

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 17, 2007

TO: Honorable Kino Flores, Chair, House Committee on Licensing & Administrative Procedures

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

IN RE: HJR10 by Chavez (Proposing a constitutional amendment permitting recognized Indian tribes to conduct gambling or other gaming activity on certain tribal land.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HJR10, As Introduced: a positive impact of \$11,412,532 through the biennium ending August 31, 2009.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2008 | \$3,535,532 |
| 2009 | \$7,877,000 |
| 2010 | \$9,339,000 |
| 2011 | \$10,206,000 |
| 2012 | \$11,036,000 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND - Texas Grant Program 1</i> | Probable Revenue Gain/ (Loss) from <i>FOUNDATION SCHOOL FUND - Lottery 193</i> | Probable Revenue Gain/ (Loss) from <i>GENERAL REVENUE FUND - Bingo 1</i> |
|-------------|--|--|--|
| 2008 | \$6,289,532 | (\$2,458,000) | (\$296,000) |
| 2009 | \$13,568,000 | (\$5,083,000) | (\$608,000) |
| 2010 | \$15,805,000 | (\$5,780,000) | (\$686,000) |
| 2011 | \$16,912,000 | (\$5,990,000) | (\$716,000) |
| 2012 | \$17,865,000 | (\$6,095,000) | (\$734,000) |

Fiscal Analysis

The resolution would propose a constitutional amendment to Article III, Section 47 to permit federally recognized Indian tribes to conduct gambling and other gaming on their tribal lands.

The proposed amendment would stipulate that the gaming could only occur on land recognized as tribal land by the federal government on January 1, 2006, and located in a county with a population of 650,000 or more and located on an international border.

The proposed amendment would provide that five percent of all revenue derived from the gaming to be remitted to the state. All revenues collected by the state could be used only to fund the Texas Grant Program or a comparable college-level student financial aid program. In exchange for the revenues remitted to the state, the state would have to grant the tribe territorial exclusivity with respect to casino

gaming in the county and in any other additional territory provided by general law.

The proposed constitutional amendment would be submitted to the voters on November 6, 2007.

Methodology

Under the terms of the proposed constitutional amendment, only the Tigua Indians of the El Paso area would qualify to conduct casino gaming in the state.

The estimated fiscal impact was based on revenues (adjusted for inflation) generated by the Speaking Rock casino that the Tiguas operated before its imposed closure on January 9, 2002. The effect on lottery and bingo revenues, based on casino experience in other states, is incorporated. Although the actual impact of competition is relatively small on the lottery and bingo, the revenue impact is larger—since nearly 30 percent of lottery proceeds in particular go the state, while 5 percent of the proposed revenue from Tigua gaming operations would go to the state. Revenues for 2008 incorporate start-up and implementation lags consequent to the November 6, 2007 amendment date.

The cost to the state for publication of the resolution is \$77,468.

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

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