

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 553** HLS 18RS 685  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> March 20, 2018 6:35 PM	<b>Author:</b> BARRAS
<b>Dept./Agy.:</b> Gaming Control Board	<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Land-Based Casino	

GAMING/CASINO OR +\$7,000,000 SD RV See Note Page 1 of 1  
 Provides with respect to the casino operating contract

Proposed law, with JLCB approval, authorizes the La Gaming Control Board to enter into thirty-year renewal contracts with the operator of the land-based casino (current term expires 2024, first thirty-year renewal term extends to 2054). This renewal shall require the casino operator to (a) pursue \$350 million of capital investments, (b) beginning August 1, 2018 require the operator to directly pay Orleans parish the amount of \$3.6 million per year associated with the Casino Support Services Contract, with an inflation adjustment every five years beginning August 1, 2023 (provisions regarding State involvement are deleted), and (c) pay the State \$3.4 million per year beginning August 1, 2018, with an inflation adjustment every five years beginning August 1, 2023. Modifications to the offering of lodging by the casino operator are authorized, as well. The casino will continue to pay the State the greater of 18.5% of gross gaming revenue earned by the casino, or \$60 million per year.

<b>EXPENDITURES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$7,000,000	\$7,000,000	\$7,000,000	\$7,000,000	\$7,000,000	<b>\$35,000,000</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$7,000,000</b>	<b>\$7,000,000</b>	<b>\$7,000,000</b>	<b>\$7,000,000</b>	<b>\$7,000,000</b>	<b>\$35,000,000</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

The bill does not change the current gaming tax payments to the State of the greater of 18.5% of gross gaming revenue earned by the casino, or \$60 million per year. The State received the \$60 million minimum in FY17 and expects to receive that amount in future years. Under current law, \$500,000 of these payment are dedicated to the Compulsive and Problem Gaming Fund, and typically \$3.6 million has been dedicated to the Casino Support Services Fund to pay the City of New Orleans as part of the casino support services contract. The allocation to the Support Services Fund would otherwise flow to the Support Education in Louisiana First Fund (SELF Fund). The remaining balance of payments is dedicated to the SELF Fund, for continuing support of a salary increase granted to K-12 teachers and higher education faculty in FY02.

The direct effect of this bill on the State is to redirect \$3.6 million per year of casino receipts from the Casino Support Services Fund (eliminated by this bill) to the SELF Fund, and to provide an additional \$3.4 million per year payment from the casino, presumably for deposit into the SELF Fund, as well. This combined effect is shown in the table above as a \$7 million gain to State dedicated revenues (the SELF Fund), although \$3.6 million of that combined amount is, in effect, being redirected from another state dedicated fund being eliminated by this bill (Casino Support Services Fund).

There is no direct effect on the City of New Orleans, in that the City will receive \$3.6 million for the support services contract directly from the casino operator rather than from the State through the dedication of state receipts from the casino operator.

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*John D. Carpenter*  
**John D. Carpenter**  
**Legislative Fiscal Officer**