

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 639** HLS 25RS 765

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|---|---------|--------------------------------|
| Date: April 27, 2025 | 1:54 PM | Author: RISER |
| Dept./Agy.: Revenue and Gaming | | Analyst: Mimi Blanchard |
| Subject: Dedication of Certain Gaming Revenues | | |

GAMING/REVENUE OR +\$50,000,000 SD RV See Note Page 1 of 2
Provides relative to taxation of online sports wagering and video poker and dedicates certain gaming revenues

Current law imposes a 15% tax on net gaming proceeds from online sports wagering conducted electronically within Louisiana and a 10% tax on net proceeds from onsite sports wagering, all occurring in Louisiana. Proposed law dedicates a portion of the proceeds of all sports wagering to various funds (listed on page 2) and uses with the remainder flowing to the state general fund.

Proposed law retains current law in regard to onsite sports wagering and dedications. Proposed law increases the online sports wagering tax rate from 15% to 32.5% of net proceeds, matching the rate applied to video draw poker devices at truck stops. Proposed law dedicates 25% of the revenue from the mobile sports gaming tax to the Supporting Programs, Opportunities, Resources, and Teams (SPORT) Fund (created in the bill), for NCAA Division I athletic departments and student athletes at public universities and administered by the Board of Regents. An additional 3% is dedicated to the Louisiana Post-secondary Inclusive Education Fund for disabled students. Effective upon signature of the governor.

| EXPENDITURES | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 5 -YEAR TOTAL |
|----------------|------------------|------------------|------------------|------------------|------------------|---------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | SEE BELOW | |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

| REVENUES | 2025-26 | 2026-27 | 2027-28 | 2028-29 | 2029-30 | 5 -YEAR TOTAL |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| State Gen. Fd. | \$15,503,898 | \$15,503,898 | \$15,503,898 | \$15,503,898 | \$15,503,898 | \$77,519,490 |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | \$52,295,768 | \$52,295,768 | \$52,295,768 | \$52,295,768 | \$52,295,768 | \$261,478,840 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Annual Total | \$67,799,666 | \$67,799,666 | \$67,799,666 | \$67,799,666 | \$67,799,666 | \$338,998,330 |

EXPENDITURE EXPLANATION

Treasury requires certain resources to create and administer a statutory dedication, as in this bill. Should aggregate session action result in the creation of funds beyond that which can be absorbed within existing resources, additional funding may be required, which is assumed to be SGR in this fiscal note.

The Board of Regents will administer SPORT Fund distributions to qualifying NCAA Division I athletic departments with universities setting eligibility criteria and the Board promulgating rules. LFO believes the impact can be absorbed by existing staff, though additional compliance or reporting duties may create costs not currently identified.

The Department of Public Safety reports no additional costs as a result of proposed law.

REVENUE EXPLANATION

The bill is expected to increase SGF revenue by about \$15.5 M due the doubling of the mobile/online sports wagering tax and increase in both existing and newly created statutory dedications. Existing statutory dedications are expected to increase by the amounts listed in the table on page 2.

The bill additionally creates two new dedications, but are percentages of only mobile sports wagering tax collections, not retail, with 25% to the Supporting Programs, Opportunities, Resources, and Teams (SPORT) Fund (created in the bill) and 3% to the Louisiana Postsecondary Inclusive Education Fund, beginning in FY 26.

Based on the most recent REC forecast (12/9/2024), tax revenue from mobile and retail sports wagering is predicted to be \$59.3 M from FY 26 to FY 30. Applying the new 32.5% rate only to the mobile portion and leaving retail unchanged, total annual tax collections are estimated to increase to approximately \$190.1 M. The two new dedications are estimated to total approximately \$35.3 M annually (\$31.5 M to the SPORT Fund and \$3.8 M to the Postsecondary Inclusive Education Fund). Actual impacts will vary depending on annual wagering activity and net proceeds.

REVENUE EXPLANATION CONTINUED ON Page 2

Senate
Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Deborah Vivien
Chief Economist

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CONTINUED EXPLANATION from page one:

REVENUE EXPLANATION (Continued)

| Fund | Current Dedication | Proposed Dedication | INCREASE |
|--|---------------------------|----------------------------|---------------------|
| Behavioral Health & Wellness | \$1,186,000 | \$2,541,993 | \$1,355,993 |
| LA Early Childhood Education | \$14,825,000 | \$20,000,000 | \$5,175,000 |
| Sports Wagering Local Allocation | \$5,930,000 | \$12,709,967 | \$6,779,967 |
| Sports Wagering Purse Supplement | \$1,482,500 | \$3,177,492 | \$1,694,992 |
| Disability-Focused Disaster Preparedness & Response | \$500,000 | \$500,000 | \$0 |
| Compulsive & Problem Gaming | \$1,779,000 | \$3,812,990 | \$2,033,990 |
| Louisiana Equine Promotion & Research | \$500,000 | \$500,000 | \$0 |
| * Supporting Programs, Opportunities, Resources, & Teams | \$0 | \$31,478,417 | \$31,478,417 |
| * LA Postsecondary Inclusive Education | \$0 | \$3,777,410 | \$3,777,410 |
| <u>SGF</u> | <u>\$33,097,500</u> | <u>\$48,601,398</u> | <u>\$15,503,898</u> |
| Total | \$59,300,000 | \$127,099,667 | \$67,799,667 |

Senate

Dual Referral Rules

- 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
- 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House

- 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
- 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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