LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 2** HLS 01A- 37
Bill Text Version: **ORIGINAL**
Opp Chamb Action:
Sub Bill For:
Proposed Amd:

Date: March 12, 2001 5:07 PM **Author:** DEWITT
Dept/Agy:
Subject: Gaming - Riverboat Dockside Gaming and Tax Rate Increase **Analyst:** Greg Albrecht

GAMBLING/RIVERBOAT OR +$53,000,000 SD RV See Note
Provides for gaming while riverboats are docked and gaming on permanently moored riverboat vessels

Current law imposes total state fees on riverboat net gaming proceeds of 18.5%. This total is composed of a 15% franchise fee component deposited to the state general fund, and 3.5% component deposited to the Enforcement Fund.
Proposed law allows boats to choose to continue cruising and pay the current rates, to choose to be a dockside boat and pay an additional 3% rate, or choose to be a permanently moored vessel and pay an additional 5% rate. These rate increases are effective when dockside gaming or gaming on a permanently moored vessel begins. Once such gaming operations begin they are irrevocable. Dockside boats operating in Orleans Parish (Ballys) are subject to a tier of rate increases (0%, 2%, 3%) based on their monthly revenue (0$ - $6 million, $6 - $8 million, over $8 million). A permanently moored vessel in that parish would be subject to a 5% rate increase. A special fund is created to receive additional revenue generated. Monies can be appropriated from the fund for pre-K through 12 teacher salary increases (70%) and post-secondary faculty salary increases (30%).
Effective upon governor's signature.

EXPENDITURES	2001-02	2002-03	2003-04	2004-05	2005-06	5 YEAR TOTAL
State General Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Stat. Deds./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	2001-02	2002-03	2003-04	2004-05	2005-06	5 YEAR TOTAL
State General Fd.	$0	$0	$0	$0	$0	**$0**
Agy. Self-Gen.	$0	$0	$0	$0	$0	**$0**
Stat. Deds./Other	$53,000,000	$54,000,000	$55,000,000	$56,000,000	$57,000,000	**$275,000,000**
Federal Funds	$0	$0	$0	$0	$0	**$0**
Local Funds	$0	$0	$0	$0	$0	**$0**
Annual Total	**$53,000,000**	**$54,000,000**	**$55,000,000**	**$56,000,000**	**$57,000,000**	**$275,000,000**

EXPENDITURE EXPLANATION:
There is no anticipated direct effect on expenditures as a result of this measure.

REVENUE EXPLANATION:
The fiscal note assumes (1) all nine boats in the Lake Charles, Baton Rouge, and New Orleans markets would opt for dockside operations as soon as possible after enactment of the bill, (2) dockside operations generate an average of 17.25% greater gaming activity than cruising operations, and (3) no boats opt for permanently moored operations in the foreseeable future.

Continuous dockside gaming by itself would likely increase state tax revenue from the likely additional gaming activity that would occur without the requirement to cruise. An average impact from continuous dockside gaming of 17.25% is applied to the current cruising markets to project the expanded tax base under continuous dockside gaming. This dockside factor is the average of the lower bound of Harrah's research and the results of a university researcher from Kentucky.

The cruising markets (Lake Charles, Baton Rouge, and New Orleans) have projected total gaming activity in FY02 of some $786.5 million. Increasing this for continuous dockside gaming results in $927.7 million of projected gaming activity for these markets under dockside operations. The current fee rates generate an additional $26.1 million from the expanded dockside gaming activity. In addition, a new 3% rate on the entire gaming activity in these markets would be imposed once they engage in continuous dockside gaming, and would generate an additional $27.8 million. The tiered fee structure for the Ballys boat reduces these gains by some $700,000 - $800,000. Total additional revenue generated in FY02 is estimated at $53 million.

Dockside operations are likely to commence soon after enactment of this bill. Thus, additional revenue is likely to be generated in the remaining months of FY01. This current year effect might be in the range of $10 million - $15 million.

The bill establishes the Support Education in Louisiana First Fund (SELF) to receive the additional monies generated by this bill. This is accomplished by establishing an allocation of the existing 15% franchise fee rate (85% to the state general fund and 15% to the SELF fund), the existing 3.5% enforcement rate (85% to the enforcement fund and 15% to the SELF fund) and, the new 3% & 5% dockside and moored fee rates (100% to the SELF fund). These allocations result in the state general fund and the enforcement fund receiving their currently anticipated flows of revenue while depositing the additional revenue from this bill into the SELF fund.

Dual Referral Rules

Senate
- ☐ 13.5.1 >= $500,000 Annual Fiscal Cost
- ☒ 13.5.2 >= $500,000 Annual Tax or Fee Change

House
- ☐ 6.8(F) >= $500,000 Annual Fiscal Cost
- ☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease per year

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