

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 5** SLS 201ES 12

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: June 8, 2020	2:31 PM	Author: JOHNS
Dept./Agy.: Public Safety		Analyst: Greg Albrecht
Subject: Deduct Promotional Play From Gaming Tax Base		

GAMING OR -\$29,300,000 RV See Note
Provides relative to promotional play wagers. (Item #36) (gov sig)

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Present law defines gaming operator revenue subject to tax and fee levies for riverboat casinos, the land-based, and racetrack slot machines.

Proposed law provides that promotional play wagers are to be deducted from gaming operator revenue subject to tax and fee levies for riverboat casinos, the land-based casino, and racetrack slot machines.

Effective upon governor's signature.

EXPENDITURES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
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	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2020-21	2021-22	2022-23	2023-24	2024-25	5 -YEAR TOTAL
State Gen. Fd.	(\$12,000,000)	(\$17,500,000)	(\$19,700,000)	(\$20,100,000)	(\$20,100,000)	(\$89,400,000)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	(\$17,300,000)	(\$25,200,000)	(\$28,400,000)	(\$28,800,000)	(\$28,800,000)	(\$128,500,000)
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	(\$29,300,000)	(\$42,700,000)	(\$48,100,000)	(\$48,900,000)	(\$48,900,000)	(\$217,900,000)

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

State Police reports that promotional play wagers accounted for approximately \$251 million (10.2%) of gaming operator revenue in 2019. Using a weighted average tax rate of 20.6% across all three forms of gaming affected by the bill, State Police estimated that exclusion of these wagers from state tax and fee levies in 2019 would have reduced total state gaming receipts by some \$52 million. Applying that same aggregate approach to the official state revenue forecasts adopted May 11, 2020, reduced in response to the coronavirus pandemic, the loss of state gaming receipts attributable to the bill is estimated at \$29.3 million in FY21, with approximately 41% of this loss associated with the state general fund (\$12 million), and approximately 59% associated with various statutory dedications (\$17.3 million; the SELF Fund, enforcement funds, parish education funds, N.O. sports franchise support). Revenue losses here are attributable to promotional play deducted by riverboat and racetrack slot casinos only, since the land-based casino has a minimum payment obligation. This bill would reduce land-based casino remittances to the state in the case where casino gross revenue exceeds \$280 million per year. This has occurred often in the past, but is not expected to occur in the current official forecast horizon. As gaming activity returns to normal over time, state revenue losses increase as contained in the table above.

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