



NORTH CAROLINA GENERAL ASSEMBLY

Session 2019

Legislative Fiscal Note

Short Title: Gaming Commission.
Bill Number: House Bill 929 (Third Edition)
Sponsor(s): Representatives Warren, Hardister, Saine, and Hunter

SUMMARY TABLE

FISCAL IMPACT OF H.B. 929, V.3 (\$ in millions)

	<u>FY 2019-20</u>	<u>FY 2020-21</u>	<u>FY 2021-22</u>	<u>FY 2022-23</u>	<u>FY 2023-24</u>
State Impact					
General Fund Revenue	-	-	-	-	-
<u>Less Expenditures</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
General Fund Impact	No Fiscal Impact----see Fiscal Analysis section				

NET STATE IMPACT	No Fiscal Impact----see Fiscal Analysis section
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FISCAL IMPACT SUMMARY

H.B. 929 creates a new Gaming Commission under the Department of Commerce that combines the previous Lottery Commission with the Bingo and Raffles and Boxing sections currently under the Alcohol Law Enforcement Branch of the Department of Public Safety (ALE). Transferring receipts and positions associated with the Lottery, Bingo and Raffles, and Boxing yields no inherent fiscal impact to the State. However, because Bingo and Boxing receipts support positions in ALE, this transfer would likely lead to a reduction in both sworn Law Enforcement Officer positions and non-sworn staff positions in ALE without an appropriations increase.

FISCAL ANALYSIS

The table below shows the receipts from the Lottery, Bingo and Raffles, and Boxing in FY 2018-19:

	Projected Receipts FY 2018-19 (rounded)	Purpose
Lottery	\$2.8 billion	Lottery prizes, retailer commissions, gaming systems, administration, education
Bingo and Raffles	\$61,000	Support two positions in ALE
Boxing	\$118,000	Support three positions in ALE

Currently, the Lottery receives approximately \$2.8 billion in receipts and uses approximately \$65.8 million for Commission administration, including employees, advertising, and other operating costs. Transferring the Lottery Commission to the newly created Gaming Commission has no anticipated fiscal impact, as the positions and receipts associated with the Lottery Commission would transfer and continue operations largely uninterrupted. Conversely, Bingo and Boxing functions are currently located within ALE, and ALE collects receipts for both Bingo and Boxing. Because ALE directly collects receipts for both Bingo and Boxing, transferring those functions and receipts to the Gaming Commission would prompt staff changes as a result of receipt reductions to ALE without a General Fund appropriation.

ALE positions are partially supported by Bingo and Boxing receipts

Currently, Bingo and Boxing receipts partially support five positions in ALE with a total position cost of \$333,049. H.B. 929 transfers Bingo and Boxing receipts to the newly created Gaming Commission, which would reduce receipts to ALE. Because two positions supported by these receipts are sworn Law Enforcement Officers, it is unlikely that these positions would transfer to the Gaming Commission, so ALE would no longer be able to fund these positions without an increased General Fund appropriation. Additionally, the positions supported by Bingo and Boxing receipts do not necessarily work exclusively on Bingo and Boxing, so ALE would lose the functions performed by those positions beyond Bingo and Boxing work.

Bingo and Boxing receipts have historically been lower than anticipated

In order to fully support the five receipt-supported positions for Bingo and Boxing in ALE, combined receipts would have to total \$333,049. Historically, Bingo and Boxing receipts have been approximately \$190,000 combined (\$60,000 for Bingo and \$130,000 for Boxing in a four-year average), which is less than the approximately \$400,000 budgeted for receipts (\$120,000 for Bingo and \$280,000 for Boxing) in the Base Budget. The General Assembly has several options to address the receipt supported positions in ALE should H.B. 929 become law:

Option 1: Do not provide an additional General Fund appropriation to ALE for receipt supported positions. This would require ALE to make staffing changes and reduce positions based on a new reduced workload from Bingo and Boxing related work.

Option 2: Provide an additional General Fund appropriation of \$190,000 to ALE to replace historical receipts from Bingo and Boxing. This would require ALE to continue to find other sources of funding within its budget to fully fund the five receipt-supported positions (as it has historically) or reduce positions based on a new reduced workload from Bingo and Boxing related work.

Option 3: Provide an additional General Fund appropriation of \$333,049 to ALE to fully fund the five receipt supported positions within ALE. This would allow ALE to maintain current staffing levels and fully fund the receipt supported positions at the level anticipated in the Base Budget.

TECHNICAL CONSIDERATIONS

This analysis assumes that the newly created Gaming Commission would not contract with the Department of Commerce (Commerce) to provide HR and budgeting services. While other commissions under Commerce do contract for these services, the Lottery already has internal HR

and budgeting personnel. Given the relatively small size of the Bingo and Boxing addition, this analysis assumes that the new Gaming Commission would use the same or similar HR and budgeting structure as the current Lottery. Should the new Gaming Commission enter into a contract with Commerce, Commerce would see an increase in receipts equal to the amount of the contract annually.

DATA SOURCES

Alcohol Law Enforcement Branch of the Department of Public Safety.

LEGISLATIVE FISCAL NOTE – PURPOSE AND LIMITATIONS

This document is an official fiscal analysis prepared pursuant to Chapter 120 of the General Statutes and rules adopted by the Senate and House of Representatives. The estimates in this analysis are based on the data, assumptions, and methodology described in the Fiscal Analysis section of this document. This document only addresses sections of the bill that have projected direct fiscal impacts on State or local governments and does not address sections that have no projected fiscal impacts.

CONTACT INFORMATION

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