.14 and compulsive gambling treatment on page 11 as specified by DMH.

****Per the MGC, the extent of the reduction in revenue in both state and local taxes from riverboat gaming and charitable bingo is unknown but could be significant.

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Total Estimated Net Effect on All Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
Lottery Enterprise Fund (MLC)	27 FTE	27 FTE	27 FTE
Illegal Gaming Enforcement Fund (MHP)	0 FTE	21 FTE	21 FTE
Public Elementary and Secondary School Construction and Rehabilitation Grant Fund (DESE)	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	28 FTE	49 FTE	49 FTE

- 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 2027	FY 2028	FY 2029
Local Government	(Unknown)	Less than \$1,268,750	Less than \$1,522,500

FISCAL ANALYSIS

ASSUMPTION

§§27.180, 43.375, 313.425, 313.427, 313.429, 313.431, 313.433, 313.435, 313.437, 313.438, 313.439, 313.440, 313.441, 313.442, 313.443, 313.444, 313.445, 313.820, 572.010, 572.020 & 572.100 – Gaming Provisions

§27.180 – Illegal Gaming Enforcement Fund

Oversight notes this section of the proposal establishes the Illegal Gaming Enforcement Fund which shall consist of revenues received by the Missouri Lottery Commission pursuant to §§313.425 to 313.437.

§43.375 - Missouri Highway Patrol Investigation of Violations

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** state although the proposed legislation does not specifically identify the Division of Drug and Crime Control (DDCC) as the division responsible for criminal enforcement of illegal video lottery terminals and background investigations of new licenses, it is anticipated that as the criminal investigative bureau of the agency already tasked with enforcement of lottery terminals, DDCC would likely take on that role. On those occasions when a device(s) is located which has not been registered with the lottery commission, the applicable criminal statutes would apply (promoting gambling and/or possession of a gambling device) and a criminal investigation would be required. The discovery and investigation of these devices would likely come through a combination of complaints and routine surveillance of locations known to have video lottery terminals.

It appears the MHP, and most likely Division of Drug and Crime Control (DDCC), would be responsible for conducting background investigations for those seeking licenses to operate video lottery terminals in the state. Although the total number of applicants is unknown at this time, MHP estimates the number to be substantial and the need for ongoing background investigations to be sustained, due to renewal of applications and verification of applicants. If the responsibility of conducting background investigations falls within DDCC's area of responsibility, along with the enforcement of illegal machines, two (2) criminal investigators assigned to each of the ten (10) criminal investigative units is expected to be needed to adequately address both issues. These gambling investigators would be assigned to each of the ten criminal investigative units, located around the state, for a total manpower increase of twenty officers, and would be cross-trained for both backgrounds and criminal investigations. These officers would be paid at the rank of Sergeant.

Clerical resources to cover the increased workload of twenty additional officers would be substantial and the investigative casefiles and associated paperwork would require an additional clerk. This clerk would be centrally located in the division headquarters of the

Division of Drug and Crime Control, in Jefferson City, Missouri. This clerk would need all applicable equipment including computers and other general office tools.

Oversight notes the proposal stipulates that there shall be at least one trooper per region who shall focus on illegal gambling investigations. In addition, these investigators shall be funded primarily by the Illegal Gaming Enforcement Fund; therefore, Oversight will reflect the costs provided by MHP to the Illegal Gaming Enforcement Fund starting in FY 2028. Oversight will reflect the transfer of additional funds from the State Lottery Fund to cover MHP's remaining costs after all funds have been utilized from the Illegal Gaming Enforcement Fund.

§§313.425 to 313.445 – Missouri Video Lottery Regulatory Act

Officials from the **Missouri Lottery Commission (MLC)** assume the following regarding this proposal:

This legislation requires video lottery game operators to pay the Lottery an adjusted gross gaming revenue tax of 31%.

The Lottery shall retain an amount from the adjusted gross gaming revenue tax necessary to cover direct administrative expenses of the program not covered by license fees or reimbursements. All remaining funds after administrative expenses shall be appropriated equally to public elementary and secondary education and public institutions of higher education. Ten percent (10%) of such funds shall be appropriated to public institutions of higher education workforce development programs, and ten percent (10%) for construction and rehabilitation of public elementary and secondary education facilities.

Operators must also pay the Department of Revenue a 3% municipality and county administration tax to be remitted to the appropriate municipality/county.

Officials from the **Department of Elementary and Secondary Education (DESE)** state this proposal creates the Public Elementary and Secondary School Construction and Rehabilitation Grant Fund to be administered by the State Treasurer's office, and the criteria for distribution of funds to be established by DESE. DESE assumes it will need at least 1 FTE- Director at a cost of \$83,134 along with associated expenses and equipment at a one-time cost of \$5,082 and an ongoing cost of \$13,779, to create the criteria for the grants, to ensure that school districts are adhering to the criteria to receive funding, and to administer the grants. DESE cannot estimate the revenue gain that might be attributed to this legislation and therefore the amount of money to be distributed by the Public Elementary and Secondary School Construction and Rehabilitation Grant Fund at this time.

Oversight notes HCS for HB 2989 revises the distribution from 10% of funds to public elementary and secondary education and 10% to public institutions of higher education to 20% to the newly created Public Elementary and Secondary School Construction and Rehabilitation

Grant Fund. Upon further inquiry, MLC estimated \$0 in FY 2027, \$32,427,323 in FY 2028 and \$59,555,164 in FY 2029 being deposited into the new fund.

§313.427(2)

An adjusted gross gaming revenue tax of 31% is imposed on adjusted gross gaming revenue.

§313.427(6)

A municipality and county administration tax of 3% is imposed on adjusted gross gaming revenue.

MLC assumes approximately \$0, \$17.2 million and \$30.9 million per year will be remitted to municipalities where video lottery establishments are located in 2027, 2028 and 2029, respectively, from the 3% municipality and county admin tax collected by the Department of Revenue.

§313.429.1

The commission shall implement a system of video lottery game terminals and issue licenses to video lottery game manufacturers, video lottery game distributors, video lottery game operators, video lottery game handlers, and video lottery game retailers.

§313.429.2

Video lottery game terminals and games shall meet independent testing standards approved by the commission. The commission shall promulgate rules for minimum standards for video lottery game terminals, video lottery games, and redemption terminals. Video lottery game terminals and redemption terminals shall be connected to the central control system approved by the commission.

§313.429.2(15)

The commission shall adopt rules to identify the municipality of each video lottery game terminal and to maintain a list to provide to the department of revenue to ensure accurate taxation and reporting.

§313.429.3

The commission may impose license application fees, annual renewal fees and annual terminal administration fees. The terminal administration fees shall be distributed to the Missouri Highway Patrol, Attorney General's Office, Missouri Prosecutor's Pension Fund, Veterans Commission, and municipalities.

Oversight will reflect the revenues and costs as provided by the MLC. A detailed breakdown of revenue can be found on page 7 of the fiscal note. A detailed breakdown of costs can be found in the tables below.

Oversight notes this section also specifies:

- (a) One hundred dollars shall be transmitted to the Missouri state highway patrol for use in investigations and enforcement of §§313.425 to 313.445;
- (b) Fifty dollars shall be transmitted to the Missouri attorney general's office for use in illegal gambling enforcement;
- (c) Fifty dollars shall be transmitted to the Missouri prosecutors pension fund
- (d) Four hundred dollars shall be transmitted to the veterans commission; and
- (e) Two hundred dollars shall be transmitted to the municipality in which the video lottery game terminal is located, except that if a video lottery game terminal is located in an unincorporated area of a county, the two hundred dollars shall be transmitted to the county in which the video lottery game terminal is located.

MLC assumes the Department of Revenue will collect and remit the following to the Illegal Gaming Enforcement Fund from the \$1,000 annual per terminal administrative fee:

- \$761,250 for the Missouri State Highway Patrol
- \$380,625 for the Missouri Attorney General
- \$380,625 for the Prosecutors Pension Fund
- \$3,045,000 for the Veterans Commission
- \$1,522,500 per year to the municipality or county

In the third and fourth year, revenue will ramp up four times these amounts every year after a four-year ramp up period. The Department of Revenue will remit \$1,522,500 per year of the \$1,000 annual per terminal administrative fee to the Lottery in the third year and fourth year, ramping up to four times this amount every year after a four-year ramp up period.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect the estimates provided by MLC. Oversight notes the legislation creates a new fund, the Missouri State Highway Patrol Gambling Crimes Investigation Fund and will reflect the revenues and costs to this fund.

Oversight cannot identify which funds the proposal refers to in regard to the Attorney General's Office and the Missouri Prosecutors' Pension Fund; therefore, Oversight will not provide a specific fund number on the fiscal note.

MLC assumes four (4) additional lead admin support assistant positions at a salary of \$38,888 each will be needed to process applications, renewals, annual terminal administration fees, and no chance game registration fees which includes completing background checks on owners and handlers and determining eligibility.

It is assumed revenues from initial application/administrative and registration fees will total \$37.4 million spread over a 4-year ramp up period, which will be offset by the cost of background checks for operators, manufacturers, distributors, retailers and handlers of approximately \$79,000 per year (fingerprint checks are estimated to be \$33.25 per person, and each operator, manufacturer, distributor and retailer is assumed to have at least two owners requiring a check, with each handler requiring one check). Cost of fingerprint checks beyond the fiscal note period will continue at approximately \$79,000 per year, with approximately \$9.3 million in revenues assumed from the first year of renewal/administrative fees, ramping up to approximately \$37.0 million in year 6 and beyond.

Oversight provides the following table to summarize the Lottery Commissions revenues from §313.429.13:

State Revenue Impact

Provision	FY26	FY27	FY28
Initial Application Fee	\$2,217,200	\$2,217,200	\$2,217,200
Annual Renewal and Terminal Admin Fees*	\$0	\$1,644,700	\$3,289,400
Lottery's Share of Per Terminal Admin Fee (\$200)*	\$0	\$1,268,750	\$1,522,500
VLT Proceeds (State Portion, 31% of AGR)	\$0	\$177,953,421	\$319,777,812
Total State Impact	\$2,217,200	\$183,084,071	\$326,806,912

Local Revenue Impact

Provision	FY 2027	FY 2028	FY 2029
Municipality or County Share of Per Terminal Admin Fee (\$200)	\$0	\$5,075,000	\$6,090,000

*Oversight notes the per terminal administrative fee referenced in §313.429.3 of \$1,000 is to be deposited as follows: \$200 to MLC and the remaining \$800 to the Illegal Gaming Enforcement Fund. Oversight notes, based on the estimates provided by MLC, there will be approximately 6,344 video lottery terminals in FY 2028 and 7,613 in FY 2029. This would equate to \$5,075,200 in FY 2028 and \$6,090,400 in FY 2029 being deposited into the Illegal Gaming Enforcement Fund.

MLC notes:

§313.429.7

Video lottery game terminals shall be inspected and approved by the commission. Redemption terminals shall meet independent testing standards.

§313.429.9

Operators shall allow players to be self-excluded from video lottery play.

§313.429.10

No operator shall operate more than eight video lottery terminals per location.

§313.429.11

No person under the age of twenty-one shall play video lottery game terminals. Operators shall have a video surveillance system where the video lottery game terminals are located. The commission shall adopt rules regarding the investigation and enforcement of violations which may include fines, suspension and revocation of licenses.

Nine (9) Lottery Security Specialists at an annual salary of \$61,940 each are needed to ensure the central control system uses industry protocols, to activate or deactivate terminals, to monitor and audit plays, and ensure operators are following requirements for plays and payouts, where terminals can be operated, number of terminals operated per establishment, advertising, posting age requirement and the problem gambling helpline, and surveillance of the gaming area, and assessing fines, license suspension and/or license revocation for noncompliance.

Four (4) additional Lottery Security Specialists at an annual salary of \$61,940 are needed to facilitate and document VLT investigations.

One (1) Responsible Gaming Public Relations Coordinator is needed at an annual salary of \$60,000 to educate operators and retailers on problem gambling and manage the self-exclusion program.

One (1) Human Resources Specialist is needed at an annual salary of \$65,083 to assist with hiring and training FTE to administer the program.

The cost of the central system is estimated to be \$13.9 million per year after a four-year ramp up period.

Advertising, promotions and point-of-sales costs associated with the program are estimated to be \$1,500,000 per year.

§313.429.13

Operators shall remit the municipality and county administration tax to the department of revenue. The department of revenue shall distribute such funds to the appropriate municipality or county.

§313.429.14

Up to one percent (1%) of license fees shall be deposited to the credit of the Compulsive Gamblers Fund. Up to one percent of license fees deposited to the Compulsive Gamblers Fund is estimated at \$38,000 per year.

Three (3) Senior Accounts Assistants are needed at an annual salary of \$46,188 each to collect license, renewal, administrative and registration fees, verify and collect the 31% adjusted gross gaming revenue tax, identify municipalities owed the municipality and county administration tax, and deposit amounts owed to the Compulsive Gamblers Fund.

Two (2) Data Analysts/Applications Developers are needed at an annual salary of \$63,391 to ensure the centralized system is accurately capturing data and to develop files, applications and reports to assist in the licensing, security and accounting of the program.

Oversight will reflect the one percent of license fees transferred from the Lottery Enterprise Fund (1657) to the Compulsive Gamblers Fund (1249) as estimated by the MLC.

§313.429.15

MLC notes the commission may contract with a state law enforcement entity to assist in conducting background investigations and for enforcement.

§313.429.16

The commission shall adopt rules for the implementation of the video lottery game system.

One (1) Paralegal at an annual salary of \$60,757 and one (1) Legal Assistant at an annual salary of \$62,579 are assumed to assist with additional legal work involved with promulgating rules and seeking prosecution of violations by the attorney general.

§313.431

The commission shall contract for the supply and operation of a central control system, make a form use agreement and form license applications available for manufacturers, distributors, operators, retailers and handlers, promulgate rules, establish a start date for when operators may begin soliciting use agreements with retailers, approve or deny applications, and establish an operational date by which the system of video lottery game terminals shall be operational.

One (1) VLT Manager is needed to manage and oversee the VLT program and related FTE at an annual salary of \$104,326. Fringe benefits for the twenty-seven (27) additional FTE are estimated to be \$1,100,000 per year.

Equipment, vehicle, and one-time telecommunication costs for the new FTE is estimated to be \$991,000. Annual office supplies, fuel, janitorial, utilities and ongoing IT cost for the new FTE is estimated to be \$213,000 per year.

The Lottery assumes 4,500 retailers will operate 30,450 terminals after a 4-year ramp up period.

Additional revenue to the Lottery from video lottery sales are anticipated to be \$0 in year one and grow to \$320 million in year three, offset by lost profits from Pull-Tabs and Keno of approximately \$12.2 million per year.

Pull-Tab sales at fraternals are assumed to be completely cannibalized by video lottery sales; Keno sales are expected to be cannibalized by 31.3%.

Net effect of the above impacts on the Lottery Proceeds Fund is anticipated to be (\$130,000) in FY 2027, \$162 million in FY 2028 and \$298 million in FY 2029, reduced by Lottery's share of the cost of the Gaming Bureau within the Department of Public Safety.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the MLC.

Officials from the **Missouri Gaming Commission (MGC)** assume the bill provides for administrative fees to be paid by VLT operators and retailers, with such fees to be split among causes including the Missouri State Highway Patrol for investigations and enforcement of the new bill, the Missouri Attorney General's Office for use in illegal gambling enforcement, the Missouri Prosecutors Pension Fund, the Veterans' Commission, and the municipality or county where the VLT is located.

The bill also provides that the tax revenue generated shall be in addition to, and shall supplement, and shall not supplant, any education funding otherwise appropriated by the General Assembly. It also specifically provides that each city and county in which a VLT is operating, as determined in rules set forth by the Lottery Commission, shall receive ten percent (10%) of the gross gaming revenue tax collected, remitted, and assessed on the gross gaming revenue generated by the VLTs in that jurisdiction, with such funds to be used to provide services necessary for the safety of the public in visiting a VLT retail location.

It is assumed that video lottery terminals (VLTs) would be in direct competition with bingo and excursion gambling boats, resulting in a reduction in state gaming taxes to education. The extent to which these reductions will be offset by new revenue generated by VLTs is unknown.

This Act would also result in a reduction of state admission fees to excursion gambling boats. Such admission fees benefit Veterans, National Guard and Access Missouri programs. The extent to which these reductions would be offset by the administrative fees proposed by the bill is unknown.

The Act would likely also result in reductions in casino taxes and admission fees paid to local governments in home dock cities. The extent of the reduction in revenue in both state and local taxes from riverboat gaming and charitable bingo (and the potential offset associated with the administrative fees identified in the bill) is unknown, but significant, as evidenced in other states with legalized video lottery terminals.

Illinois, in particular, noted a 15% decline in state revenue in the first five years of legalized VLTs while VLT revenue grew nearly 900%. That shift in revenue resulted in a significant decrease in the amount of funding going to the Education Assistance Fund during that same time period.

Officials from the **Department of Mental Health (DMH)** assume the increase in gambling opportunities will increase the number of individuals who voluntarily seek treatment for a gambling problem. However, the bill does not mandate that any individual receive treatment and treatment will remain voluntary. Therefore, DMH assumes that expenditures cannot exceed the balance of the Compulsive Gamblers fund and no State General Revenue beyond that balance will be expended.

In FY 2025, DMH served approximately 21 consumers through compulsive gambling (CG) treatment services with an average cost of \$624 per consumer for a total of \$13,102. These numbers are not reflective of the need for gambling treatment services in Missouri. The state has experienced a reduction of credentialed professionals (retirement, workforce shortages) that have resulted in fewer referrals.

A recent prevalence study conducted in Missouri in 2022 (Spare, K., Wiley, H. D., Mills, D. J., Lee, U., & Lewis, L. E. (2023). 2022 Missouri Gambling Prevalence Study) revealed that from a sample of 3,259 adults, 4.1% of the population or 200,000 adult Missourians met the criteria for a Gambling Disorder, and an additional 20.8% (or 1 million adult Missourians) were at risk for a gambling disorder. According to the journal Addiction, by the Society for the Study of Addiction, 1 in 5 people with problem gambling had sought help for problem gambling. Other more conservative research studies estimate 10% of individuals with a gambling disorder seek treatment.

Based on the recent prevalence study, if even 0.5% of the estimated total of Missourians meeting the criteria for a gambling disorder sought treatment, the number would be equal to 1,000 individuals. Based on their current numbers and in the event of serving 100 individuals with an average cost per consumer at \$624 for FY 2025, it would equate to \$62,400.

Currently, DMH has eight (8) certified compulsive gambling treatment providers; this number would likely need to increase over time along with the need for additional compulsive gambling counselors.

DMH estimates 25 new compulsive gambling counselors will be needed throughout the state, with initial cost for training new counselors estimated at \$11,250 for FY 2027.

If additional advertising is needed, DMH anticipates annual costs for a compulsive gambling treatment awareness campaign at \$350,000.

Total cost to DMH would be estimated at \$423,650 in FY 2027. For FY 2028 and beyond the amount would be \$412,400 or more based upon the need for compulsive gambling services.

Oversight will reflect the estimated cost provided by DMH and will also reflect the transfers of monies as required by §313.429.14.

Oversight notes §313.429.14 states "Subject to appropriation, up to one percent of such license fees deposited to the credit of the state lottery fund shall be deposited to the credit of the compulsive gamblers fund created under section 313.842." One percent of license fees credited to the Compulsive Gamblers Fund is estimated by the Missouri Lottery Commission to be \$22,172 in FY 2027 and \$38,619 in FY 2027 and 2028.

The balance of the Compulsive Gamblers Fund (1249) was \$79,216 as of December 31, 2025.

Officials from the **City of Kansas City** assumed the proposed legislation had an unknown fiscal impact. Video terminals may cannibalize taxes the city currently receives from casinos. In FY 2025 the city received \$5.5 million in admission fees and \$6.9 million in Gaming Tax, both which may be reduced if people forego visiting the casino and rely on video gaming terminals for their "entertainment."

Oversight assumes the implementation of video lottery in Missouri may have a negative impact on the utilization of Missouri's casinos (patrons may choose to play video lottery instead of visiting a Missouri casino). Therefore, Oversight will reflect an Unknown amount of loss to the Gaming Commission Fund (0286), the Gaming Proceeds for Education Fund (0285) and local political subdivisions.

Officials from the **Office of the State Public Defender (SPD)** state per the National Public Defense Workload Study, the new charge contemplated by the addition of the trespass charge in §313.429, RSMo. would take approximately twenty-two hours of SPD work per case for reasonably effective representation. If one hundred cases were filed under this section in a fiscal year, representation would result in a need for an additional attorney. Because the number of cases that will be filed under this statute is unknown, the exact additional number of attorneys necessary is unknown. Each case would also result in unknown increased costs in the need for core staff, travel and litigation expenses. However, if the charge was classified as a class D misdemeanor no jail time would be authorized and the cases would not qualify for SPD representation.

Oversight assumes this proposal will create a minimal number of new cases and that the SPD can absorb the additional caseload required by this proposal with current staff and resources. Therefore, Oversight will reflect no fiscal impact to the SPD for fiscal note purposes.

However, if multiple bills pass which require additional staffing and duties, the SPD may request funding through the appropriation process.

Officials from the **Department of Revenue** assume §§313.425 to 313.445 will have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

In response to a previous version, officials from the **Missouri Veterans Commission** deferred to the Missouri Gaming Commission for the potential fiscal impact of this proposal.

§§313.820 – Admission Fees on Excursion Gambling Boats

Officials from the **Missouri Gaming Commission (MGC)** assume the following regarding this proposal:

§313.820.1 increases the casino admission fee from two dollars (\$2) (the current casino admission fee) to four dollars (\$4).

The statute provides that the first two dollars (\$2) of the admission fee be split between the Missouri Gaming Commission Fund and the home dock city where the casino is located. This is not a change from the current statute. The additional two-dollar (\$2) admission fee added by the statute is designated for distribution to be paid to the Missouri Veterans Commission.

In determining the fee calculations, the admissions numbers were based upon the current admission numbers. MGC does not expect an increase in admissions over the next few years as the current rate of admissions has been stable.

Year	Admissions	Rate of Change
FY 2021	27,622,034	
FY 2022	29,760,042	
FY 2023	28,951,407	-0.027
FY 2024	28,230,141	-0.025
FY 2025	27,531,985	-0.026

MGC estimates 28,000,000 admissions in FY 2027, FY 2028 and FY 2029 resulting in a \$28,000,000 increase to the Veterans' Commission Capital Improvement Trust Fund.

Oversight does not have information to the contrary and therefore, Oversight will reflect the revenue increase to the Veterans' Commission Capital Improvement Trust Fund.

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

§313.820.1 Admission Fees to Casinos

Under current law, an excursion gaming boat pays an admission fee of \$2 per person that enters the boat. The money is transferred to the Department where it is distributed \$1 to the Gaming Commission to cover their expenses and \$1 to the home dock city or county where the excursion boat is located.

This provision is changing the fee from \$2 per person to \$4 per person starting August 28, 2026. The increased fee would be in effect for 10 months of FY 2027. The increased fee is to be deposited into the Missouri Veterans Commission Fund.

In order to determine the amount of future revenue that may be expected from the increased fee, DOR notes that in 2025 excursion gaming boats, paid fees on 27,531,985 admissions bringing in \$55,063,970. Therefore, the Gaming Commission and home dock cities received \$27,531,985 each.

For this proposal DOR will assume the same number of admissions in all years of 27,531,985 when estimating the amount of revenue that would be collected.

Fiscal Year	Admission Fee	Estimated Collected
2026	\$2.00	\$55,063,970
2027	\$4.00	\$110,127,940
2028	\$4.00	\$110,127,940
2029	\$4.00	\$110,127,940

Total Additional Revenue by Fund Type

Fiscal Year	Gaming Comm.	Home Dock	MO Veterans Comm
2027	\$0	\$0	\$45,886,642
2028	\$0	\$0	\$55,063,970
2029	\$0	\$0	\$55,063,970

DOR notes that these estimates are based on the same number of admissions as in 2025. DOR notes that the number of admissions has been decreasing each of the last several years; therefore, the estimate provided could be less than projected.

DOR will need to update their computer programs for the new distribution of the funds. This is estimated to cost \$7,547.

Oversight notes MGC used the average number of admissions (FY 2021 to FY 2025) to gambling boats in their estimates while DOR used the number of admissions from 2025. For fiscal note purposes, Oversight will utilize the estimates provided by MGC. Oversight will reflect 10 months of increased revenue for FY 2027 (effective date of August 28, 2026).

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

§§572.010, 572.020 & 572.070 – Gambling Provisions

Officials from the **Missouri Gaming Commission** state because no chance games are currently in direct competition with bingo and regulated excursion gambling boats, the impact of this definition change may result in an increase in state gaming taxes to education. The American Gaming Association estimates that the illegal and unregulated gaming industry costs the regulated gaming industry \$44.2 billion in revenue each year, resulting in an approximate loss of \$13.3 billion in tax revenue to state governments, Missouri included. While the exact impact is unknown, if no chance games are no longer permitted to operate in an unregulated manner, it may increase revenue for regulated gaming, which would result in increased funds for education and worthy causes in Missouri.

Oversight notes the fiscal impact is speculative; therefore, Oversight will reflect a \$0 (people will not play regulated no chance games) to an Unknown increase to the Gaming Proceeds for Education Fund (1285).

Officials from the **Department of Revenue** assume these sections will have no fiscal impact on their organization and defer to the Missouri Gaming Commission. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Bill as a Whole

Officials from the **Office of Attorney General (AGO)** assume any potential litigation costs arising from this proposal can be absorbed with existing resources. The AGO may seek additional appropriations if the proposal results in a significant increase in litigation or investigation costs.

Oversight does not have any information to the contrary. Therefore, Oversight assumes the AGO will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the AGO for fiscal note purposes.

Officials from the **Office of Administration - Administrative Hearing Commission, Department of Public Safety – Director’s Office, Department of Corrections, Department of Higher Education and Workforce Development, State Emergency Management Agency, Missouri Department of Transportation, Office of the State Treasurer, Office of the State Public Defender, Office of the State Courts Administrator and State Tax 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.

In response to a previous version, officials from the **City of Osceola** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this agency.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other local political subdivisions and county circuit clerks were requested to respond to this proposed legislation but did not. Upon the receipt of additional responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval to publish a new fiscal note. A general listing of political subdivisions included in our database is available upon request.

In response to a previous version, officials from the **Office of Administration - Budget and Planning** deferred to the Department of Public Safety - Missouri Gaming Commission for the potential fiscal impact of this proposal.

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 2027 (10 Mo.)	FY 2028	FY 2029
STATE LOTTERY FUND (1682)			
Revenue Gain (<u>§313.429</u>) Initial application Fees p.8	\$2,217,200	\$2,217,200	\$2,217,200
Revenue Gain (<u>§313.429</u>) Annual renewal fees & terminal admin fees p.8	\$0	\$1,644,700	\$3,289,400
Revenue Gain (<u>§313.429</u>) VLT proceeds (state portion 31% AGR) p.8	\$0	\$177,953,421	\$319,777,812
Revenue Gain (<u>§313.429</u>) MLC's share of per terminal admin fee (\$200 of \$1,000) p.8	\$0	\$1,268,750	\$1,522,500
Revenue Gain (<u>§313.429</u>) Per terminal admin fee (remaining \$800 of \$1,000) p.8	\$0	\$5,075,200	\$6,090,400
Revenue Loss – MLC (<u>§313.429</u>) Lost profits from Keno and Pull-Tab sales p.11	\$0	(\$10,174,337)	(\$12,209,204)
Transfer Out (<u>§313.429</u>) To Lottery Enterprise Fund	(\$2,346,777)	(\$10,773,116)	(\$15,177,187)
Transfer Out (<u>§313.429</u>) To Lottery Proceeds Fund	\$0	(\$157,292,653)	(\$294,489,324)
Transfer Out (<u>§313.429</u>) To Illegal Gaming Enforcement Fund p.8	\$0	(\$5,075,200)	(\$6,090,400)
Transfer Out (<u>§313.429</u>) To Illegal Gaming Enforcement Fund to cover costs of MHP p.5	\$0	(\$4,843,965)	(\$4,931,197)
ESTIMATED NET EFFECT ON THE STATE LOTTERY FUND	<u>(\$129,577)</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOTTERY ENTERPRISE FUND (1657)			
<u>Transfer In</u> (§313.429) From State Lottery Fund	\$2,346,777	\$10,773,116	\$15,177,187
<u>Cost</u> - MLC (§§313.325 – 313.345) p.7-10			
Personal Service	(\$793,351)	(\$1,610,468)	(\$1,642,677)
Fringe Benefits	(\$536,367)	(\$1,088,802)	(\$1,101,757)
Expense and Equipment	(\$994,887)	(\$746,555)	(\$444,525)
Total Costs – MLC	(\$2,324,605)	(\$3,445,825)	(\$3,188,959)
FTE Change - MLC	27 FTE	27 FTE	27 FTE
<u>Cost</u> - MLC (§§313.325 – 313.345) Maintenance of VLT centralized communication system p.7-10	\$0	(\$5,788,672)	(\$10,419,609)
<u>Cost</u> - MLC (§§313.325 – 313.345) Advertising, promotions and point-of-sale p.7-10	\$0	(\$1,500,000)	(\$1,530,000)
<u>Transfer Out</u> (§313.429.13) To Compulsive Gamblers Fund p.12	(\$22,172)	(\$38,619)	(\$38,619)
ESTIMATED NET EFFECT ON THE LOTTERY ENTERPRISE FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE change to the Lottery Enterprise Fund	27 FTE	27 FTE	27 FTE
LOTTERY PROCEEDS FUND (1291)			
<u>Transfer In</u> (§313.429) From State Lottery Fund	\$0	\$157,292,653	\$294,489,324

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<u>Transfer Out</u> (§313.429.12) to the Public Elementary and Secondary School Construction and Rehabilitation Grant Fund p.6	\$0	(\$32,427,323)	(\$59,884,104)
ESTIMATED NET EFFECT ON THE LOTTERY PROCEEDS FUND	\$0	\$124,865,330	\$234,605,220
COMPULSIVE GAMBLERS FUND (1249)			
<u>Transfer In</u> (§313.429) From Lottery Enterprise Fund	\$22,172	\$38,619	\$38,619
<u>Cost - DMH</u> (§313.429.14) Administrative cost for treating additional consumers p.12	(\$423,650)	(\$412,400)	(\$412,400)
ESTIMATED NET EFFECT TO THE COMPULSIVE GAMBLERS FUND	(\$401,478)	(\$373,781)	(\$373,781)
ILLEGAL GAMING ENFORCEMENT FUND			
<u>Transfer In</u> (§313.429) From State Lottery Fund per terminal admin fees (\$800 of \$1,000) p.8	\$0	\$5,075,000	\$6,090,000
<u>Transfer In</u> (§313.429) From State Lottery Fund for MHP costs p.5	\$0	\$4,843,965	\$4,931,197
<u>Cost - MHP</u> (§43.375) p.4			
Personal Services	\$0	(\$2,318,883)	(\$2,365,261)
Fringe Benefits	\$0	(\$2,042,704)	(\$2,083,558)
Other Cost	\$0	(\$482,378)	(\$482,378)
<u>Total Costs – MHP</u>	<u>\$0</u>	<u>(\$4,843,965)</u>	<u>(\$4,931,197)</u>
FTE Change – MHP	0 FTE	21 FTE	21 FTE

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
<u>Transfer Out</u> (§313.429) To MHP for per terminal admin fees (\$200) p.7	\$0	(\$634,375)	(\$761,251)
<u>Transfer Out</u> (§313.429) To AGO for per terminal admin fees (\$50) p.7	\$0	(\$317,188)	(\$380,625)
<u>Transfer Out</u> (§313.429) To MO Prosecutors' Pension Fund for per terminal admin fees (\$50) p.7	\$0	(\$317,188)	(\$380,625)
<u>Transfer Out</u> (§313.429) To Veterans' Commission Capital Improvement Fund for per terminal admin fees (\$50) p.7	\$0	(\$2,537,500)	(\$3,045,000)
<u>Transfer Out</u> (§313.429) To Municipality or County for per terminal admin fees (\$200) p.7	\$0	(\$1,268,749)	(\$1,522,499)
ESTIMATED NET EFFECT TO THE ILLEGAL GAMING ENFORCEMENT FUND	\$0	\$0	\$0
Estimated Net FTE on the Illegal Gaming Enforcement Fund	0 FTE	21 FTE	21 FTE
MISSOURI STATE HIGHWAY PATROL GAMBLING CRIMES INVESTIGATION FUND			
<u>Transfer In</u> (§313.429) From Illegal Gaming Enforcement Fund p.4	\$0	\$634,375	\$761,250
ESTIMATED NET EFFECT ON THE MISSOURI STATE HIGHWAY PATROL GAMBLING CRIMES INVESTIGATION FUND	\$0	\$634,375	\$761,250

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
MISSOURI ATTORNEY GENERAL'S OFFICE			
<u>Transfer In</u> (<u>§313.429</u>) From Illegal Gaming Enforcement Fund p.4	<u>\$0</u>	<u>\$317,188</u>	<u>\$380,625</u>
ESTIMATED NET EFFECT ON THE MISSOURI ATTORNEY GENERAL'S OFFICE	<u>\$0</u>	<u>\$317,188</u>	<u>\$380,625</u>
MISSOURI PROSECUTORS' PENSION FUND			
<u>Transfer In</u> (<u>§313.429</u>) From Illegal Gaming Enforcement Fund p.4	<u>\$0</u>	<u>\$317,188</u>	<u>\$380,625</u>
ESTIMATED NET EFFECT ON THE MISSOURI PROSECUTORS' PENSION FUND	<u>\$0</u>	<u>\$317,188</u>	<u>\$380,625</u>
VETERANS' COMMISSION CAPITAL IMPROVEMENT TRUST FUND (1304)			
<u>Revenue Gain</u> – MVC (<u>§313.820</u>) Increase in gambling boat admission fees p.14	\$56,000,000	\$56,000,000	\$56,000,000
<u>Transfer In</u> (<u>§313.429</u>) From Illegal Gaming Enforcement Fund p.4	<u>\$0</u>	<u>\$2,537,500</u>	<u>\$3,045,000</u>
ESTIMATED NET EFFECT TO THE VETERANS COMMISSION CAPITAL IMPROVEMENT TRUST FUND	<u>\$56,000,000</u>	<u>\$56,537,500</u>	<u>\$56,045,000</u>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
CRIMINAL RECORDS SYSTEM FUND (1671)			
<u>Revenue Gain</u> - MHP (§) Criminal history request fees p.13	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT ON THE CRIMINAL RECORDS SYSTEM FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
GAMING COMMISSION FUND (1286)			
<u>Revenue Loss</u> – MGC (§§313.425 – 313.445) Loss of revenue resulting from video lottery competition p.11	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON THE GAMING COMMISSION FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
GAMING PROCEEDS FOR EDUCATION FUND (1285)			
<u>Revenue Gain</u> (§§572.010, 572.020 & 572.070) Potential increase due to the regulation of no chance games p.16	\$0 to Unknown	\$0 to Unknown	\$0 to Unknown
<u>Revenue Loss</u> - MGC (§§313.425 – 313.445) Loss of revenue resulting from video lottery competition p.11	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON THE GAMING PROCEEDS FOR EDUCATION FUND	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>	<u>Unknown to (Unknown)</u>

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
PUBLIC ELEMENTARY AND SECONDARY SCHOOL CONSTRUCTION AND REHABILITATION GRANT FUND			
<u>Transfer In</u> (§313.429.12) From the Lottery Proceeds Fund (20%) p.	\$0	\$32,427,323	\$59,555,164
<u>Cost - DESE</u> (§313.429) p.5			
Personal Service	(\$69,278)	(\$84,797)	(\$86,493)
Fringe Benefits	(\$41,477)	(\$50,441)	(\$51,123)
Expense and Equipment	(\$16,564)	(\$14,055)	(\$14,336)
Total Costs - DESE	(\$127,319)	(\$149,293)	(\$151,952)
FTE Change - DESE	1 FTE	1 FTE	1 FTE
<u>Transfer Out</u> (§313.429.12) To DESE for public school construction or renovations and enhancing credit and reducing the interest costs on bonds p.5	\$0	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON THE PUBLIC ELEMENTARY AND SECONDARY SCHOOL CONSTRUCTION AND REHABILITATION GRANT FUND	<u>(\$127,319)</u>	<u>Less than \$33,278,030</u>	<u>Less than \$59,403,212</u>
Estimated Net FTE Change to the Public Elementary and Secondary School Construction and Rehabilitation Grant Fund	1 FTE	1 FTE	1 FTE

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
LOCAL POLITICAL SUBDIVISIONS			
Transfer In (§313.429) From the Lottery Enterprise Fund - \$200 of annual per terminal admin fee p.7	\$0	\$1,268,750	\$1,522,500
Loss – Cities and Counties (§§313.425 – 313.445) Loss of gaming revenue from video lottery competition** p.11	(Unknown)	(Unknown)	(Unknown)
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	(Unknown)	Less than <u>\$1,268,750</u>	Less than <u>\$1,522,500</u>

**Per the MGC, the extent of the reduction in revenue in both state and local taxes from riverboat gaming and charitable bingo is unknown, but significant.

FISCAL IMPACT – Small Business

This legislation will impact fraternal and veteran organizations, truck stops, and establishments that sell liquor by the drink who become video lottery retailers, as well as video lottery manufacturers, operators, and distributors.

In addition to revenue generated by license application fees, renewal fees, and fines for non-compliance, the proposed legislation taxes the adjusted gross receipts of video lottery terminal operators and directs revenue to the State Lottery Fund.

FISCAL DESCRIPTION

This proposal modifies provisions relating to gaming.

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

SOURCES OF INFORMATION

Missouri Lottery Commission
Missouri Gaming Commission
Office of Administration - Administrative Hearing Commission
Department of Elementary and Secondary Education
Department of Mental Health

Attorney General's Office
Office of the State Public Defender
Department of Higher Education and Workforce Development
Department of Corrections
Office of Administration - Budget and Planning
Department of Revenue
Department of Public Safety
 State Emergency Management Agency
 Director's Office
 Missouri Highway Patrol
Missouri Department of Transportation
Office of the Secretary of State
Joint Committee on Administrative Rules
Office of the State Treasurer
State Tax Commission
City of Osceola
City of Kansas City

Julie Morff
Director



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