LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On:	**HB 236** HLS 14RS 112
Bill Text Version:	**ORIGINAL**
Opp. Chamb. Action:	
Proposed Amd.:	
Sub. Bill For.:	

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Dept./Agy.: Revenue/Attorney General	
Subject: Garnish Gaming Winnings For State Debts	**Analyst:** Deborah Vivien

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Authorizes the office of debt recovery to utilize the offset of certain gaming winnings as a means to collect delinquent debt owed to state agencies

Proposed law allows the Office of Debt Recovery to access progressive slot machine annuities and cash gaming winnings in order to collect outstanding state debt. The winnings that will be garnished are only those requiring a gaming entity falling under the auspices of the Gaming Control Board to file a W2-G form. The proposed bill also removes references to local political subdivisions for consistency.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	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	$0	$0	$0	$0	$0	$0
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	$0	$0	$0	$0	$0	$0
Local Funds	$0	$0	$0	$0	$0	$0
Annual Total						

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Any implementation and/or operational expenses are expected to be minimal and will be absorbed in the Department of Revenue budget. Presumably, LDR will have to provide an updated list of outstanding debtors and arrearages to gaming establishments that will allow the establishment to withhold appropriate amounts for remittance to the state. For instance, the Department of Child and Family Services (DCFS) utilizes a web-based listing that can be established with relatively low initiation and maintenance costs as well as contain timely updates to the data.

REVENUE EXPLANATION

It is expected that the ability to access gaming winnings will increase the Office of Debt Recovery's (ODR) performance in collecting outstanding state debt. To the extent that debt is collected that otherwise would not be, revenue will increase in the appropriate means of finance and deposited or transferred to the associated fund or use. An estimate of the impact is indeterminable since it is not known how many state debtors are also gaming participants with winnings large enough to be eligible for garnishment. However, the Department of Child and Family Services (DCFS) has been garnishing gaming winnings for outstanding child support since 2011 and has collected about $1.7 million of the $1 billion owed.

According to the Department of Revenue, after federal withholding, child support obligations will have first priority in the instance of multiple garnishments, though prioritization is not specified in the bill. After child support, the priority is expected to be state tax debt, other state agency debt, federal debt recognized by ODR and local debt recognized by ODR, if modeled after the tax refund offset program.

Though the fiscal note implies a full year implementation for FY 15, actual collections may begin during the fiscal year depending on the timeline of the system initiation.

Minimum winnings requiring a W2-G:

$1,200 bingo and slot machines (gross)
$1,500 keno (net of wager)
$5,000 poker tournament (net of wager or buy-in)
$600 in other gambling winnings (if payout is at least 300x the amount of the wager)

For certain winnings, the entity may be required to first withhold federal and state income tax.

Senate	Dual Referral Rules	House		
☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}		☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}		*Gregory V. Albrecht*
☐ 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}		☐ 6.8(F)(2) >= $500,000 State Rev. Reduc. {H & S}		**Gregory V. Albrecht**
		☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}		**Chief Economist**