



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **SCR 64** SLS 20RS 1457
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.: **w/ PROP SEN COMM AMD**
 Sub. Bill For.:

| | |
|---|-------------------------------|
| Date: May 15, 2020 10:07 AM | Author: PEACOCK |
| Dept./Agy.: Public Safety | Analyst: Greg Albrecht |
| Subject: Suspends Gaming Taxes on Promotional Play | |

TAX/TAXATION OR -\$29,300,000 RV See Note Page 1 of 1
 Suspends franchise fees and compensation on promotional play wagers.

Present law subjects promotional play gaming revenue to levies imposed on riverboat casinos, the land-based casin, and racetrack slot machines.

Proposed law suspends taxation on the portion of gaming revenue tax base attributable to promotional play in riverboat casinos, the land-based casino, and racetrack slot machines.

Effective through the sixtieth day after final adjournment of the 2021 Regular Session.

| 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 | \$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 | <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. | (\$12,000,000) | (\$4,400,000) | \$0 | \$0 | \$0 | (\$16,400,000) |
| Agy. Self-Gen. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Ded./Other | (\$17,300,000) | (\$6,300,000) | \$0 | \$0 | \$0 | (\$23,600,000) |
| 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 | (\$29,300,000) | (\$10,700,000) | \$0 | \$0 | \$0 | (\$40,000,000) |

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION

State Police reports that promotional play wagers accounted for approximately \$251 million (10.2%) of gaming operator revenue in 2019. Using a weighted average tax rate of 20.6% across all three forms of gaming affected by the bill, State Police estimated that exclusion of these wagers from state tax and fee levies in 2019 would have reduced total state gaming receipts by some \$52 million. Applying that same aggregate approach to the official state revenue forecasts adopted May 11, 2020, reduced in response to the coronavirus pandemic, the loss of state gaming receipts attributable to the bill is estimated at \$29.3 million in FY21, with approximately 41% of this loss associated with the state general fund (\$12 million), and approximately 59% associated with various statutory dedications (\$17.3 million; the SELF Fund, enforcement funds, parish education funds, N.O. sports franchise support). Revenue losses are attributable to promotional play deducted by riverboat and racetrack slot casinos, since the land-based casino has a minimum payment obligation. As gaming activity returns to normal over time state revenue losses increase as contained in the table above.

Assuming the resolution suspends tax on activity in the months of June 2020 through August 2021, there will be revenue losses totaling some \$29.3 million in FY21 (12 months of activity June'20 - May'21 paid with a one month lag), and some \$10.7 million in FY22 (3 months of activity June'21 - Aug'21 paid with a one month lag).

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

Evan Brasseaux
 Staff Director