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## FISCAL IMPACT REPORT

SPONSOR Griego DATE TYPED 2-12-04 HB \_\_\_\_\_

SHORT TITLE Upgrade Gaming Machine Monitoring Systems SB 169/aSCORC/aSFC

ANALYST Bransford

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY04	FY05	FY04	FY05		
\$1,000.0				Non-Recurring	General Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates Appropriation in the General Appropriation Act

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY04	FY05			
		\$15,000.0-\$20,00.0	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From  
The Gaming Control Board

### SUMMARY

#### Synopsis of SFC Amendment

The Senate Finance Committed amendment reduces the appropriation of \$3 million to \$1 million for the Gaming Control Board to upgrade the central monitoring system.

#### Synopsis of SCORC Amendment

The Senate Corporations and Transportation Committee amendment makes a technical correction by adding “Declaring an Emergency” to the title. The emergency clause was contained in Section 2 of the original bill but was not contained in the title.

Synopsis of Original Bill

Senate Bill 169 appropriates \$3 million from the General Fund to the Gaming Control Board for the purpose of upgrading the central system for continuous monitoring of gaming machines at licensed facilities. The bill contains an emergency clause.

Significant Issues

The current on-line monitoring system has become obsolete with new gaming software and technology. It limits the type of gaming machines available at racetracks and non-profits.

The Gaming Control Board proposes to replace and upgrade the current system to allow for newer and more advanced gaming machines similar to the ones played in Indian casinos.

**ORIGINAL FISCAL IMPLICATIONS**

The appropriation of \$3 million contained in this bill is a non-recurring expense to the General Fund. Any unexpended or unencumbered balances are non-reverting.

The Gaming Control Board estimates that updating the central monitoring system to allow for more advanced gaming machines will increase the amount of gaming revenue collected at racetracks and fraternal clubs by \$15 million to \$20 million annually. Revenue from gaming is deposited in the general fund.

**ADMINISTRATIVE IMPLICATIONS**

The Gaming Control Board plans to allow fraternal clubs and racetracks 18 to 24 months to make the necessary updates to gaming machines to connect to the central monitoring system.

**TECHNICAL ISSUES**

Consideration should be given to changing the language in lines 22 and 23 to provide for reversion in fiscal year 2006.

**POSSIBLE QUESTIONS**

1. How long will it take the agency to implement the enhanced system?
2. Have maintenance costs for the system been included in the agency's budget request?
3. Is on-the-shelf hardware and software available or will this be an IT development project?

**VB/dm:yr**