

**FISCAL NOTE**  
**HOUSE BILL NO. 1342**  
**LC# 23.0753.01000**  
**02/03/2023**

**1 - 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.*

	2021-2023 Biennium		2023-2025 Biennium		2025-2027 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures				\$218,180		
Appropriations				\$218,180		

**2 - County, City, School District, and Township Fiscal Effect**

*Identify the fiscal effect on the appropriate political subdivision.*

	2021-2023 Biennium	2023-2025 Biennium	2025-2027 Biennium
Counties			
Cities			
School Districts			
Townships			

**3 - Bill and Fiscal Impact Summary**

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

Prohibits the gaming commission from adopting rules requiring an electronic pull tab game or deal to be closed at the end of a quarter but allows the gaming commission to adopt a rule requiring a report to be generated and printed at the end of a quarter.

**4 - Fiscal Impact Sections Detail**

*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.*

State gaming stamps are issued for each deal of games played on electronic pull tab devices. Each state gaming stamp is recorded and assigned a finite game. The AG's office uses the stamp activity to audit each game to ensure that the games played are the games being reported quarterly on the gaming tax return. The stamps are reported for each game with the finite total number of plays with a finite gross, and prizes. The office issues the state gaming

stamps and can verify through audit that the games placed on the devices are being correctly reported, the same as for paper pull tab games. The office can determine exactly what would be reported by taking the gross less any unsold plays. If the games are not closed at the end of the quarter, the office would not be able to ensure that the games have been played out or that games were not played that were not stamped and reported.

Our gaming system is predicated on tracking the stamps from beginning of play to end of play. Should the system not know a start and ending time that audit piece will not work.

The gaming system currently knows that once a game/stamp is started the game/stamp must end within the quarter. The system will need to be re-written to acknowledge that a stamp/game can be played from one quarter to another. Charities will need to report not just the amount of play during the quarter but also the number of tickets played, and the number of tickets carried over. With over 700 sites where these games are played, the office would need at least one FTE to track and ensure that games were issued state gaming stamps and no games were slipped in that were not stamped and not reported by reviewing each gaming tax report and comparing it to the manufacture's reports. Even if the system was updated and games were allowed to be played through this office would lose all accountability of the play of the games.

## **5 - Revenues Detail**

*For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

## **6 - Expenditures Detail**

*For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The gaming system will require updates at an estimated one-time cost of \$48,000. The AG's office will need an additional FTE auditor position for the extra work required to audit the e-tabs. The estimated cost for salaries, benefits, and operating for an auditor position is an ongoing cost of \$170,180

## **7 - Appropriations Detail**

*For information shown under state fiscal effect in 1 or 2, please 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

The AG's office does not have funding for these expenses in their budget. An appropriation of the amounts shown would be needed from the gaming fund.

## **Contact Information**

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