

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6244

BILL NUMBER: HB 1042

DATE PREPARED: Nov 9, 1998

BILL AMENDED:

SUBJECT: Prizes from malfunctioning gaming equipment.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill prohibits a riverboat from refusing to award a player a jackpot or other prize won at a lawful gambling game because the gambling game malfunctioned unless the gambling game was clearly marked "out of order" before the player wagered on the gambling game.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill requires the Indiana Gaming Commission to adopt rules. There will be minimal expenses associated with the adoption of rules. These expenses can be absorbed within the existing budget.

Explanation of State Revenues: If a riverboat has to award a jackpot or other prize that it would not have otherwise awarded, the riverboat's adjusted gross receipts will be decreased. A decrease in a riverboat's adjusted gross receipts will decrease the amount of wagering tax revenue owed to the state. However, gambling winnings are subject to the 3.4% individual adjusted gross income (AGI) tax. The actual impact on wagering and AGI tax revenue is dependent upon the number and size of jackpots and prizes awarded.

The wagering tax is 20% of adjusted gross receipts. Seventy-five percent of the wagering tax revenue remaining after administrative expenses are paid is distributed to the Lottery and Gaming Surplus Account within the Build Indiana Fund and 25% is distributed to the city or county in which the riverboat is docked. Individual AGI tax revenue is deposited in the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: See State Revenues.

State Agencies Affected: Indiana Gaming Commission; Department of Revenue.

Local Agencies Affected: Local taxing units that receive riverboat wagering tax revenue.

Information Sources: