

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 13, 2021

TO: Honorable Chris Paddie, Chair, House Committee on State Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HJR133 by Kuempel (Proposing a constitutional amendment to foster economic development and job growth and to provide tax relief and funding for education and public safety by creating the Texas Gaming Commission, authorizing and regulating casino gaming at a limited number of destination resorts and facilities licensed by the commission, authorizing sports wagering, requiring occupational licenses to conduct casino gaming, and requiring the imposition of a tax.), **As Introduced**

No fiscal implication to the State is anticipated, other than the cost of publication.

The cost to the state for publication of the resolution is \$178,333.

The resolution would propose an amendment to Article III of the Texas Constitution to add Section 47a to provide for casino gaming and wagering on sporting events.

The amendment would require the legislature to establish the Texas Gaming Commission and authorize issuance of not more than four Class I casino gaming licenses for resort destinations in metropolitan statistical areas of the state with estimated population of two million or more, not more than three Class II licenses for limited casino gaming to holders of an active license for pari-mutuel wagering on horse racing at a racetrack in a metropolitan statistical area with population of two million or more, and not more than three Class III licenses for limited casino gaming to holders of an active license for pari-mutuel wagering on greyhound racing at a racetrack in a metropolitan statistical area with population less than two million.

The amendment would require that a federally recognized Indian tribe be allowed to operate slot machines or casino gaming on its Indian land, subject to agreement or law requiring the tribe to remit a portion of its gaming revenue to the state.

The amendment would allow the legislature by general law to authorize and regulate the placing of wagers on sporting events.

The amendment would require minimum investment commitments for destination resorts as a condition for a Class I casino gaming license, and provide for other criteria to be considered for the issuance of a Class I license.

The amendment would require the Legislature to impose tax at a rate of 10 percent of gross gaming revenue from table games and 25 percent of gross gaming revenue from slot machines.

The proposed constitutional amendment alone would have no fiscal implications to the state. Any revenue related to casino gaming or costs associated with the creation of the Texas Gaming Commission would depend on the resolution's enabling legislation adopted by the Legislature.

Due to increased gaming competition within the state that will arise from expanded gaming as established through the resolution, the Lottery Commission anticipates that there will be a decline in lottery sales and bingo gross annual receipts. The declines in lottery sales would result in less revenue transferred to the Foundation School Fund and the Fund for Veterans' Assistance. Similarly, declines in bingo receipts would

decrease bingo prize fee remittances received by the agency and certain local governments. These fiscal impacts would also depend on the resolution's enabling legislation adopted by the Legislature.

The proposed constitutional amendment would be submitted to voters at an election to be held November 2, 2021.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 362 Texas Lottery Commission

LBB Staff: JMc, SMAT, SD, KK