

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 20, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HJR22 by Nevárez (Proposing a constitutional amendment to authorize the Kickapoo Traditional Tribe of Texas to conduct gaming by executing a gaming agreement with this state; providing for licensing of persons under the agreement; limiting certain taxes and fees.), **As Introduced**

Depending on approval of the voters, approval by the Kickapoo tribe, whether the state authorizes other video lottery or casino gaming within 200 miles of the tribe's reservation, and on the level of Class III gaming that would be conducted, there could be an indeterminate fiscal impact to the state.

The cost for publication of the resolution is (\$118,681).

The resolution would propose an amendment to Article III of the Texas Constitution to add Section 47a to authorize the Kickapoo Traditional Tribe of Texas to enter into the gaming compact with the State of Texas contained in Subsection 47a(c) of the amendment to conduct Class III gaming.

The compact would regulate the tribe's gaming operations and would require the tribe to make quarterly payments to the Comptroller equal to 3 percent of the tribe's net win received from Class III covered gaming operations, provided the state does not authorize an additional form of gaming within 200 nautical miles of the tribe's reservation boundary. If the state authorizes video lottery terminals or casino gaming within this area, the Kickapoo tribe would not be required to make the percentage of win payment to the state and would be authorized to offer the same types of games or devices up to the maximum number of games or devices authorized under state law for other gaming locations within 300 nautical miles of the tribe's reservation, provided they are at a location that is owned or leased by the Tribe that is not within 30 nautical miles of a licensed horse or greyhound racetrack. The compact does not specify the use by the state of the quarterly payments.

The revenue impact of the proposed amendment would depend on approval of the voters, approval by the Kickapoo tribe, whether the state authorizes other video lottery or casino gaming within 200 miles of the tribe's reservation, and on the level of Class III gaming that would be conducted. Because of these unknown factors, state revenue from this bill cannot be estimated reliably.

The Secretary of State as "state compliance agency" (SCA) would create a new division to discharge the myriad duties named in the bill. The division would require a staff of 6 full-time-equivalent employees, and funding of (\$440,791) in FY 2016 and (\$751,282) each fiscal year

thereafter for independent audits, travel, operating costs, equipment, and administrative support.

The resolution would propose a conforming amendment to Section 47(a) of Article III of the Texas Constitution.

The proposed amendment would be submitted to voters at an election to be held November 3, 2015.

Local Government Impact

The fiscal implications of the bill cannot be determined at this time

Source Agencies: 304 Comptroller of Public Accounts, 307 Secretary of State, 362 Texas Lottery Commission

LBB Staff: UP, CL, SD, CM