

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 266** SLS 18RS 422

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 2, 2018	12:50 PM	Author: MARTINY
Dept./Agy.: Louisiana Gaming Control Board		Analyst: Colleen Gil
Subject: Sports Wagering		

GAMING OR INCREASE GF EX See Note Page 1 of 2
Provides for a statewide referendum election on sports wagering as an authorized form of gaming. (See Act)

Present law provides for certain forms of authorized gaming. Proposed law adds sports wagering as an authorized form of gaming for riverboat and land based casinos. Proposed law calls for a statewide referendum election to be held on November 6, 2018, at the congressional primary election. Proposed law provides that the licensee shall remain subject to the regulatory authority of the Louisiana Gaming Control board and present law.

EXPENDITURES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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>	<u>\$0</u>
Annual Total						
REVENUES	2018-19	2019-20	2020-21	2021-22	2022-23	5 -YEAR TOTAL
State Gen. Fd.	\$0	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	\$0
Agy. Self-Gen.	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$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>	<u>\$0</u>
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

There will be an increase in SGF expenditures to public safety services to the extent sports wagering is approved during the statewide election on November 6, 2018. The department anticipates increased costs in order to implement a sports wagering central system and operating costs throughout three different departmental areas: commissioned enforcement, gaming audit, and technical support.

The estimates provided by public safety services are based on full implementation of sports wagering. The LFO believes these costs can be incurred gradually based on actual expansion by the casinos.

Implementation: Public Safety Services and the Office of Technology Services (OTS) anticipate one-time costs of **approximately \$25 M** to implement a centralized sports wagering system which will have the capability to connect with the casinos' systems and provide the necessary information to the gaming enforcement division. OTS estimates the implementation process taking 1 - 1.5 years, which can be completed concurrently with the casinos.

(Expenditure Explanation Continued on Page 2)

REVENUE EXPLANATION

There will be an increase in self-generated revenues to the extent casinos hire additional staff. Casinos are responsible for paying the fees associated with key and non-key employees to the Louisiana Gaming Control Board. The number of additional employees who will be hired is unknown, therefore the revenue increase is indeterminable.

Additionally, there will be an increase in state general fund revenues to the extent gaming revenues increase and the associated receipts are not dedicated. The potential amount of revenue is indeterminable at this time. It seems likely additional legislation would be required to define the tax rate, base and structure for the proposed sports gaming.

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}

Evan Brasseaux
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Staff Director

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CONTINUED EXPLANATION from page one:
Expenditure Explanation Continued from Page 1

Enforcement: Public Safety Services anticipates the need for 18 additional troopers with an **estimated cost of \$3.87 M.** Costs include: Salaries and Related Benefits (\$1.56 M); Operating Services (\$32 K); Travel (\$540 K); Supplies (\$147 K); *Professional Services (\$24 K) provides for expenses associated with troopers physicals, polygraphs, drug tests, psychological exams, etc.; Other Charges (\$18 K) provides for reimbursement to troopers for costs incurred relating to investigations; IAT (\$366 K) includes cadet academy costs and telephone expenses; *Acquisitions (\$1.18 M) includes purchasing 18 vehicles, police equipment, and office equipment. The department anticipates 2 troopers will be responsible for conducting suitability investigations of gaming suppliers, and the remaining troopers will be assigned to the 16 casinos to investigate sports wagering issues.

Audit Personnel: Public Safety Services anticipates the need for 13 additional audit personnel with an **estimated cost of \$1.3 M.** Costs include: Salaries and Related Benefits (\$1.23 M); Operating Services (\$2 K); Travel (\$13 K); Supplies (\$3 K); IAT (\$4 K) includes telephone expenses; *Acquisitions (\$45 K) includes purchasing office equipment. The department anticipates 8 auditors would be responsible for oversight of sports books at each casino (2 auditors per casino), an information systems auditor who would be responsible for auditing the sports wagering gaming systems, as well as a manager, supervisor, and administrative staff to manage additional staffing and the related administrative requirements.

Technical Support: Public Safety Services anticipates the need for 10 additional technical personnel with an **estimated cost of \$1.12 M.** Costs include: Salaries and Related Benefits (\$1.1 M); Operating Services (\$2 K); Travel (\$10 K); Supplies (\$3 K); IAT (\$3 K) includes telephone expenses; *Acquisitions (\$36 K) includes purchasing office equipment. The department anticipates 8 gaming technical compliance specialists who would be responsible for various technical aspects such as certifying and testing the host monitoring system, and routine inspections and testing of any computers, kiosks, or terminals used to place online wagers, and 2 supervisors to oversee the work of the specialists.

*Note: Acquisitions and professional services represent one-time costs. The department's procurement process provides for replacement of some acquisitions every four years.

Below are the anticipated costs public safety services expects to incur as a result of the proposed legislation after sports wagering has been fully implemented.

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Personal Services	\$3.85 M	\$3.85 M	\$3.85 M	\$3.85 M	\$3.85 M
Travel	\$563 K	\$563 K	\$563 K	\$563 K	\$563 K
Operating Services	\$37 K	\$37 K	\$37 K	\$37 K	\$37 K
Supplies	\$153 K	\$153 K	\$153 K	\$153 K	\$153 K
Professional Services	\$24 K	-	-	-	-
Other Charges	\$18 K	\$18 K	\$18 K	\$18 K	\$18 K
Acquisitions	\$1.26 M	-	-	\$1.1 M	-
IAT	\$373 K	\$12 K	\$12 K	\$12 K	\$12 K
	<u>\$6.28 M</u>	<u>\$4.64 M</u>	<u>\$4.64 M</u>	<u>\$5.75 M</u>	<u>\$4.64 M</u>

Lastly, the Secretary of State's election budget contemplates multiple constitutional amendments, and would be able to absorb the cost of adding this constitutional amendment to the November 6, 2018 ballot within the existing operating budget.

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

House
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