



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 516** HLS 11RS 181
Bill Text Version: **ENROLLED**
Opp. Chamb. Action:
Proposed Amd.:
Sub. Bill For.:

Date: June 28, 2011	10:39 AM	Author: LEGER
Dept./Agy.:		Analyst: Greg Albrecht
Subject: Dedication To Casino Support Services Contract		

GAMING/REVENUE EN +\$3,600,000 SD RV See Note Page 1 of 1
Provides relative to the casino support services contract

Current law requires the gaming control board to negotiate and agree to a casino support services contract with Orleans Parish, subject to approval of the Joint Legislative Committee on the Budget (JLCB). If the JLCB disapproves or does not act upon the amount of the contract, the contract shall be null and void. Support services include fire, police, sanitation, health, transportation, and traffic services. Current law also provides that monies paid to the state by the casino operator be deposited into the Support Education in Louisiana First Fund (SELF). Proposed law retains current law but prohibits the treasurer from depositing any monies into a special fund created by the bill if JLCB disapproves or does not act on a contract. The special fund created by the bill is the Casino Support Services Fund, and the first \$1.8 million of casino remittances are allocated into it. After that the next \$74 million of casino remittances are to be deposited into the SELF fund. Then, monies in excess of \$75.8 million of remittances are split between both Funds up to the amount of the latest approved contract. The remainder of remittances are deposited to the SELF.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	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	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The latest casino support services contract was approved by the JLCB on 5/18/2011 for \$3.6 million for one year, although so far this session no appropriation has been made to support the contract. An appropriation for FY11 was made for \$3.6 million from the Casino Support Service Fund, contingent upon enactment of a bill similar to this one in that session (HB 334). That bill was vetoed. This amount has been appropriated from the state general fund in prior years (FY07-10), at the lesser amount of \$1 million in the years FY04-06, and in the amount of \$6 million in FY00.

REVENUE EXPLANATION

From payments made to the state by the casino operator, the bill requires the first \$1.8 million to be deposited into the Casino Support Services Fund, newly created by this bill. Then the next \$74 million are allocated to the SELF fund (supports salary expenses for pre-K through 12th grade teachers in the MFP and college faculty). After that, the remainder of payments are to be split evenly between the two funds, up to the amount of the latest approved contract. Once the contract is fully funded, the remainder of remittances are deposited into the SELF fund.

In five of the nine years since 2002, the SELF fund has had end-of-year balances in excess of \$3.6 million (as little as \$4.3 million and as much as \$20.5 million). These historical balances suggest that in most years payments from the casino operator could be sufficient to fully cover the salary obligations of the SELF fund and the allocation to the support services contact (at the \$3.6 million level). However, in four of nine years since 2002, the SELF fund’s end-of-year balances have been less than the \$3.6 million (as little as 4¢ and as much as \$2.4 million). For the last two complete fiscal years, FY09 and FY10, the SELF ending balance has been only \$1.6 million in each year.

Although the Casino Support Service Fund receives a \$3.6 million allocation after \$50 million of remittances have been deposited to the SELF, and any additional funding of the contract occurs from remaining remittances, it is possible that in some years the SELF fund obligations may not be fully covered. In those instances the state general fund would presumably be required to supplement the SELF obligations. This occurred in FY11, as the Executive Budget for that fiscal year added \$7.581 million of state general fund financing to the Minimum Foundation Program to supplement SELF fund financing for the MFP, as a result of downgrades to gaming activity revenue forecasts and consequent SELF fund allocations.

Senate	Dual Referral Rules	House	
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	 H. Gordon Monk Legislative Fiscal Officer
		<input type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF 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}	