

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 7222H.011
 Bill No.: HB 3416
 Subject: Education, Higher; Gambling; Lotteries
 Type: Original
 Date: April 7, 2026

Bill Summary: This proposal establishes the "Strengthening HBCU's Act".

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
Classroom Trust Fund (1784)	\$0 to (\$3,370,000)	\$0 to (\$3,370,000)	\$0 to (\$3,370,000)
Gaming Proceeds for Education Fund (1285)	(\$3,604,993)	(\$3,604,993)	(\$3,604,993)
State Lottery Fund (1682)*	\$0	\$0	\$0
Strengthening HBCU's Fund	\$6,974,993	\$6,974,993	\$6,974,993
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

*Savings and transfers net to zero.

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 <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)

FUND AFFECTED	FY 2027	FY 2028	FY 2029
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 2027	FY 2028	FY 2029
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§§160.534 & 173.1030 – Funding for Historically Black Colleges and Universities

Officials from the **Department of Public Safety - Missouri Gaming Commission (MGC)** assume this proposal repeals §160.534 and enacts in lieu thereof two new sections relating to funding for historically black colleges and universities.

§173.1030.4

The repeal of §160.534 and the enactment of a new statutory sections in lieu thereof would have a fiscal impact in that the new Strengthening HBCUs Fund would be funded by 1% of all gambling proceeds transferred from the Gaming Proceeds for Education Fund. The Strengthening HBCUs Fund would see an estimated yearly deposit of \$3,604,993.04 starting in 2027.

The decrease in revenue for the Gaming Proceeds for Education Fund would affect the amount of revenue transferred to the Classroom Trust Fund after an amount not to exceed \$7 million per year is transferred to the School District Bond Fund.

In determining the proceeds calculation, the total proceeds were based upon the current average yearly total amount transferred to the Gaming Proceeds for Education Fund from 2022 through 2025. MGC does not expect a significant change in this amount based on current trends.

1% of the average yearly total transferred to the Gaming Proceeds for Education Fund will now be subtracted prior to being transferred to the School District Bond Fund and the Classroom Trust Fund.

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

Officials from the **Missouri Lottery Commission (MLC)** assume there will be no fiscal impact on their organization. Upon further inquiry, MLC stated \$3.37 million would be equal to 1% of net proceeds received from the Missouri state lottery after payment of prizes and administrative expenses in FY 2025; therefore, **Oversight** will reflect the estimate provided by MLC for FY 2027, FY 2028 and FY 2029.

Officials from the **Department of Elementary and Secondary Education (DESE)** assume §173.1030 would require that one percent (1%) of all excursion gambling boat proceeds be transferred to the Strengthening HBCUs Fund before being transferred to the School District Bond Fund or the Classroom Trust Fund. DESE estimates that this will have a roughly \$4.4 million effect on the Classroom Trust Fund (FY 2026 appropriation - \$441,763,770 *.01 = \$4,417,638). If this amount is not backfilled, this would result in roughly a 6-dollar drop on the State Adequacy Target (SAT) that DESE could pay out (\$10M = 13 dollars on the SAT so \$4.4M is approximately 6 dollars).

Oversight will utilize the dollar amount indicated by the Missouri Lottery Commission and will reflect a savings of \$3,370,000 to the State Lottery Fund (funds potentially not transferred to the Classroom Trust Fund until after the 1% transfer to the Strengthening HBCU's Fund) in addition to a transfer-out of \$3,370,000 to the Strengthening HBCU's Fund, netting the State Lottery Fund to zero.

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

§160.534

This provision modifies the transfer of funding from the Gaming Proceeds for Education Fund. This will not fiscally impact DOR. DOR defers to the Missouri Gaming Commission for fiscal impact.

§173.1030

This provision creates the Strengthening HBCU's Act. This proposal requires funding from the Missouri Gaming Commission and State Lottery to be deposited for the benefit of the HBCUs. DOR defers to the Missouri Gaming Commission and State Lottery for fiscal impact of the funds transferred.

DOR will need to update its gaming distribution computer programs to meet the requirements of this proposal. This is expected to cost \$5,661.

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.

Officials from the **Office of Administration - Budget and Planning, Department of Higher Education and Workforce Development** and **Office of the State Treasurer** 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.

Oversight only reflects the responses that we have received from state agencies and political subdivisions; however, other colleges and universities 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.

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
GAMING PROCEEDS FOR EDUCATION FUND (1285)			
<u>Transfer Out</u> – (§173.1030) 1% to the Strengthening HBCU’s Fund	<u>(\$3,604,993)</u>	<u>(\$3,604,993)</u>	<u>(\$3,604,993)</u>
ESTIMATED NET EFFECT ON THE GAMING PROCEEDS FOR EDUCATION FUND	<u>(\$3,604,993)</u>	<u>(\$3,604,993)</u>	<u>(\$3,604,993)</u>
STATE LOTTERY FUND (1682)			
<u>Savings</u> (§173.1030) – 1% transferred to the Strengthening HBCU’s Fund instead of the Classroom Trust Fund (reduced transfer)	\$0 to <u>\$3,370,000</u>	\$0 to <u>\$3,370,000</u>	\$0 to <u>\$3,370,000</u>
<u>Transfer Out</u> – (§173.1030) 1% to the Strengthening HBCU’s Fund	<u>(\$3,370,000)</u>	<u>(\$3,370,000)</u>	<u>(\$3,370,000)</u>
ESTIMATED NET EFFECT ON THE STATE LOTTERY FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
STRENGTHENING HBCU’S FUND			
<u>Transfer In</u> – (§173.1030) 1% from all excursion gambling boat proceeds	\$3,604,993	\$3,604,993	\$3,604,993
<u>Transfer In</u> – (§173.1030) 1% from all net proceeds from the Missouri State Lottery	\$3,370,000	\$3,370,000	\$3,370,000

<u>FISCAL IMPACT – State Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
ESTIMATED NET EFFECT ON THE STRENGTHENING HBCU’S FUND	<u>\$6,974,993</u>	<u>\$6,974,993</u>	<u>\$6,974,993</u>
CLASSROOM TRUST FUND (1784)			
<u>Revenue Loss</u> – (\$173.1030) 1% being deposited into the Strengthening HBCU’s Fund	\$0 to <u>(\$3,370,000)</u>	\$0 to <u>(\$3,370,000)</u>	\$0 to <u>(\$3,370,000)</u>
ESTIMATED NET EFFECT ON THE CLASSROOM TRUST FUND	<u>\$0 to (\$3,370,000)</u>	<u>\$0 to (\$3,370,000)</u>	<u>\$0 to (\$3,370,000)</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2027 (10 Mo.)	FY 2028	FY 2029
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

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

FISCAL DESCRIPTION

This bill creates the "Strengthening HBCUs ACT" and defines HCBUs as historically black colleges and universities that receive grant awards under Federal programs. The bill creates the "Strengthening HBCUs Fund", that will receive 1% of excursion gambling boat proceeds and 1% of net proceeds from the Missouri State Lottery, in addition to any gifts, contributions, grants or donations.

Money in the Fund is to be equally divided among the HCBUs in the State for capital projects and activities that meet specified Federal guidelines. The bill requires that such funding supplement and does not supplant the level of funding for HCBUs in fiscal year 2027.

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

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SOURCES OF INFORMATION

Department of Public Safety – Missouri Gaming Commission

Office of Administration - Budget and Planning

Department of Revenue

Office of the State Treasurer

Department of Elementary and Secondary Education

Missouri Lottery Commission

Department of Higher Education and Workforce Development



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