

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 714** HLS 14RS 27
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 10, 2014	4:18 PM	Author: HARRISON
Dept./Agy.:		Analyst: Greg Albrecht
Subject: Re-dedicate Gaming Revenue		

GAMING/REVENUE OR SEE FISC NOTE GF RV See Note Page 1 of 1
 Redirects certain gaming proceeds to the Bet on Louisiana's Future Fund

This bill is the statutory companion to the constitutional amendment proposed by HB 493 of this session, and is contingent upon the adoption of that bill's proposal. HB 493 creates the Bet on Louisiana's Future Fund to receive much of the state's gaming revenue and reallocates it to various purposes. This companion bill rewrites and repeals various provisions that currently govern the disposition of state gaming revenue, and redirects those receipts into the Bet on Louisiana's Future Fund. Affected gaming receipts include those from the Lottery Corp., the land-based casino, riverboat casinos, racetrack slots, and video draw poker. The discussion in this fiscal note largely tracks the note for HB 493. Currently active local taxes and fees are not included, nor is gaming revenue allocated to district attorneys or municipal and parish governing authorities. Money in the new Fund is subject to appropriation for FY 2015-16 and thereafter as follows: 75% to support education, allocated to public K-12 education (70% to the MFP and the SELF purposes), higher education universities (15% for TOPS, SELF, and institutions/programs), and community & technical colleges (15% for TOPS, SELF, and institutions/programs), and 25% to UAL payments (80%) and enforcement & treatment activities (20%) including the Compulsive & Problem Gaming Fund (\$1 million) and the balance to the Gaming Control Board, the Racing Commission, State Police, and the Dept. of Justice.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$0	DECREASE	DECREASE	DECREASE	DECREASE	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	INCREASE	INCREASE	INCREASE	INCREASE	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0					\$0

EXPENDITURE EXPLANATION

These bill's contemplate a substantial reallocation of state budget spending priorities but do not directly change the total level of expenditures. This reallocation of spending is discussed below from the perspective of the changes in the revenue dedications proposed by these bills, and under assumptions of the apparent general intent. The bill's are assumed to become effective in their entirety with FY16 and no earlier in any particular aspect. All discussion revolves around fiscal years with no calendar year distinction considered. Existing local sheriff video poker allocations are assumed unaffected.

REVENUE EXPLANATION

Based on the 1/15/14 official REC revenue forecast for FY16, these bill's dedicate \$805.8 million of state gaming revenue to the Bet on Louisiana Fund, newly created by HB 493. This amount includes \$152 million from the Lottery, \$79.3 million from the land-based casino, \$367.8 million from riverboats, \$61 million from racetrack slots, and \$145.7 million from video poker (net of \$5.4 million for District Attorneys and \$43.2 million for local governments that are explicitly not affected by these bills).

Resources of the BET Fund are broadly allocated to education (75%) and to the UAL and gaming enforcement/treatment. The allocation to education (\$604.4 million) is further subdivided to K-12 education: the MFP and the SELF teacher pay enhancement (70%, \$423 million), and higher education: TOPS, SELF, and institutions/programs in the university systems (15%, \$90.7 million) and the LCTCS (15%, \$90.7 million). The allocation to UAL/Enforcement/Treatment (\$201.5 million) is subdivided to UAL payments (80%, \$161.2 million) and Enforcement/Treatment expenses (20%, 40.3 million), with \$1 million explicitly allocated to the Compulsive & Problem Gaming Fund.

Under current law, the MFP and SELF will receive approximately \$309.2 million from lottery, riverboat, and land-based gaming. These bills do not specify amounts to these programs, but allocate some \$113.8 million more to them combined within the K-12 allocation, and also authorize SELF to receive funds from the higher education allocation, as well.

Under current law, higher education only receives gaming revenue support via the SELF program, proposed at \$45.1 million for FY15. These bills provide some \$181.4 million to higher education in general for TOPS, SELF, and institutions & programs.

Under current law, Enforcement will receive approximately \$33.1 million from riverboat, video poker, and slot machine gaming. These bills allocate as much as \$39.3 million to enforcement, some \$6.2 million more than currently allocated. However, treatment through the Compulsive & Problem Gaming Fund appears to receive \$1.5 million less under these bills.

Under current law, State Police will use some \$37.2 million of gaming revenue to support non-enforcement activities. These bill's appear to preclude the availability of gaming revenue for those non-enforcement activities.

Under current law, about \$28.4 million of gaming revenue would be used to support various other purposes such as the LAFA program, special parish funds, horse racing purse supplements, blind services, and various other entities. These bills would preclude the availability of gaming revenue for these purposes.

Under current law, some \$395.4 million of gaming revenue would flow to the state general fund in support of the overall state budget. These bills would redirect these resources. These resources currently provide proportionate support to K-12 and higher education, so some offsetting financing may be possible. However, these bill's prohibit supplanting of existing general fund support. Thus, these bills require a net increase in the allocation of resources to education and to the UAL from the existing level of total state budget resources.

Senate	<u>Dual Referral Rules</u>	House	<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}	 John D. Carpenter Legislative Fiscal Officer
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S}		
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}		