

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 143** HLS 15RS 627
 Bill Text Version: **REENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 13, 2015 9:03 AM	Author: MORENO
Dept./Agy.: Public Safety & Corrections	Analyst: Zachary Rau
Subject: Revenues derived from unclaimed gaming prizes remitted to	

GAMING RE SEE FISC NOTE SD RV See Note Page 1 of 2
 Provides for a dedication of funds realized from unclaimed gaming prize tickets

Proposed law would allow for unclaimed gaming prizes, less the amount of state taxes paid on the unclaimed prizes and unclaimed winnings for off-track betting parlors, to be remitted to the state treasurer for deposit in the statutorily dedicated Crime Victim Reparations (CVR) Fund. Monies deposited into the CVR Fund derived from unclaimed gaming winnings will be used for the purpose of paying for expenses associated with health care services of victims of sexually oriented criminal offenses, including forensic medical examinations.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
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	2015-16	2016-17	2017-18	2018-19	2019-20	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	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

The proposed legislation will result in an increase in expenditures of statutorily dedicated funds. Additional revenues will be deposited in the statutorily dedicated Crime Victim Reparations Fund as a result of this bill and earmarked for the sole purpose of paying for expenses associated with health care services of victims of sexually oriented criminal offenses, including forensic medical examinations, an expansion of services for the Louisiana Commission on Law Enforcement. In FY 15, the CVR Fund's budgeted authority was \$3.68 M.

REVENUE EXPLANATION

The proposed legislation will increase revenues to the Crime Victims Reparations Fund to the extent that gaming prize, pari-mutuel on-track tickets, and slot machine prize tickets from racetrack-based casinos remain unclaimed after 90 days. Based upon historical averages, the potential increase to the CVR Fund would total approximately \$1.6 M per year. In addition, the Louisiana Horsemen's Benevolent Protection Association, racetracks, riverboat casinos, and the land-based casino in New Orleans will lose revenues associated with unclaimed gaming prizes.

Unclaimed Racetrack Slot Winnings - \$138,550

This bill would transfer the total of unclaimed racetrack slots prize tickets to the CVR Fund. The Department of Public Safety and Corrections' Gaming Enforcement Division currently receives a portion of unclaimed racetrack slot prize tickets, which is deposited in the Pari-Mutuel Live Racing Facility Fund. Currently the Louisiana Horsemen's Benevolent Protection Association (LHBPA) receives the first 18% of all unclaimed race track slot prize tickets. GED then receives 18.5% of the remaining unclaimed racetrack slot prize tickets. The remainder of the revenue stays with the tracks. Based on an average amount of \$170,000 in expired racetrack slot prizes calculated by GED, the anticipated increase in revenues for the CVR Fund may be \$138,550. GED's appropriation to the Pari-Mutuel Live Racing Facility Fund may also see a slight increase from \$25,789 to \$31,450 based upon the LHBPA no longer receiving the first 18% of revenues from this source. However, revenues to the fund are dependent upon slot machine winnings from racetrack-based casinos going unclaimed, so the actual effect on the fund's revenues may be greater or smaller than amounts derived from historical averages.

The LHBPA will see a decrease in revenue of approximately \$31,000 based upon this historical average, and the racetracks will no longer keep the remainder of unclaimed winnings.

Unclaimed Riverboat Casino Winnings - \$797,262

This bill would also transfer the total of unclaimed riverboat casino winnings, less state taxes, to the CVR Fund. GED currently receives a portion of unclaimed gaming winnings from riverboats totaling 21.5%, which is deposited in the statutorily dedicated Riverboat Gaming Enforcement Fund. The remainder of the revenues stay with the riverboats. Based upon GED's average of \$1,015,620 in expired riverboat gaming tickets, state taxes on unclaimed winnings would total \$218,358. The remainder of the unclaimed riverboat winnings, \$797,262 based upon historical averages, would be new revenues for the CVR Fund. However, revenues to the fund are dependent upon riverboat winnings going unclaimed, so the actual effect on the fund's revenues may be greater or lower than amounts derived from historical averages. **(Revenue Explanation Cont. on Pg. 2)**

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|---|----------------------------|--|---|
| Senate | <u>Dual Referral Rules</u> | House | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {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} | |

Gregory V. Albrecht
Chief Economist

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CONTINUED EXPLANATION from page one:

Unclaimed Land-Based Casino Winnings - \$150,720

This bill would transfer all unclaimed land-based casino winnings to the CVR Fund. Act 167 of 2014 created the Casino Support Services Fund, receives revenue from the land-based casino daily that is "in surplus of the casino's needs." The current Casino Support Contract States that the first \$1.8 M in revenue be dedicated to the Casino Support Services Fund to fulfill 50% of the current \$3.6 M contract, the next \$60 M to the SELF Fund, and then revenues must be used to fund the rest of contract. Once the full amount of the Casino Support Services is funded, the excess revenue is deposited in the SELF Fund. Currently the state receives 21.5% of expired land-based casino prize tickets, which is typically deposited in the SELF Fund pursuant to present law, as casino revenues are typically in excess of the agreed contract amounts. The remainder of the unclaimed winnings remain with the casino. The average amount of unclaimed land-based casino prize tickets is \$192,000. Based upon this figure the average amount deposited in the SELF Fund from unclaimed land-based gaming prizes is \$41,280, leaving a remainder of \$150,720 for deposit in the CVR Fund. However, revenues to the fund are dependent upon land-based casino winnings going unclaimed, so the actual effect on the fund's revenues may be greater or lower than amounts derived from historical averages.

Unclaimed Pari-Mutuel Winnings - Approximately \$500,000

Unclaimed pari-mutuel winnings from race track betting being remitted to the CVR Fund as a result of this legislation will have no material effect on state revenues. Current law provides that race track operators are entitled to claim up to \$250,000 in unclaimed pari-mutuel winnings per meet, the remainder of which must be transferred to the LA Racing Commission (LRC) to be remitted to the state general fund. However, based upon information obtained from LRC, per-meet unclaimed winnings rarely total greater than \$250,000 and therefore remittances to the state general fund from this source are rare.

Federal Match Funding

Appropriation additional revenues to the CVR Fund will increase federal grant awards in FY 17 and subsequent fiscal years. To the extent that extra state dollars are appropriated in a particular fiscal year for crime victim reparations, the federal Office for Victims of Crimes (OVC) will appropriate sixty cents of funding in the next fiscal year through the Victims of Crime Act (VOCA). The match in funding occurs annually. Therefore, increased state appropriation may generate additional federal funding for the agency in the next fiscal year. Based upon the projected additional revenues of \$1.6 M for the CVR Fund in FY 16, the federal government would provide a match of \$960,000 in FY 17.

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|---|----------------------------|--------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S} |
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