FISCAL NOTE

House Bill 151

Committee: Tourism | Sponsor: Representative Chris Blackshear

Analyst: Tiffany Weaver | Date: 03/06/2024

House Bill 151 as reported by the Committee on Tourism proposes a constitutional amendment, which if ratified, would prohibit all forms of gaming in the state, with the exception of certain games authorized by the Legislature, by general law, including: (1) a state lottery administered by the newly created Alabama Gambling Commission; (2) pari-mutuel wagering activities at racetracks in Greene, Jefferson, Macon, and Mobile Counties, at an additional location in Greene County, and at existing bingo halls in Houston County and Lowndes County; (3) traditional raffles; and (4) traditional bingo. This bill establishes a gambling commission with a law enforcement division to police and conduct all gambling activity authorized by this amendment and eradicate unlawful gaming activity.

This amendment also states the Governor may negotiate and execute a compact for all activities allowable in this bill with Poarch Band of Creek Indians.

This amendment states that all proceeds from lottery tickets, taxes, and other sources of revenue of the Commission shall be deposited into an account insured by the Federal Deposit Insurance Corporation. From this amount, the commission may retain a portion of the proceeds to conduct lottery games and pay all prizes.

This amendment also levies a tax to be collected by the Department of Revenue between 24 and 32 percent on the net gambling revenues of entities conducting pari-mutuel wagering activities in lieu of any state or local pari-mutuel taxes which is estimated to be between $99 million and $132 million to be distributed as follows:

- 94% to Gambling Proceeds Fund;
- 3% to each county; and

- 3% to each municipality.

The remaining net lottery proceeds and gaming taxes shall be deposited into the Gambling Proceeds Fund and appropriated by the Legislature through an independent supplemental appropriation for ongoing capital improvement and infrastructure projects in existence as of the ratification of the amendment through March 30, 2029.Thereafter, on an annual basis and through an independent supplemental appropriation, the first 1% shall be expended on problem gambling and then the remaining as follows:

- One-third to fund education-related activities;
- One-third to fund non-education, general governmental activities; and
- One-third to the State Department of Transportation.

Operating expenses of the Commission shall be paid from the fund and budgeted and allotted pursuant to the Budget Management Act. In lieu of any state income taxes owed on the winnings of any gaming activity, a withholding tax of seven percent on winnings that exceed $500 would be withheld and credited into a separate sub-account within the Gambling Proceeds Fund. The amendment also repeals local bingo amendments.

A special election on the amendment would be held on September 14, 2024, at a cost of an estimated $5 million from the General Fund. The cost of the special election would be repaid to the General Fund as operating expenses of the Commission.

In addition, this bill will increase the proclamation expenses of the Governor, paid from the State General Fund, by an estimated $100,000 for the fiscal year ending September 30, 2025.