



FISCAL NOTE

House Bill 152

Committee: Economic Development and
Tourism

Sponsor: Representative Chris Blackshear

Analyst: Tiffany Weaver

Date: 02/14/2024

House Bill 152 as reported by the Committee on Economic Development and Tourism would implement the provisions of the constitutional amendment proposed by House Bill 151 of the 2024 Regular Session by establishing the 9-member Alabama Gaming Commission as the state agency responsible for regulation of the casino-style gaming and sports wagering. The administrative and other expenses of the Commission would be paid from the Gaming Trust Fund established and funded pursuant to this bill. The Commission members would receive compensation, including per diem and travel allowances, equal to half of that of members of the legislature, at an estimated cost for salaries of \$268,533 annually and at least \$12,015 annually for per diem and travel allowances for quarterly meetings. This bill would require the commission to submit annual reports to the Governor and Legislature, adopt a system of internal audits and audits of licensees, and contract with an external firm to provide an annual financial audit.

This bill provides for the appointment of an executive director by the Commission, whose salary shall be set by the Commission and who may employ personnel, acquire real property, enter into contracts, and provide for general administration of the Commission. Further, this bill also establishes the Gaming Enforcement Division within the Commission to investigate and enforce the laws and rules of the commission and provides for the appointment of the director of the division, whose salary shall be set by the commission and who may employ personnel and employ consultants.

In addition, this bill authorizes the Commission to issue and determine the fee for: (1) a casino-style gaming establishment license at a minimum fee of \$5,000,000 fee for each of a maximum of 7 licensees (one license is reserved for the Poarch Band of Creek Indians



dependent on gaming compact); (2) a nonrefundable application and license fee for a gaming services provider license; (3) a nonrefundable application and license fee for a sports wagering license; (4) sports wagering license fees; (5) a nominal temporary sports wagering permit fee, to be collected from an operator of a racetrack whose attendance at the live race is 60,000 or more; and (6) a nominal charitable fundraising permit fee of not more than \$25, to be collected from charitable bingo and raffle operators. These fees would all be deposited in the Gaming Trust Fund and will increase license fees into the Fund from casino-style gaming establishment license fees only by a minimum of \$17.5 million initially and by a minimum of \$1.25 million in each of the following fourteen years. Actual collections will be dependent on the fees set by the commission, the number of applications for licenses and permits, and the number of licenses awarded by the Commission.

This bill levies a 24% tax on net gaming revenues for casino-style gaming. The amount of net gaming revenue is estimated to be between \$315 million and \$492.2 million annually and will be distributed first to the General Fund Budget Reserve Fund until the balance reaches \$300 million. Once complete the proceeds will be deposited as follows:

1. 95% to the Gaming Trust Fund;
2. 3% to counties where gaming establishments are located on a pro rata basis based on their share of net gaming revenues with a minimum of 15% to be distributed to nonprofit organizations in the county; and
3. 2% to municipalities where gaming establishments are located on a pro rata basis based on their share of net gaming revenues.

This bill also levies a 17% tax on net gaming revenues for sports wagering activities. The amount of net gaming revenues is estimated to be between \$15 million and \$41.5 million annually. The proceeds will be deposited as follows:

1. 90% to the Gaming Trust Fund; and



2. 10% to each county commission to be used for law enforcement purposes of the respective sheriff's department.

Once operational, receipts in the Gaming Trust Fund, shall be appropriated by the Legislature in an independent supplemental bill for non-recurring non-education purposes.

This bill further establishes the Alabama Lottery Corporation as an instrumentality of the state, governed by a seven-member board of directors, with powers and duties to include the authority to conduct and administer lottery games. This bill also provides for the duties of the president, which includes employment of additional personnel and general administration of the corporation. This bill further provides that all monies received by the corporation, including lottery proceeds, shall be deposited into the Lottery Proceeds Fund in the State Treasury and will be applied first to the payment of (1) operating expenses of the Corporation; and (2) all prizes. The remaining funds shall be transferred to the Lottery for Education Fund (LEF) in the State Treasury. The amount of net revenue generated from the operation of the lottery to be deposited into the (LEF) is estimated to be between \$305.6 million to \$379.4 million annually. The proceeds in the LEF shall be annually appropriated through an independent supplemental appropriation bill for non-recurring expenses related to education.

This bill would authorize the Department of Examiners of Public Accounts to audit or examine the Alabama Gaming Commission, which could increase administrative obligations of the Department by an undetermined amount dependent upon the number of audits performed.

Finally, this bill allows the commission to assess civil penalties, up to \$100,000 each, for violating provisions of this bill or rules adopted by the commission, which would be deposited into the Gaming Trust Fund. This bill would also establish new crimes and criminal penalties, ranging from \$100 to \$100,000 in fines, related to unlawful lottery activity which could increase receipts to the State General Fund and municipal general funds from fines; increase receipts to the State General Fund, county general funds, municipal general funds, and other funds to which court costs are deposited; and could increase the obligations of the State General Fund, local jails, the district attorneys, the Department of Corrections, the Bureau of Pardons and Paroles, and community corrections programs by an undetermined amount dependent upon the number



of persons charged with and convicted of the offenses provided by this bill and the penalties imposed.