Local Government Mandate Statement Kentucky Legislative Research Commission 2018 Regular Session

Part I: Measure Information

Bill Request #: 155
Bill #: SB 22
Document ID #: 454
Bill Subject/Title: AN ACT relating to sports wagering and making an appropriation therefor.
Sponsor: Senator Julian Carroll
Unit of Government: x City x County x Urban-County Unified Local x Government
Office(s) Impacted: school districts; jails
Requirement: <u>x</u> Mandatory Optional
Effect on Powers & Duties:x _ Modifies Existing Adds New Eliminates Existing Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local

Part II: Bill Provisions and the Estimated Fiscal Impact Relating to Local Government

SB 22 would establish a system of sports wagering, when allowed by federal law, to be regulated by the racing commission.

Section 2 of the bill would amend KRS 230.210 to exempt from sports wagering elementary or secondary school interscholastic sports contests and any sports event sponsored or regulated by the amateur athletic associations identified, for example, KHSAA, Little League, Bluegrass State Games, and others. The section would also create definitions for sports wagering and a sports wagering facility.

Section 7 would create a new section of KRS Chapter 230 to establish licensing requirements for sports wagering facilities and would establish an initial license fee of \$250,000, renewable annually for a fee of \$25,000. Fifty percent of licensing fees paid would be allocated to the sports wagering distribution trust fund.

Section 9 would create a new section of KRS Chapter 138 to establish an excise tax of 20% of the total amount wagered; tax revenue generated would be appropriated to the sports wagering distribution trust fund.

Section 10 would create a new section of KRS Chapter 230 to establish the sports wagering trust fund. Sixty percent of amounts deposited to the fund would be distributed to the Kentucky Employees Retirement System (KERS) nonhazardous retirement fund and the Kentucky Teachers' Retirement System (KTRS) pension fund, in proportional amounts.

Section 12 would amend KRS 230.360 to add that in addition to horse race meetings, cities and counties would also not be allowed to make or enforce any local laws, ordinances, or regulations on the subject of sports wagering.

Section 13 of the bill would amend KRS 230.990 to create two new crimes: (1) tampering with the outcome of a sporting event, and (2) wagering on a sporting event in which you are a participant. Both crimes would be Class C felonies.

SB 22 would have minimal fiscal impact on local governments. Since most cities and counties participate in the County Employees Retirement System (CERS) and not the KERS or KTRS, distributions from the sports wagering distribution trust fund to KERS and KTRS would have little impact on local government pension obligations. Distributions could have a positive fiscal impact on payment of the actuarially required contributions of school districts to the KTRS.

Local jails are a significant expense for local governments; however, SB 22 would result in minimal or no fiscal impact on local jails since the crimes created by the bill are Class C felonies and Class C felons are incarcerated in state prisons. However, when a court denies bail to a Class C felony defendant, the local government is responsible for incarcerating the defendant until disposition of the case in one of Kentucky's 76 full service jails or four life safety jails. While the expense of housing inmates varies by jail, each additional inmate increases facility costs by an estimated average of \$31.34 per day, which equals the per diem and medical expenses that the Department of Corrections (DOC) pays jails to house felony offenders. Class C felons are ineligible for placement in local jails until they are classified at the lowest custody level with 24 months or less to their minimum expiration date or parole eligibility date. Since the per diem of \$31.34 paid to local jails by the DOC pays for the estimated average cost of housing a Class C felon, the per diem may be less than, equal to, or greater than the actual housing cost.

Part III: Differences to Local Government Mandate Statement from Prior Versions

Part II pertains to the bill as introduced and there are no prior introduced versions of the bill.

Data Source(s): LRC staff; Department of Corrections

Preparer: Mary Stephens **Reviewer:** KHC **Date:** 2/16/18