

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 542** HLS 25RS 487
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 26, 2025 9:17 PM	Author: JACKSON
Dept./Agy.: Gaming Control Board	Analyst: Mimi Blanchard
Subject: Promotional Play and Deductions	

GAMING EG DECREASE GF RV See Note Page 1 of 2
 Provides for the allowable amount of promotional play offered by certain gaming operators and for deductions regarding promotional play
Current law provides for a deduction of up to \$5 million in promotional play wagers from gaming proceeds and gross revenue for riverboats, racetrack slots and the land-based casino. The deduction must be directly attributable to promotional play.

Proposed law allows for the greater of \$5M or a phased in percentage of taxable revenue as a promotional play deduction. The allowable percentages are: 4% in 2026, 7% in 2027, and 10% in 2028 and thereafter. It is not clear if the new promotional play deduction must be directly attributable to promotional play wagers.

Effective August 1, 2025.

EXPENDITURES	2025-26	2026-27	2027-28	2028-29	2029-30	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	2025-26	2026-27	2027-28	2028-29	2029-30	5 -YEAR TOTAL
State Gen. Fd.	(\$2,900,297)	(\$10,412,393)	(\$17,248,236)	(\$17,248,236)	(\$17,248,236)	(\$65,057,398)
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	(\$1,552,196)	(\$5,508,068)	(\$9,469,625)	(\$9,469,625)	(\$9,469,625)	(\$35,469,139)
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	(\$4,452,493)	(\$15,920,461)	(\$26,717,861)	(\$26,717,861)	(\$26,717,861)	(\$100,526,537)

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure, although the Department of Public Safety (DPS) reports that revenue losses to the Riverboat Gaming Enforcement Fund will decrease expenditure ability for the department.

REVENUE EXPLANATION

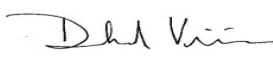
The bill applies to riverboat casinos, the land-based casino, and racetracks, and according to data provided by DPS provides for a larger deduction for promotional play. Based on FY 24 actual riverboat casino and racetrack slot machine collections of \$401.4 M and a weighted average tax rate of 21.5%, DPS estimates that the deduction of promotional play wagers subject to the proposed caps would reduce state gaming revenue by approximately \$4.5 M in FY 26, \$14.1 M in FY 27, and \$25.2 M from FY 28 to FY 30. Of these, approximately 97% is due to changes in riverboat promotional play deductions, and 3% due to racetrack slots. These estimates reflect the value of promotional wagers deducted from gross revenue for state tax and fee purposes, which is projected at \$21.1 M in FY 26, \$67.3 M in FY 27, and \$115.3 M in FY 28 to FY 30. The bill provides for no carryforward of promotional play deduction so the note assumes all deductions are taken when available.

Scaling that aggregate approach to the official state revenue forecasts of gaming receipts, the loss of state gaming receipts attributable to the bill is estimated at \$100.5 M from FY 26 to FY 30, with approximately 65% of this loss associated with the state general fund (\$65.1 M), and approximately 35% associated with various statutory dedications (\$35.5 M = SELF Fund - \$21.1 M, Riverboat Gaming Enforcement Fund - \$14.4 M, Compulsive Gambling - \$36,651). A portion of the SGF decrease attributable to racetrack slot machines will ultimately be distributed to individual track-related statutory dedications not itemized in this note. Revenue losses here are attributable to promotional play deducted by riverboat casinos and racetrack slot machines, since the land-based casino has a minimum payment obligation under which any increase in promotional pay deductions would occur. The current official forecast is fixed at the minimum payment throughout the forecast horizon. However, any remittances above the minimum payment obligation would flow to the Early Childhood Education Fund, and this bill would make that threshold more difficult to attain.

It is possible that increasing the cap on promotional play deductions from the tax base would encourage more use of it by the industry, and attract more taxable play. The fiscal note makes no assumption about increased play due to promotional wagers.

***See page 2 for the impact by fund, as well as the SGF loss per entity type.**

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|--|----------------------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H} | | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input checked="" 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} |


Deborah Vivien
Chief Economist



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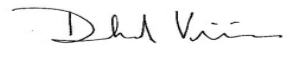
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CONTINUED EXPLANATION from page one:

	FY 26	FY 27	FY 28	FY 29	FY 30	TOTAL DECREASE
Riverboat Casinos						
SGF	(\$2,695,248)	(\$ 9,561,991)	(\$16,451,629)	(\$16,451,629)	(\$16,451,629)	(\$61,612,126)
Riverboat Gaming Enforcement	(\$ 628,892)	(\$ 2,231,132)	(\$ 3,838,672)	(\$ 3,838,672)	(\$ 3,838,672)	(\$14,376,039)
SELF	(\$ 921,123)	(\$ 3,267,889)	(\$ 5,622,479)	(\$ 5,622,479)	(\$ 5,622,479)	(\$21,056,450)
Racetrack Slots						
SGF	(\$ 205,049)	(\$ 850,402)	(\$ 796,607)	(\$ 796,607)	(\$ 796,607)	(\$ 3,445,273)
Compulsive Gambling	(\$ 2,181)	(\$ 9,047)	(\$ 8,474)	(\$ 8,474)	(\$ 8,474)	(\$ 36,651)
Total	(\$4,452,493)	(\$15,920,460)	(\$26,717,862)	(\$26,717,862)	(\$26,717,862)	(\$100,526,53)

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}



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