

SENATE BILL 446

Introduced by Rea, et al.

2/20	Fiscal Note Requested
2/20	Introduced
2/20	First Reading
2/20	Referred to Taxation
2/25	Fiscal Note Received
2/26	Fiscal Note Printed
3/14	Hearing
4/01	Tabled in Committee

1 SENATE BILL NO. 446  
 2 INTRODUCED BY Roa Underwood

3  
 4 A BILL FOR AN ACT ENTITLED: "AN ACT INCREASING THE NET  
 5 INCOME TAX ON VIDEO GAMBLING MACHINES BY 1/2 OF 1 PERCENT;  
 6 ALLOTING THE REVENUE FROM THE INCREASED TAX TO THE BOARD OF  
 7 HORSERACING FOR PROPORTIONAL DISTRIBUTION TO LOCAL FAIR  
 8 BOARDS FOR INCREASING PURSES FOR LIVE HORSERACING; AMENDING  
 9 SECTION 23-5-610, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE  
 10 DATE."

11  
 12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 **Section 1.** Section 23-5-610, MCA, is amended to read:

14 \*23-5-610. Video gambling machine net income tax --  
 15 records -- distribution -- quarterly statement and payment.  
 16 (1) An operator issued a permit under this part shall pay to  
 17 the department a video gambling machine tax of ~~15%~~ 15.5% of  
 18 net machine income from each video gambling machine licensed  
 19 under this part.

20 (2) An operator issued a permit under this part shall  
 21 keep a record of net machine income in such form as the  
 22 department may require. The records must at all times during  
 23 the business hours of the licensee be subject to inspection  
 24 by the department.

25 (3) An operator issued a permit under this part shall,

1 within 15 days after the end of each quarter, complete and  
 2 deliver to the department a statement showing the total net  
 3 machine income from each video gambling machine licensed to  
 4 him, together with the total amount due the state as video  
 5 gambling machine net income tax for the preceding quarter.  
 6 The statement must contain other relevant information as the  
 7 department may require.

8 (4) (a) The department shall forward ~~one-third~~ 32.258%  
 9 of the tax collected under subsection (3) to the general  
 10 fund.

11 (b) The department shall forward 3.226% of the tax  
 12 collected to the department of commerce for deposit to the  
 13 account of the board of horseracing. Proceeds from taxes on  
 14 income from video gambling machines in this state deposited  
 15 in the account of the board of horseracing must be allotted  
 16 by the board of horseracing on a proportional basis to  
 17 licensed county fair boards for the purpose of increasing  
 18 the purses for live horseraces.

19 ~~(b)~~(c) The department shall forward the remaining  
 20 ~~two-thirds~~ 64.516% of the tax collected under subsection (3)  
 21 to the treasurer of the county or the clerk, finance  
 22 officer, or treasurer of the city or town in which the  
 23 licensed machine is located, for deposit to the county or  
 24 municipal treasury. Counties are not entitled to proceeds  
 25 from taxes on income from video gambling machines located in

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1 incorporated cities and towns. The two-thirds local  
2 government portion of tax collected under subsection (3) is  
3 statutorily appropriated to the department<sub>1</sub> as provided in  
4 17-7-502<sub>1</sub> for deposit to the county or municipal treasury."

5 NEW SECTION. **Section 2.** Effective date. [This act] is  
6 effective on passage and approval.

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0446, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act increasing the net income tax on video gambling machines by 1/2 of 1 percent and allotting the revenue from the increased tax to the Board of Horseracing for proportional distribution to local fair boards for increasing purses for live horseracing.

ASSUMPTIONS:

Department of Justice:


1. The net income from video gambling machines in Montana will be \$140,000,000 in FY92 and \$146,000,000 in FY93.
2. The monies distributed to the Board of Horseracing by this bill would all be distributed to county fair boards.

Department of Commerce:

3. Video gaming revenues are based on projected revenues for FY92 and FY93.
4. In accordance with the proposed statute, the board will need to establish and implement quarterly processing of money for purses, distribution of money, processing warrants, adopting rules dealing with the handling of money, establish computer programs and auditing procedures to ensure money is used for purses.
5. As purses will increase, more horsemen will race in Montana and the tracks will have full racing cards. The handle will increase and race tracks could request 15 more race days.
6. The expenses for the board will include travel, supplies, personal services, communication, contracts and other expenses.
7. Current law is represented by the executive budget for the Board of Horseracing in the Department of Commerce.

FISCAL IMPACT:

see next page

  
\_\_\_\_\_  
ROD SUNDSTED, BUDGET DIRECTOR      DATE 2/25/91  
Office of Budget and Program Planning

  
\_\_\_\_\_  
JACK (DOC) REA, PRIMARY SPONSOR      DATE 2/26/91  
Fiscal Note for SB0446, as introduced

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FISCAL IMPACT:

	FY '92			FY '93		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
<u>Expenditures:</u>						
Personal Services	110,181	113,606	3,425	110,311	113,736	3,425
Operating Costs	195,341	205,691	10,350	194,921	204,571	9,650
Capital Outlay	2,000	2,000	0	2,000	2,000	0
Pass Through	0	700,000	700,000	0	733,000	733,000
Total	307,522	1,021,297	713,775	307,232	1,053,307	746,075
<u>Funding:</u>						
State Special	307,522	1,021,297	713,775	307,232	1,053,307	746,075
<u>Revenues:</u>						
Parimutuel	141,740	171,740	30,000	141,740	171,740	30,000
Violations	7,406	9,406	2,000	7,406	9,406	2,000
Medication	11,890	13,890	2,000	11,890	13,890	2,000
License Fees	60,647	66,647	6,000	60,647	66,647	6,000
Rule Books	240	240	0	240	240	0
Seminar	2,250	2,250	0	2,250	2,250	0
Video Pass Through	0	700,000	700,000	0	733,000	733,000
Total	224,173	964,173	740,000	224,173	997,173	773,000

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

The eight county fair boards in Montana which are involved in live horse racing would receive approximately \$600 additional purse money per race during their respective meets. This money would be added to existing race purses which could ultimately attract a larger number of horses and horsemen than they had in the past. Each county or local racing group could realize an increase in admissions, concession sales and higher race revenue. Local economies may be bolstered by more patrons and competitors purchasing goods (food, gasoline, lodging and entertainment). Local horse-related businesses (feed, tack, hardware and veterinarians) could also see an increase in revenue due to a larger number of horses/horsemen attracted to the area due to larger race purses.

LONG-RANGE EFFECTS OF PROPOSED LEGISLATION:

Enhance the breeding and racing industry in the state.