

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION
Revision 2

April 26, 2007

TO: Honorable Aaron Pena, Chair, House Committee on Criminal Jurisprudence

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB10 by Chavez (Relating to certain gaming activity conducted by an Indian tribe or tribal organization.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB10, Committee Report 1st House, Substituted: a positive impact of \$28,414,000 through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$10,661,000
2009	\$17,753,000
2010	\$43,926,000
2011	\$44,992,000
2012	\$46,013,112

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/ (Loss) from <i>FOUNDATION SCHOOL FUND 193</i>	Probable Revenue (Loss) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/ (Loss) from <i>TEXAS GRANT PROGRAM 1</i>
2008	(\$8,725,000)	(\$884,000)	\$20,270,000
2009	(\$14,420,000)	(\$1,472,000)	\$33,645,000
2010	(\$16,246,000)	(\$1,642,000)	\$61,814,000
2011	(\$17,098,000)	(\$1,651,000)	\$63,741,000
2012	(\$17,991,000)	(\$1,741,000)	\$65,745,112

Fiscal Analysis

This bill would amend the Penal Code to permit federally recognized Indian tribes to conduct gambling and other gaming on their tribal lands. This bill would provide that gaming could only occur on land recognized as tribal land of a federally recognized Indian tribe listed with the U. S. Secretary of the Interior on January 1, 1998. In Texas, this would include the Alabama-Coushatta tribe, the Kickapoo Traditional tribe, and the Ysleta del Sur Pueblo (Tiguas).

The bill would provide that 5 percent of all revenue derived from gaming be remitted monthly to the state. This bill would provide that all revenues collected by the state would be used to fund the Texas Grant Program, a college-level student financial aid program.

This bill would take effect September 1, 2007.

Methodology

According to information provided by the Comptroller of Public Accounts (CPA), the revenue implications of the bill would be dependent upon the average play per gaming machine and per gaming table. Based on the analysis of the CPA, this analysis assumes that the bill would have a negative effect on current lottery and bingo revenues, due to increased gaming competition in the state.

This analysis further assumes that Texas Indian tribes would enter into an agreement with the state in accordance with the terms of this bill, in exchange for the right to conduct casino gaming. Given that the nature of such compacts cannot be known at this time, the fiscal impact table, which contains CPA revenue estimates, is for illustrative purposes only.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts, 362 Texas Lottery Commission, 781 Higher Education Coordinating Board

LBB Staff: JOB, ES, MW, TGI