



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 137** HLS 21RS 578
 Bill Text Version: **ENROLLED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: June 15, 2021 7:22 AM **Author:** DUPLESSIS
Dept./Agy.: Gaming Control **Analyst:** Greg Albrecht
Subject: Land-based Casino

GAMING/CASINO EN DECREASE GF RV See Note Page 1 of 1
 Provides relative to non-gaming economic development activities by the casino gaming operator

Proposed law provides that complimentary rooms shall not be subject to state sales & use tax. Taxes by the State, the Stadium District, and the Exhibition Hall Authority on discounted rooms shall be remitted.

Proposed law provides for the casino operator to pay the District and Authority a total of \$1.3M per year from 2022 through 2054.

Proposed law provides that the casino operator shall remit state and local sales taxes on all complimentary and discounted food, beverages, and entertainment based on actual value, and shall remit state and local sales & use taxes on all parking provided.

Proposed law also modifies the requirements regarding its total operating force or personnel level in order to stay in good standing to conduct casino operations.
 Effective July 1, 2021.

EXPENDITURES	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>5 -YEAR TOTAL</u>
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The bill appears to exempt complimentary rooms provided by the casino operator from the state sales & use tax (2%). The bill does not address occupancy taxes on complimentary rooms levied by the Stadium District (4%) and the Exhibition Hall Authority (3%). Discounted rooms shall be subject to tax by all three entities based on amounts actually charged for the room. According to the Dept. of Revenue, complimentary rooms have been worth some \$1.653M per year in terms of total taxation: \$367,000 per year to the State, \$735,000 per year to the Stadium District, and \$551,000 per year to the Exhibition Hall Authority. Actual values obviously vary around these averages from year-to-year as business conditions vary, but would presumably step-up over time as the casino's new hotel comes on line and post-pandemic conditions return to normal. The bill would preclude these tax receipts from occurring. Tax remittances on discounted rooms would continue.

The casino operator shall make annual payments to the Stadium District and the Exhibition Hall Authority, totaling \$1.3M per year, from 2022 through 2054 (\$41.6M over 32 years, in quarterly installments). These payments roughly offset the loss of tax receipts on complimentary rooms precluded by the bill to these two entities, although over time the tax value of these rooms would presumably increase while the annual payments are fixed. The State does not receive any of these annual payments.

The casino operator shall remit state and local sales taxes on all complimentary and discounted food, beverages, and entertainment based on actual value, and shall remit state and local sales & use taxes on on all parking provided. To the extent no remittances were being made on complimentary food, beverage, and entertainment, this provision increases state and local sales tax receipts. The amount of these additional remittances is unknown. Presumably, remittances on discounted food, beverage, and entertainment have been being made, and this provisions would continue these remittances, as well as the remittances associated with parking provided at a charge. Complimentary parking, if any, is not addressed by the bill.

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}


Christopher A. Keaton
 Legislative Fiscal Officer