

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 25, 2007

TO: Honorable Robert Duncan, Chair, Senate Committee on State Affairs

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

IN RE: SJR45 by Ellis (Proposing a constitutional amendment authorizing the legislature to authorize the operation of limited casino gaming by licensed operators and recognized Indian tribes and to authorize the operation of video lottery games by licensed horse and greyhound racetrack operators and recognized Indian tribes, requiring the legislature to create a Texas Gaming Commission to regulate gaming and casino-based development projects in this state, and establishing a higher education trust fund from state gaming revenues to pay tuition and fees for the postsecondary education of Texas high school graduates.), **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 \$77,468.

The resolution would propose to amend Sections 47 and 47a, Article III of the Texas Constitution to allow the operation of limited casino gaming by licensees and Indian tribes and the operation of video lottery games by racetrack licensees and Indian tribes.

The proposed amendment would require the Legislature to create a Texas Gaming Commission to regulate gaming.

The Texas Gaming Commission would consist of five members appointed by different elected officials, and each member would serve a six-year term. The commission would have the authority to license 12 casino-anchored development projects, with seven projects in urban areas, two projects on islands in the Gulf of Mexico, and three additional projects.

To qualify for a license, a project would have to agree to development costs of \$400 million for an urban area project, \$200 million for an island project, or \$150 million for each of the three remaining projects. In each county in which a person applied for a license, a local option election would have to be held to determine if a majority of the voters favored casino gaming in that county. At least 51 percent of each casino-anchored project would have to be owned by Texas residents who have lived in the state for at least two years.

The proposed amendment would allow the Legislature to require that all or a part of the net gaming and video lottery terminal revenue be deposited to a higher education trust fund to pay tuition and fees for postsecondary education.

Initial funding for the Texas Gaming Commission would be an interest-free loan in the amount of \$2.5 million from the Texas Enterprise Fund. The loan would be repaid by the commission from license fees received for the casino-anchored projects.

The proposed amendment, by itself, would have no fiscal impact. Any fiscal implications would be associated with the corresponding enabling legislation. Further, each casino-operated development would depend on the outcome of a local option election, and the proposed amendment does not specify a fee or tax for casino or video lottery operations.

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

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 304 Comptroller of Public Accounts

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