

FISCAL NOTE

Requested by Legislative Council
02/07/2005

Amendment to: HB 1503

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2003-2005 Biennium		2005-2007 Biennium		2007-2009 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$4,300,000	\$500,000	\$9,100,000	\$500,000
Expenditures	\$0	\$0	\$2,339,041	\$500,000	\$1,835,743	\$500,000
Appropriations	\$0	\$0	\$2,339,041	\$500,000	\$1,835,743	\$500,000

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2003-2005 Biennium			2005-2007 Biennium			2007-2009 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$576,000	\$6,624,000	\$0	\$1,152,000	\$13,248,000	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill would enable organizations eligible for licensure as of January 1, 2004, under NDCC chapter 53-06.1 (Games of Chance Laws), to conduct all games not otherwise specifically provided, which are allowed pursuant to the tribal-state gaming compacts. The total number of electronic gaming machines for the new authorized game types may not exceed 50 machines per gaming site. A 10% gaming tax is imposed on the adjusted gross proceeds earned on the new game types allowed, with 60% of new taxes allocated to property tax relief. The property tax relief must be distributed to cities and counties on a quarterly basis based on the proportionate share of the taxes collected. An additional 5% of the taxes, not to exceed \$500,000 per biennium, must be deposited in the compulsive gambling prevention and treatment fund.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

General fund revenues represent the estimated increase in gaming tax collections attributed to the use of coin-operated gaming devices in the charitable gaming industry starting January 1, 2006.

Other funds revenue represents five percent of the gaming device tax, with a maximum of \$500,000 per biennium, to be transferred to the compulsive gambling prevention and treatment fund.

The county and city fiscal effect relates to the sixty percent of the taxes collected on the new game types which are allocated to a property tax relief fund. The funds from this property tax relief fund are distributed on a quarterly basis to the cities and counties based a proportionate share of the total new taxes collected.

Qualification: If two or more bills propose to increase gaming activity, each of the bills may impact each other and reduce the combined fiscal effect of the two or more bills.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

It is estimated that 6 FTE positions, along with administrative expenses, contractual services, vendor fees, telecommunications, computer equipment and software, and one-time start-up costs, will be required to carry out the requirements of this bill.

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The Office of Attorney General's budget would need to be increased by an estimated \$2,339,041 from the general fund to carry out the requirements of this bill.

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