

**FISCAL NOTE**  
Requested by Legislative Council  
01/12/2011

Bill/Resolution No.: HB 1279

**1A. State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2009-2011 Biennium		2011-2013 Biennium		2013-2015 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$2,000,000		\$4,000,000	
Expenditures						
Appropriations						

**1B. County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2009-2011 Biennium			2011-2013 Biennium			2013-2015 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

**2A. Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

This bill provides for paperless or electronic pull tabs on a video screen.

**B. Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

This bill could result in additional revenues and implementation costs.

**3. State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

**A. Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

During calendar year 1993 charitable gaming had its highest gross wagering ever at just over \$300 million wagered. With the introduction of paperless pull tabs or electronic pull tabs on a video screen the possibility exists that the state could see total gross wagers at these same levels if the devices are seen as an alternative to tribal slot machines.

Although the pull tab excise tax was reduced in the 2009 session from 4 1/2% to 3%, the tax on these paperless pull tabs could reach \$1.4 million per year with an additional \$600,000 in gaming tax. During the first biennium (2011-2013) only one year of this additional tax would be available as administrative rules are developed. During the 2013-2015 biennium the annual amounts could be doubled or \$4 million in new taxes.

This would all be contingent on the players acceptance of the paperless pull tab devices as an alternative to tribal slot machines, number of machines available for play at a site, and the current gaming and excise tax structure continuing. The Interim Judiciary Committee introduced Senate Bill No. 2042 which would reduce the current taxes by eliminating the excise and gaming taxes and replacing it with a single tax on gross wagers. The 1% tax on gross wagers would bring in an additional \$500,000 (\$50 million x 1%) of tax per year. So a range of \$500,000 to \$2 million per year is possible with the tax change.

**B. Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

At this time, the cost of implementation, particularly any information technology expenses, is unknown. At this time

implementation cost projections are unavailable. When this information becomes available this fiscal note will be revised.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

The Office of Attorney General 2011-13 biennium budget excludes any fiscal provision for implementation of this bill. At this time implementation cost projections are unavailable. When this information becomes available this fiscal note will be revised.

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