

Department of Finance and Administration

Legislative Impact Statement

Bill: SB695

As Engrossed: 3/12/2015

Bill Subtitle: TO AMEND THE DISTRIBUTION OF CERTAIN FEES, PENALTIES, AND FINES RELATING TO ELECTRONIC GAMES OF SKILL; TO PROVIDE FUNDING FOR LAND-GRANT MATCH PAYMENTS FOR THE UNIVERSITY OF ARKANSAS AT PINE BLUFF; AND TO DECLARE AN EMERGENCY.

Basic Change : Sponsor Senator S. Flowers

Engrossment 03/12/15 --- Senate Amendment 2 --- Amends the title and replaces the subtitle and the bill text to provide that fees, penalties and fines relating to electronic games of skill would be used to provide funding for the Land Grant Match Certification and verification for the University of Arkansas at Pine Bluff (UAPB). The amendment would change the distribution of revenues resulting from the electronic games by amending Ark. Code Ann. § 23-113-604 to provide that:

- Any fees, penalties and fines collected by DFA and the Racing Commission under the Local Option Horse Racing And Greyhound Racing Electronic Games of Skill Act that exceed \$44,800,000 in a fiscal year, up to the amount verified and required by UAPB for compliance with the Agricultural College Act of 1890, would be held in a subfund of the State.
- DFA would annually transfer the amount in the subfund to UAPB to make the required state match under Agricultural College Act of 1890 for the following fiscal year.
- Any privilege fees, permit or license fees, penalties, and fines collected that exceed the amount held in the subfund and needed for the UAPB distribution would continue to be state general revenues.

The proposal contains an emergency clause and would be effective upon signature by the Governor.

Revenue Impact :

State general revenues resulting from electronic games of skill in excess of \$44.8M per year would be deposited into a subfund to support budgetary requirements for UAPB.

Each year UAPB will certify to DFA the amount of revenue that has not been budgeted but is required as a state match to the federal allocation to land-grant universities. For FY16, UAPB requested an additional \$844,166 to cover the federal match. The impact anticipates that for FY2017 the amount would be \$900,000. The bill is effective immediately and could affect FY15 general revenues if the revenue from the electronic games of skill exceed \$44.8M. The current forecast does not project collections above the \$44.8M threshold but if collections continue to grow at the year-to-date rate of 15%, FY15 collections will total \$45.4 million.

Taxpayer Impact :

None

Resources Required :

None

Time Required :

None

Procedural Changes :

Accounting procedures would be developed for the fund deposits and transfers.

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Other Comments :

The amended proposal lacks the exact date which the annual transfer of funds into the subfund will take place.

Legal Analysis :

SB695 (as engrossed 3/12/2015) changes the source of funding for state matching funds for land-grant match payments for the University of Arkansas at Pine Bluff (UAPB) from certain "Real Property Transfer Tax Revenues" to "Fees, Penalties, and Fines Collected Under the Local Option Horse Racing and Greyhound Racing Electronic Games of Skill Act". The bill also adds an emergency clause. This Amendment adds a subsection to § 23-113-604. This subsection mandates the Director to hold any funds collected in excess of \$44,800,000 to be held in a sub-fund created on the books of the Chief Fiscal Officer of the State, the State Treasurer, and the Auditor of the State. The amount held in the sub-fund is to be paid annually to the UAPB to be used to make the state match payment as required by the Agricultural College Act of 1890, 7 U.S.C. 321 et seq.

This amendment mandates DFA to pay annually to UAPB the amount held in the sub-fund for state match but does not specify when this payment is to be made to insure the proper amount of match funds are available.