LEGISLATIVE FISCAL OFFICE Fiscal Note Louin ana Fiscal Note On: HB 585 HLS 17RS 655 Fiscal Office Opp. Chamb. Action: Proposed Amd.: Sub. Bill For.: Date: April 12, 2017 4:04 PM

		AUTIOF: MORRIS, J.					
Dept./Agy.: Office of Student Financial Assistance							
Subject:	Dedicates gaming revenues to TOPS	Analyst: Willis Brewer					
GAMING	OR +\$36,000,000 SD RV See Note	Page 1 of 1					

Provides for the dedication of gaming revenues to Taylor Opportunity Program for Students (TOPS) awards.

Present law dedicates 18% of slot machine revenues at horse racing tracks to support of the horse breeding and racing industry.

Proposed law redirects half of these allocations to the Taylor Opportunity Program for Students (TOPS) awards.

<u>Present law</u> dedicates 20% of video poker device revenue at horse racing facilities to supplement horse racing purses. <u>Proposed law</u> redirects 10% of these allocations to the Taylor Opportunity Program for Students (TOPS) awards.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	<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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0
REVENUES	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	2021-22	<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	\$36,000,000	\$36,000,000	\$36,000,000	\$36,000,000	\$36,000,000	\$180,000,000
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>	<u>\$0</u>
Annual Total	\$36,000,000	\$36,000,000	\$36,000,000	\$36,000,000	\$36,000,000	\$180,000,000

EXPENDITURE EXPLANATION

The proposed law will dedicate additional state general fund revenues to the Taylor Opportunity Program for Students (TOPS). The TOPS program has been underfunded since FY 16 and any additional revenue will first be used to fully fund the TOPS award need.

REVENUE EXPLANATION

The bill redirects funds that are currently not part of the state budget to the Taylor Opportunity Program for Students (TOPS), which is part of the state budget. Since the bill does not specify that these monies be deposited to the TOPS Fund, it is assumed that they are to be deposited first into the state general fund and then appropriated for TOPS awards. The proposed law will increase state revenues by approximately \$36 M for support of the TOPS program. This estimate is based on information provided by the Louisiana Racing Commission. This legislation will reduce the allocations for racing purses and/or horse breeders from slot proceeds revenue and video poker device revenue and re-direct the funds to TOPS. Since the bill ultimately intends a dedication of these funds, its revenue effect is depicted in the table above as additional dedicated revenue rather than general fund.

In FY 16, the total adjusted gross revenue from slots was approximately \$353 M, of which approximately \$63.6 M of this was allocated for racing purses and breeders. This legislation will require 50% of the \$63.6 M, or \$31.8, to be used for the TOPS program. In FY 16, the total video poker device revenues was approximately \$42.3 M, of which \$8.4 M (or 20%) of this was allocated for racing purses. Both of these allocations are made before before gaming remittances to the state. This legislation will require 50% of the \$8.4 M, or \$4.2 M, to be used for the TOPS Program. Using FY 16 as the base, the anticipated additional revenue to TOPS in FY 18 and beyond will be \$36 M (\$31.8 M slots + \$4.2 M video poker). These re-directed amounts will have to be remitted to the state treasury by the gaming operators, for deposit into the state general fund, for ultmate support of TOPS awards.

This legislation will reduce the funding to the horseman purses and horse breeders. The impact to the racing industry including racetrack slots cannot be quantified at this time. To the extent this reduction in funding negatively impacts racetrack activities, there will be an indeterminable reduction in state receipts supporting State Police, the Louisiana Racing Commission, the state genral fund, and the TOPS dedications of this bill. Any such effects would occur over a number of subsequent years.

