

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 202** SLS 21RS 181
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 3, 2021 8:16 PM	Author: CORTEZ
Dept./Agy.: LA Gaming Control Board	
Subject: LA Sports Wagering Act	Analyst: Patrice Thomas

GAMING OR INCREASE GF EX See Note Page 1 of 2
 Provides relative to the regulation of sports wagering. (See Act)

Proposed law enacts the LA Sports Wagering Act and authorizes the LA Gaming Control Board to regulate sports wagering, which includes issuing licenses as well as permits. In addition to the LA Lottery Corporation, proposed law authorizes no more than 20 licenses with first consideration going towards licensed riverboats, live horse racing tracks (with approval for LA State Racing Commission), and the land-based casino. After 1/01/2022, if licenses are still available, the board may consider licensed video poker establishments and fantasy sports operators. If applications exceed the number of licenses available, proposed law provides for a concealed bid process. Proposed law limits LA Lottery Corporation to only electronic wagering. Proposed law allows licensees to contract out for operation. Proposed law requires in-person registration before online betting, except with the Lottery. Under proposed law, only retail establishments with Class A permits can host wagering mechanisms.

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

EXPENDITURE EXPLANATION

Proposed law, which provides for sports wagering in 55 parishes in the state, will increase State General Fund and Statutory Dedication expenditures by an indeterminable amount. Estimated costs within the Department of Public Safety could be \$2 M and approximately \$350,000 in the Department of Justice for the creation of new program activities to regulate sports wagering.


Department of Public Safety - State Police and LA Gaming Control Board. Expenditures in the Office of State Police and the LA Gaming Control Board are anticipated to increase by \$2,009,385 as the result of inspecting, ensuring compliance, and regulating sports wagering that includes issuing 60 new licenses. The department reports needing 18 positions in State Police and one position in the Gaming Control Board. The estimate includes salaries (\$1,034,493), related benefits (\$619,832), travel (\$47,500), maintenance (\$3,800), office supplies (\$5,225), professional services (\$6,835), telephone (\$5,700) as well as a one-time cost of computer and printer (\$60,800), office furniture (\$21,850), equipment such as radios, rifles, bulletproof vest (\$35,790), and automotive (\$167,560). To the extent the additional workload is less than what DPS anticipates, the additional workload may be absorbable, either wholly or partially, using existing staff and resources or may be achievable with fewer than 19 positions. Alternatively, if the sports wagering activity expands dramatically, DPS may require additional resources over the estimate provided. To the extent these costs are not fully funded by licensing fees deposited into the Sports Wagering Enforcement Fund created by HB 628, additional budgetary resources may be needed.

EXPENDITURE EXPLANATION Continues on Page 2

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. The proposed law provides for the regulation of sports wagering. The companion bill HB 628 of the 2021 Regular Session establishes various fees on the various entities involved in offering sports wagering in the state.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}


Christopher A. Keaton
Legislative Fiscal Officer



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CONTINUED EXPLANATION from page one:

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EXPENDITURE EXPLANATION Continued from Page 1

DPS Projected Operating Budget Impact

EXPENDITURES	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Personnel (19 new positions)	\$1,034,496	\$1,055,183	\$1,076,287	\$1,097,812	\$1,119,768
Related Benefits	\$619,832	\$643,201	\$652,265	\$661,510	\$670,941
Personnel Sub-Total	\$1,654,325	\$1,698,384	\$1,728,552	\$1,759,323	\$1,790,709
Operating Services	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800
Supplies	\$5,225	\$5,225	\$5,225	\$5,225	\$5,225
Professional Services	\$6,835	\$0	\$0	\$0	\$0
IAT - Telephones	\$5,700	\$5,700	\$5,700	\$5,700	\$5,700
Acquisitions	\$286,000	\$0	\$0	\$167,560	\$60,800
TOTAL	\$2,009,385	\$1,714,050	\$1,714,050	\$1,881,610	\$1,774,850
T.O.	19	19	19	19	19

Note: The personnel services category includes 18 new positions in State Police as follows: Auditor 1 - 6 positions, Gaming Tech Comp Spec 1 - 2 positions; Criminal Investigator 1 - 5 positions; Investigative Specialist 1 - 5 positions; and one (1) new position in LA Gaming Control Board - Executive Staff Office. In subsequent fiscal years, the fiscal note presumes a 2% increase in salaries and related benefits as well as acquisitions of replacement automobiles in FY 25 and computer equipment in FY 26.

Department of Justice (DOJ), Attorney General

Expenditures in the Department of Justice are anticipated to increase by \$327,873 as a result of legal services and regulatory expenses. In present law, the Department of Justice's Gaming Division serves as legal advisor/representative to all Louisiana gaming regulatory agencies. The department reports needing three (3) positions. The estimate includes salaries (\$192,000), related benefits (\$103,017), travel (\$3,000), office supplies (\$1,500), operating maintenance such as printing, maintenance, data processing (\$15,000) as well as a one-time cost of computers and printers (\$6,300) and office furniture (\$7,056). To the extent the additional workload is less than what DOJ anticipates, the additional workload may be absorbable, either wholly or partially, using existing staff and resources or may be achievable with fewer than 3 positions. Alternatively, if the sports wagering activity expands dramatically, DOJ may require additional resources over the estimate provided. To the extent these costs are not fully funded by licensing fees deposited into the Sports Wagering Enforcement Fund created by HB 628, additional budgetary resources may be needed.

DOJ Projected Operating Budget Impact

EXPENDITURES	FY 21-22	FY 22-23	FY 23-24	FY 24-25	FY 25-26
Personnel (3 positions)	\$192,000	\$199,680	\$207,667	\$215,974	\$224,613
Related Benefits	\$103,017	\$107,370	\$111,909	\$116,62	\$121,576
Personnel Sub-Total	\$295,017	\$324,519	\$356,971	\$392,668	\$431,934
Travel	\$3,000	\$3,060	\$3,121	\$5,570	\$5,681
Supplies	\$1,500	\$1,530	\$1,561	\$1,592	\$1,624
Operating Services	\$15,000	\$15,300	\$15,606	\$15,918	\$16,236
Acquisitions	\$13,356	\$2,000	\$2,200	\$2,420	\$2,541
TOTAL	\$327,873	\$328,940	\$342,064	\$358,115	\$372,272
T.O.	3	3	3	3	3

Note: The personnel services category includes 3 new positions as follows: Assistant Attorney General - 2 positions, and an Administrative Assistant - 1 position. In subsequent fiscal years, the fiscal note presumes a 4% increase in salaries and related benefits as well as general inflation on travel, supplies, operating services, and acquisitions.

LA State Racing Commission

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The proposed law provides the Racing Commission the discretion to approve or not approve licensed racing facilities and licensed off-track wagering facilities to apply to become licensed for a sports book to conduct sports wagering. The Racing Commission reports proposed law does not impact expenditures.

LA Lottery Corporation

The LA Lottery Corporation estimates the administrative and licensing costs to be \$3.5 M in the first year, and \$2.5 M in subsequent years, plus \$16.4 million to obtain 1,000 sports wager terminals in the first year.

Senate
 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}

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