



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **SB 378** SLS 20RS 597
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 4, 2020 4:19 PM	Author: JOHNS
Dept./Agy.: Public Safety - Gaming Control Board	Analyst: Greg Albrecht
Subject: Sports Wagering	

GAMING OR SEE FISC NOTE SG EX See Note Page 1 of 1
 Enacts the "Louisiana Sports Wagering Act". (See Act)

Proposed law provides that, at the statewide election scheduled for November 3, 2020, a referendum to authorize sports wagering appear on the ballot in every of parish to authorize sports wagering in the parish. If approved, sports wagering could be offered in the licensed riverboats, live-racing gaming facilities, and the land-based casino.

In addition, the bill provides for certain definitions relevant to sports wagering in state gaming law, and requires the Gaming Control Board to adopt rules necessary to implement, administer, and regulate sports wagering in the state, contingent upon at least one parish in the state voting to approve sports wagering in such parish.

EXPENDITURES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
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>	\$0
Annual Total	\$0					\$0

REVENUES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	INCREASE	INCREASE	INCREASE	\$0
Agy. Self-Gen.	\$0	\$0	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>	\$0
Annual Total	\$0	\$0				\$0

EXPENDITURE EXPLANATION

The bill contemplates sports wagering in the existing casino facilities of the state (15 riverboats, 4 slot machine casinos at live racing tracks, and the land-based casino in New Orleans). For consideration of various sports wagering bills in the 2019 legislative session, and assuming voter approvals and regulations or subsequent legislation establishing a regulatory framework are enacted, state police had provided estimates of the possible costs to implement sports wagering at existing casino venues (riverboats, land-based, and racetrack slot facilities). The agency anticipated the need for 20 positions (4 troopers, 14 auditors, and 2 investigative specialists). The first year cost estimate to operate and equip this staff group was some \$2.1 million (\$347,000 in initial system setup and equipping and \$1.756 million in personnel and operating costs). Depending on the number of gaming operators and levels of activity, fewer resources may be needed to regulate this industry, especially in the initial year of set up, and some regulatory effort might be handled by existing gaming regulation/enforcement resources. However, this is a new and additional activity for the control board and gaming division, and some additional resources seem likely to be necessary to adequately regulate the activity. In addition, costs would be influenced by the Board's regulatory requirements. Permitting/licensing fees are typically utilized to fund administrative/enforcement costs, although state general fund support may also be needed.

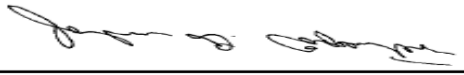
REVENUE EXPLANATION

The magnitude of sports wagering in the state is speculative, and would depend to a large extent on the regulations promulgated by the Gaming Control Board. Current information on this activity suggests that total tax receipts the state might expect to eventually receive are relatively small. The state of Nevada has allowed sports betting in fixed casinos for a number of years and dominates the industry. On \$5.3 billion of total wagering in 2019, the state generated \$22.2 million of tax revenue from a 6.75% tax rate on net gaming proceeds (a relatively low tax rate). More indicative of Louisiana's possibilities would likely be the sports wagering experience in Mississippi (sports betting in fixed casinos, as well) where the twelve months of activity during 2018-2019 generated \$5.6 million of tax revenue from a 12% tax rate; or, some \$445,000 per 1% of tax. The Louisiana potential is ultimately dependent on the level of patronage, as well as the rate of taxation.

The bill requires the approval of electors in at least one parish at a statewide election scheduled for November 3, 2020. Implementation of sports wagering would then require the promulgation of rules and regulations by the Gaming Control Board; a process that takes about 5 months, followed by a licensing process. Fee and tax receipt would presumably require subsequent legislation in the 2022 session. Thus, tax receipts don't seem likely until FY23. In addition, the REC has typically not adopted gaming revenue estimates for new forms or venues until after the activity has been observed for a period of time.

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}


John D. Carpenter
Legislative Fiscal Officer