

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **HB 91** HLS 18RS 555
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 20, 2018 3:42 PM	Author: THIBAUT
Dept./Agy.: Dept. of Public Safety/Gaming Control Board	Analyst: Ryan Guidry
Subject: Designated gaming area at live horse racing facilities	

GAMING OR SEE FISC NOTE GF RV Page 1 of 2
 Provides with respect to the designated gaming area of live horse racing facilities

Present law provides that the size of a designated gaming area of an eligible live horse racing facility shall not exceed 15,000 square feet. Proposed law changes present law to provide that the size of the gaming area of an eligible live horse racing facility shall not contain more than 1,735 gaming positions.

Proposed law further provides that an eligible live horse racing facility may conduct up to five tournaments per year of no more than 14 days in length per tournament. The tournament may be conducted outside of the designated gaming area and the gaming positions used in the tournament shall not be counted against the maximum 1,735 gaming positions.

EXPENDITURES	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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						

REVENUES	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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 Department of Public Safety (DPS) reports that this legislation will have no direct expenditure impact. The Louisiana State Police (LSP), Gaming Enforcement Division inspects a random sample of 8% of slot machines each fiscal year. DPS believes that additional inspections as a result of the proposed law can potentially be accomplished utilizing existing personnel and budget authority. To the extent that numerous pieces of legislation are enacted that require additional slot machine inspections, DPS may require additional personnel and resources.

REVENUE EXPLANATION

The proposed law may result in an indeterminable impact on revenues.

The proposed law changes the designated gaming area from a maximum of 15,000 square feet (sqft.) to a maximum number of 1,735 gaming positions. For reference, the LSP, Gaming Enforcement Division reports the following gaming area size and number of slot machines as of the 4th quarter of 2017 for each of the four racing facilities as follows: Delta Downs - 14,643 sqft., 1,632 slot machines; Louisiana Downs - 9,634 sqft., 834 slot machines; Churchill Downs - 15,000 sqft., 622 slot machines; Evangeline Downs - 14,027 sqft., 1,360 slot machines. Under present law, only Churchill Downs has met the 15,000 sqft. capacity allowed by law, while the remaining three racing facilities currently have available gaming space that has not been utilized. Whether or not proposed law would increase the number of slot machines is at the discretion of each racing facility and cannot be determined. Furthermore, an increase in the number of slot machines does not necessarily directly correspond to an increase in revenues, if additional machines largely take gaming play from existing machines.

Additionally, proposed law permits each racing facility to conduct up to five tournaments per year of no more than 14 days in length, and allows each facility to utilize additional slot machines which will not count against the 1,735 maximum gaming positions. To the extent that a racing facility elects to hold tournaments and these tournaments generate additional revenue, the proposed law may net an indeterminable revenue increase as detailed below.

For revenues derived by slot machines at racing facilities, a license tax of eighteen and one-half percent is levied upon net slot machine proceeds (after a distribution of 18% to purse supplements and breeder associations). These revenues are deposited into a hierarchy of statutory dedications as provided in R.S. 27:392. Included in these statutory dedications are the Bossier Parish Truancy Program Fund, the St. Landry Parish Excellence Fund, the Calcasieu Parish Fund, and the Orleans Parish Excellence Fund, each of which receives 5% of the net slot machine proceeds collected from the racing facility located within its respective parish. To the extent that additional revenues are realized as a result of the proposed law, 5% of the additional revenue will accrue to the fund associated with the racing facility that realizes the revenue increase.

REVENUE EXPLANATION CONTINUED ON PAGE 2

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| <p><u>Senate</u></p> <p><input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}</p> <p><input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}</p> | <p><u>Dual Referral Rules</u></p> | <p><u>House</u></p> <p><input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}</p> <p><input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}</p> |
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Gregory V. Albrecht
 Chief Economist

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CONTINUED EXPLANATION from page one:
CONTINUED FROM PAGE 2

Once the statutory dedication deposits outlined in R.S. 27:392 have been fulfilled, remaining revenues generated at Delta Downs, Louisiana Downs, and Evangeline Downs are deposited into the SGF, while revenues generated at Churchill Downs are deposited into additional statutory dedications. To the extent that additional revenues are realized as a result of proposed law at Delta Downs, Louisiana Downs, or Evangeline Downs, additional revenue will be deposited into the SGF. To the extent that additional revenues are realized as a result of proposed law at Churchill Downs, additional revenue will be deposited into the statutorily dedicated Orleans Parish Excellence Fund (receives 5% of revenue), and the New Orleans Sports Franchise Assistance Fund, which receives the balance of revenue after other various funds are satisfied. Those other funds are the Beautification and Improvement of the New Orleans City Park Fund, the Greater New Orleans Sports Foundation Fund, the Algiers Economic Development Foundation Fund, the New Orleans Urban Tourism and Hospitality Training in Economic Development Foundation Fund, the Beautification Project for New Orleans Neighborhoods Fund, the Friends of NORD Fund. These funds are all receiving their statutorily limited allocations of of revenue generated by Churchill Downs.

Senate

Dual Referral Rules

House

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

- 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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