

**LEGISLATIVE FISCAL OFFICE**

**Fiscal Note**



Fiscal Note On: **HB 878** HLS 08RS 1036

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 21, 2008	4:48 PM	<b>Author:</b> RICHMOND
<b>Dept./Agy.:</b>		<b>Analyst:</b> Greg Albrecht
<b>Subject:</b> Casino Support Services Contract		

GAMING/REVENUE EG DECREASE GF RV See Note Page 1 of 1  
 Provides relative to the execution of the casino support services contracts and requires legislative appropriation to fully fund the contract

Current law requires the gaming control board to enter into a support services contract with Orleans Parish to compensate the parish for providing services such as fire, police, sanitation, health, transportation, and traffic resulting from the operation of the land-based casino. The amount of the contract shall be determined by negotiation and agreement between the board and the parish, subject to approval by the Joint Legislative Committee on the Budget (JLCB).

Proposed law provides that the amount of the contract shall be 7.5% of the amount of revenues collected annually by the state from the casino, and removes the requirement of approval by the JLCB.

<b>EXPENDITURES</b>	<b><u>2008-09</u></b>	<b><u>2009-10</u></b>	<b><u>2010-11</u></b>	<b><u>2011-12</u></b>	<b><u>2012-13</u></b>	<b><u>5 -YEAR TOTAL</u></b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b><u>2008-09</u></b>	<b><u>2009-10</u></b>	<b><u>2010-11</u></b>	<b><u>2011-12</u></b>	<b><u>2012-13</u></b>	<b><u>5 -YEAR TOTAL</u></b>
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

While the bill does not create a special fund, it does appear to effectively contemplate an annual dedication of 7.5% of state casino tax receipts for purposes of funding the support services contract with Orleans Parish. The latest official revenue forecasts for FY09 - FY12 (5/9/08) include \$90 million per year in state tax receipts from the land-based casino in New Orleans. A dedication of 7.5% of those amounts would generate \$6.750 million per year for the contract.

State tax receipts from this casino are currently dedicated in their entirety to problem gaming treatment through the Compulsive and Problem Gaming Fund (1% up to \$500,000 per year) and to public elementary, secondary, and higher education salaries through the Support Education in Louisiana First Fund (SELF, balance of collections). Thus, the new dedication provided by this bill will divert a like amount of casino tax receipts from the existing SELF allocation. The aggregate amount of dedicated revenue may not be affected, but a new dedication will be created at the expense of an existing dedication.

Since the resources of the SELF fund are used to pay recurring salary costs, a diversion of casino tax receipts may require supplementing the SELF fund with some other means-of-finance, presumably state general fund resources, in the amount of the diverted tax receipts, effectively reducing state general fund revenue available for other purposes. However, the full

Senate

Dual Referral Rules

House

- 13.5.1 >= \$500,000 Annual Fiscal Cost
- 13.5.2 >= \$500,000 Annual Tax or Fee Change

- 6.8(F) >= \$500,000 Annual Fiscal Cost
- 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

*H. Gordon Monk*

**H. Gordon Monk**  
**Legislative Fiscal Officer**