



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 91** HLS 17RS 448
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 6, 2017 11:03 AM	Author: FOIL
Dept./Agy.: Higher Education	Analyst: Willis Brewer
Subject: Dedicates Riverboat Gaming Revenue to TOPS	

GAMING/REVENUE OR -\$82,000,000 GF RV See Note Page 1 of 1
 Dedicates a portion of riverboat gaming revenue to the TOPS Gaming Income Fund to provide additional funding for TOPS

Present law provides that the 15% franchise fee on net gaming proceeds, after allocations to the Bond Security and Redemption Fund and the Compulsive and Problem Gaming Fund, and an allocation of 9% to the SELF Fund be deposited into the state general fund.

Proposed law changes present law with respect to the franchise fee by requiring that the 15% franchise fee deposited into the state general fund under present law be deposited into the TOPS Gaming Income Fund in accordance with proposed law.

Proposed law establishes the TOPS Gaming Income Fund as a special treasury fund. Monies in the fund are subject to appropriation and shall be used only to provide funding sufficient to cover the costs of the Taylor Opportunity Program for Students (TOPS) for the coming academic year.

Proposed law requires that unexpended and unencumbered monies in the fund at the end of each fiscal year shall be transferred to the state general fund and that interest earned on monies in the fund shall be credited to the state general fund.
 Effective July 1, 2017.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5 -YEAR TOTAL
State Gen. Fd.	(\$82,000,000)	(\$82,000,000)	(\$82,000,000)	(\$82,000,000)	(\$82,000,000)	(\$410,000,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

The proposed law dedicates state general fund revenues to the Taylor Opportunity Program for Students (TOPS). The TOPS program has been underfunded since FY 16 and any additional revenue will first be used to fully fund the TOPS award need.

To the extent TOPS is fully funded, the excess in state general fund or statutory dedications from the TOPS Gaming Income Fund will be returned to the state general fund for appropriation.

REVENUE EXPLANATION

There will be a net reduction of \$82 M in state general fund (SGF) resources as a result of the dedication gaming revenue to the TOPS Gaming Income Fund. The proposed law reallocates the 15% franchise fee from riverboat gaming that is currently deposited into the state general fund into the newly established TOPS Gaming Income Fund. As of the January 2017 REC meeting, the riverboat gaming revenue forecast for FY 18 is \$418.1 M. Based on the historical deposits by the Department of Public Safety (DPS), approximately 62.8% of the REC recognized Riverboat gaming revenue is deposited into the SGF. To the extent this allocation remains stable, it is estimated \$262.6 M in FY 18 will be deposited into the newly created TOPS Gaming Income Fund.

Based on the FY 18 TOPS funding need of \$291 M, the estimated \$262.6 M that will be deposited into the TOPS Gaming Income Fund and the \$60.3 in the TOPS Fund from other sources, all of the \$149 M of SGF currently in the TOPS budget and \$31.6 M of the TOPS Gaming Income Fund (total \$180.7 M) will not be needed to fully fund TOPS in FY 18 and it is anticipated that a portion of the funds allocated by this bill will be returned to the SGF for appropriation.

Breakdown of FY 18 TOPS Funding

TOPS FY 18 Need	\$291,240,917
Statutory Dedications (Gaming Income Fund)	\$262,600,000
Statutory Dedications (TOPS Fund)	\$60,261,750
Total Statutory Dedications	\$322,861,750
Excess Statutory Dedications	\$31,620,833
State General Fund (Direct)	\$149,116,312
Estimated Funds returned to SGF	\$180,737,145
Net SGF Impact	(\$81,862,855)

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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