

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



Fiscal Note On: **HB 469** HLS 19RS 884

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

|                                  |         |                               |
|----------------------------------|---------|-------------------------------|
| <b>Date:</b> May 12, 2019        | 5:41 PM | <b>Author:</b> GLOVER         |
| <b>Dept./Agy.:</b> Public Safety |         | <b>Analyst:</b> Greg Albrecht |
| <b>Subject:</b> Sports Wagering  |         |                               |

GAMING OR SEE FISC NOTE Page 1 of 1  
Provides relative to sports wagering

Provides for a statewide referendum to authorize sports wagering in parishes that approve the referendum. To be held at the statewide election scheduled for October 12, 2019. Provides for certain definitions in state gaming law.

| <b>EXPENDITURES</b> | <b>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</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>2019-20</b> | <b>2020-21</b> | <b>2021-22</b> | <b>2022-23</b> | <b>2023-24</b> | <b>5 -YEAR TOTAL</b> |
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| 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>           |

**EXPENDITURE EXPLANATION**

The bill only calls for a referendum authorizing sports wagering at the currently scheduled statewide election on October 12, 2019. Costs associated with a particular ballot item are marginal unless a large number of ballot items are required.

For information purposes, assuming voter approvals and legislation establishing a regulatory and taxation framework is enacted, to implement sports wagering at all existing casino venues, state police anticipates the need for 20 positions (4 troopers, 14 auditors, and 2 investigative specialists). The first year costs to operate and equip this staff group is some \$2.1 million (\$347,000 in initial system setup and equipping and \$1.756 million in personnel and operating costs). Depending on the number of gaming operators and levels of activity, fewer resources may be needed to regulate this industry, especially in the initial year of set up, and some regulatory effort might be handled by existing gaming regulation/enforcement resources. However, this is a new and additional activity for the control board and gaming division, and some additional resources seem likely to be needed to adequately regulate the industry. Permitting/licensing fees are typically utilized to offset administrative/enforcement costs of various programs. Subject to appropriation, costs would be financed by these fees, with possible supplement by the state general fund.

**REVENUE EXPLANATION**

For information purposes, the magnitude of legal sports wagering that would occur in the state is speculative, and would depend to some extent on the regulations promulgated by the Gaming Control Board. Limited information on this activity suggests that total tax receipts the state might expect to eventually receive are relatively small. The state of Nevada has allowed sports betting for a number of years and dominates the industry. On nearly \$5 billion of total wagering in 2018, the state generated only about \$20 million of tax revenue from a 6.75% tax rate on net gaming proceeds. Sports wagering in Mississippi has been reported for 7 months, generating \$2.5 million of tax revenue from a 12% tax rate. This might annualize to some \$5 million of tax revenue in subsequent years.

The bill contemplates the approval of electors at a statewide election scheduled for October 12, 2019. Implementation of sports wagering would then require the promulgation of rules and regulations by the Gaming Control Board; a process that takes about 5 months, followed by a licensing process. Full year tax receipts don't seem likely until FY21 and beyond. In addition, the REC has typically not adopted gaming revenue estimates for new forms or venues until after the activity has been observed for some time.

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**  
**Legislative Fiscal Officer**