



FISCAL NOTE

House Bill 152

Committee: Tourism

Sponsor: Representative Chris Blackshear

Analyst: Tiffany Weaver

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House Bill 152 as reported by the Committee on Tourism would implement the provisions of the constitutional amendment proposed by House Bill 151 of the 2024 Regular Session by establishing the Alabama Gambling Commission as the state agency responsible for regulation of the Alabama Lottery and pari-mutuel wagering and governed by a 9-member board of directors. The administrative and other expenses of the Commission would be paid from the Gambling Proceeds Fund established and funded pursuant to this bill. The board members would receive per diem compensation and would be reimbursed for necessary travel and other reasonable expenses paid by the commission. 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 nonrefundable application and license for pari-mutuel wagering at a minimum fee of \$5,000,000 for each of a maximum of 7 licensees; (2) a fee for a lottery retailer license; (3) a nominal charitable fundraising permit fee of not more than \$25, to be collected from charitable bingo and raffle operators. The pari-mutuel wagering license fees will increase deposits into the Gambling Proceeds Fund by a minimum of \$17.5 million initially and by a minimum of \$17.5 million the



following year. Actual collections will be dependent on the fees and renewal fees set by the commission, the number of applications for licenses and permits, and the number of licenses awarded by the Commission.

This bill further provides that all other monies received by the commission, including lottery proceeds and gambling taxes, shall be deposited into the Gambling Proceeds Fund in the State Treasury and will be applied first to the payment of (1) prizes; and (2) operating expenses of the commission and enforcement division. The remaining funds shall become the unencumbered property of the State of Alabama. The amount of net revenue generated from the operation of the lottery to be deposited into the fund is estimated to be between \$305.6 million to \$379.4 million annually.

This bill also provides for withholding taxes established in the constitutional amendment on all lottery prize proceeds of \$500 or more and these taxes shall be distributed as follows:

- 50% to development and improvement of state parks, historical sites, and tourism grants; and
- 50% to Sweet Trails Alabama Project Fund.

This bill would authorize the Department of Examiners of Public Accounts to audit or examine the Alabama Gambling 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.