

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**April 30, 2013**

**TO:** Honorable Wayne Smith, Chair, House Committee on Licensing & Administrative Procedures

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** **HB2603** by Thompson, Senfronia (Relating to the operation of casino gaming in this state by federally recognized Indian tribes on certain land; providing penalties; authorizing fees.), **As Introduced**

**Depending upon a compact between the Indian tribes and the state, there would be an indeterminate revenue gain to the state.**

The bill adds a new Chapter 2004, Casino Gaming by Federally Recognized Indian Tribes, to Title 13 of the Occupations Code, allowing casino games at federally recognized Indian tribes. The bill would also amend section 47.02(c) of the Penal Code by adding language that would make it a defense to prosecution for the conduct of gambling or gaming activity if the conduct was permitted under Chapter 2004 of the Occupations Code.

According to the Comptroller's office, Indian casino operations will provide gaming competition to state revenues. This analysis does not assume a (necessary) compact between the Indian tribes and the state and, therefore, no remittance of gaming tax revenue to the state. As a hypothetical example, a 5 percent state tax on Indian casino operations would increase state revenues by about \$25 million per year at full implementation, assuming the necessary compact and subsequent remittances.

The Texas Lottery Commission (TLC) anticipates that the state would recognize a net positive fiscal impact from authorizing casino gaming on certain Indian lands. Any potential impact would be dependent on the passage of the constitutional amendment. This bill would require additional Full-time Equivalents (FTEs) and related costs to implement, issue licenses, conduct background investigations, develop rules and procedures and monitor casino gaming, but the number of FTEs cannot be determined. Procedures for the approval, monitoring, and inspection of casino gaming operations as necessary to protect the public health, welfare, and safety and the integrity of the state and to prevent financial loss to this state would need to be developed.

Furthermore, TLC anticipates the authorization to expand gaming will result in a decline in lottery revenue to the Foundation School Fund and annual gross receipts for Charitable Bingo due to increased gaming competition to the State.

No significant impact on the programs and workload of state corrections agencies or on the demand for resources and services of those agencies is anticipated from any provisions of this bill that authorize or require a change in the sanctions applicable to adults convicted of felony crimes.

## **Local Government Impact**

A negative impact to local jurisdictions is estimated from reduction in Bingo prize fees as a result of casino gaming.

**Source Agencies:** 304 Comptroller of Public Accounts, 362 Texas Lottery Commission, 476 Racing Commission

**LBB Staff:** UP, RB, SD, LM