

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0921-01  
Bill No.: HB 203  
Subject: Gambling  
Type: Original  
Date: February 21, 2005

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Gaming Commission	(\$183,952)	(\$193,567)	(\$198,509)
Bingo Proceeds for Education	Unknown	Unknown	Unknown
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>(\$183,952) to Unknown</b>	<b>(\$193,567) to Unknown</b>	<b>(\$198,509) to Unknown</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 7 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the **Lottery Commission, Office of the State Public Defender, Office of the State Courts Administrator** and the **Department of Public Safety - Office of the Director** and the **State Highway Patrol** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of Prosecution Services** assume the proposal would not have a significant direct fiscal impact on county prosecutors.

Officials from the **Department of Corrections (DOC)** stated that they could not predict the number of new commitments which could result from the creation of the offense(s) outlined in the proposal. An increase in commitments would depend on the utilization of prosecutors and the actual sentences imposed by the courts. If additional persons were sentenced to the custody of the DOC due to the provisions of this legislation, the DOC would incur a corresponding increase in operational costs either through incarceration (FY 2004 average \$38.37 per inmate, per day or an annual cost of \$14,005) or through supervision provided by the Board of Probation and Parole (FY 2003 average \$3.15 per offender, per day or an annual cost of \$1,150). Supervision by the DOC through probation or incarceration would result in some additional

ASSUMPTION (continued)

costs, but DOC officials assume that the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

The following factors contribute to DOC's minimal assumption:

- DOC assumes the narrow scope of the crime will not encompass a large number of offenders.
- The low felony status of the crime enhances the possibility of plea-bargaining or imposition of a probation sentence.
- The probability exists that offenders would be charged with a similar but more serious offense or that sentences may run concurrent to one another.

In summary, supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

Officials from the **Missouri Gaming Commission (GAM)** state with bingo being allowed as many times per day or night as the organizations choose and the multi hall games being conducted, the GAM would require double the audit staff to ensure compliance with bingo statutes and regulations. Three additional audit staff members (each at \$36,444 annually) would need to be hired to ensure compliance with statutes and regulations on a twenty-four hour basis. Also, an office support staff member (at \$22,272 annually) would be required to input and retrieve information concerning playing times and locations and tracking multi-hall bingo games.

The additional FTE would require office space, office furniture, computer equipment, chairs, calculators, travel expenses and miscellaneous office supplies. Additional legislative changes would be required to eliminate contradicting sections, and numerous regulations would have to be amended and/or written. Also, computer programs would need to be revised or rewritten. There would be more legal issues resulting in additional time required of the Commission Attorney and more interaction required from EGD Technicians. GAM will also require additional support from GLI in determining if the electronic equipment is in compliance with the statutes and regulations.

In summary, GAM assumes the need to hire four additional FTE at a total cost of \$212,780 in FY 2006, \$217,366 in FY 2007 and \$222,901 in FY 2008 from the Missouri Gaming Commission Fund.

ASSUMPTION (continued)

**Oversight** has, for fiscal note purposes only, changed the starting salary for the GAM positions to the first step for FY '06 and the second step for subsequent years to correspond to comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

**Oversight** assumes, with the many changes in the proposal, there could be an increase in the amount of taxes paid into the bingo proceeds for education fund, as stated in subsection 313.055.1. According to the Gaming Commission's annual report, Bingo has generated proceeds in the amounts of \$3.0 million in FY 2004, \$3.4 million in FYs 2003 and 2002. Oversight does not have a basis from which to estimate the increase in proceeds that may materialize with the changes from this proposal, so we will assume an Unknown amount.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
<b>GAMING COMMISSION FUND</b>			
<u>Costs - Gaming Commission (GAM)</u>			
Personal Service (4 FTE)	(\$97,100)	(\$121,586)	(\$124,625)
Fringe Benefits	(\$41,423)	(\$51,868)	(\$53,165)
Expenses and Equipment	(\$45,429)	(\$20,113)	(\$20,719)
<u>Total Costs - GAM</u>	<u>(\$183,952)</u>	<u>(\$193,567)</u>	<u>(\$198,509)</u>
<b>ESTIMATED NET EFFECT TO THE GAMING COMMISSION FUND</b>	<b><u>(\$183,952)</u></b>	<b><u>(\$193,567)</u></b>	<b><u>(\$198,509)</u></b>
<b>BINGO FOR EDUCATION FUND</b>			
<u>Income - proceeds from various changes in the proposal, including the addition of Multi-Hall Bingo</u>	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
<b>ESTIMATED NET EFFECT TO THE BINGO FOR EDUCATION FUND</b>	<b><u>UNKNOWN</u></b>	<b><u>UNKNOWN</u></b>	<b><u>UNKNOWN</u></b>

FISCAL IMPACT - Local Government

FY 2006  
(10 Mo.)

FY 2007

FY 2008

\$0

\$0

\$0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal changes the laws regarding bingo and authorizes the game of multihall bingo. The proposal:

- (1) Includes "multihall bingo" with "bingo" as a licensed gaming activity and requires multihall bingo operators to follow the same licensing procedures and regulations required for organizations licensed to conduct bingo games;
- (2) Requires that all net proceeds derived from state taxes relating to multihall bingo be deposited in the Bingo for Education Fund;
- (3) Requires organizations wishing to conduct multihall bingo games to become members of the multihall bingo network;
- (4) Allows a multihall bingo broadcaster to market the multihall bingo concept to any organization licensed to operate bingo games;
- (5) Requires the multihall bingo broadcaster to install the equipment necessary for each member of the multihall bingo network to participate in the multihall bingo games;
- (6) Explains the specific obligations of the multihall bingo broadcaster;
- (7) Explains the method by which a multihall bingo producer is selected and his or her specific obligations;
- (8) Requires each member of the multihall bingo network to pool a percentage of the proceeds from the sale of bingo cards so that their customers can play for the progressive prize;

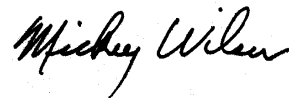
DESCRIPTION (continued)

- (9) Allows only three multihall bingo games to be played per day;
- (10) Allows only three types of prizes to be awarded for any one game: the progressive prize, the bonus prize, and the consolation prize;
- (11) Allocates the percentage of total revenue collected from the sale of bingo cards at all the bingo halls of all the members of the multihall bingo network that will be used to pay out the three types of prizes;
- (12) Requires that if no customer wins the progressive prize for a particular game, the prize money accumulates and is added to the next game's progressive prize until the prize is won;
- (13) Requires that numbers will be called until at least one customer in the whole multihall network wins the bonus prize. If there is more than one winner, the winners will split the bonus prize equally;
- (14) Requires that numbers will be called until at least one customer at each bingo hall wins the consolation prize. If there is more than one winner at any particular bingo hall, the winners will split the consolation prize equally;
- (15) States that any revenues required by the state will be paid by the multihall bingo broadcaster based on the collective number of bingo cards sold;
- (16) Requires orientation and training of the volunteer staff of the members of the multihall bingo network on the use of multihall equipment; and
- (17) Removes the requirement that the number of eligible organizations applying for a bingo license not exceed five.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Gaming Commission  
Missouri Lottery Commission  
Department of Public Safety  
Office of the State Courts Administrator  
Office of Prosecution Services  
Office of the State Public Defender  
Department of Corrections



Mickey Wilson, CPA  
Director  
February 21, 2005