

FISCAL NOTE
Requested by Legislative Council
01/14/2019

Bill/Resolution No.: HB 1533

- 1 A. **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.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$(2,800,000)	\$400,000	\$(2,400,000)	\$0
Expenditures	\$0	\$0	\$0	\$400,000	\$0	\$0
Appropriations	\$0	\$0	\$0	\$400,000	\$0	\$0

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

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties	\$0	\$(230,000)	\$(230,000)
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

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

The bill reduces the gaming tax paid to the general fund by reducing it to a flat 1% on gross proceeds over \$100,000. It also creates a charitable gaming technology fund, transferring \$400,000 from gaming taxes paid to the new fund in fiscal year 2020.

- 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.*

Section 1 reduces the gaming tax paid on gaming gross proceeds above \$1.5 million in wagers per quarter. Currently the gaming tax is \$15,000 plus 2.5% on gross proceeds exceeding \$1.5 million. This change will decrease the gaming tax general fund revenues.

Section 2 establishes a charitable gaming technology fund for contracting for and purchasing equipment and software for a charitable gaming technology system, training employees to operate the system, and maintaining and updating the system.
 The fund is a continuing appropriation for this purpose.

Section 3 transfers \$400,000 in gaming tax revenues in fiscal year 2020 to the charitable gaming technology fund.

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.*

For the 2019-21 biennium the general fund revenue impact is estimated to be (\$2.4) million relating to the gaming tax decrease and (\$400,000) for the transfer to the charitable gaming technology fund, a total reduction of (\$2.8 million). For the 2021-23 biennium the general fund revenue reduction is estimated to be (\$2.4) million.

Other funds are increased by \$400,000 relating to gaming tax transfer which is normally deposited in the general fund. Although section 2 provides for the fund, other than the \$400,000 transfer, it is unclear if any other funds will be deposited into the fund.

- 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.*

Unless the rate of the gaming tax payback is changed from the current 7% rate the political subdivision revenues will decrease by (\$230,000). In order to maintain the \$510,000 sent to political subdivisions this rate needs to be changed to 12.75%.

- 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

Unless the rate of the gaming tax payback is changed from the current 7% rate the political subdivision revenues will decrease by (\$230,000). In order to maintain the \$510,000 sent to political subdivisions this rate needs to be changed to 12.75%.

Name: Kathy Roll

Agency: Office of Attorney General

Telephone: 701-328-3622

Date Prepared: 01/22/2019