



Section 14 provides for 6% tax on gross profits from a skill game to be collected by the distributor of the game and payable to the Kentucky Gaming Commission. Guidance is provided regarding how to remit and the necessary reports that shall accompany the payment.

All moneys received by the commission shall be distributed in its entirety with the following amounts going back to local governments and counties:

- 25% going to first responders for professional development\*;
- 10% going to individual counties proportionally based upon the gross profits from all the skill games within that county;
- 10% going to local governing bodies based upon the gross profits from all skill games within that local government. In the absence of a local government entity, the percentage shall be distributed to the county proportionally; and
- 10% going to law enforcement including Kentucky State Police and other law enforcement agencies that enforce the provisions of HB 525\*.

*\*this would include local first responder and law enforcement agencies since they are not excluded.*

**The fiscal impact of HB 525 on local government is indeterminable.**

There is no historical data regarding skilled games in Kentucky. Likewise with data from other states, there simply hasn't been enough solid data collected. Since these games are not currently regulated in Kentucky, we do not have a count on the number of games currently in Kentucky. We can, however, assume the number of skilled games would increase if legalized. As the number of skilled games increase, so would the tax revenue from the games, with a portion returning the counties and local governments. Except for the amounts specifically designated for first responders and law enforcement, this money would go to the county or city coffers.

A person convicted of a Class A misdemeanor may be incarcerated for up to twelve months. Misdemeanants are housed in one of Kentucky's 74 full-service jails or three life safety jails. While the expense of housing inmates varies by jail, this estimated impact will be based on an average cost to incarcerate of \$40.11 per day. While the majority of misdemeanor defendants are granted bail, those who do not will also cost local jails an average cost to incarcerate of \$40.11 per day.

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

Part II refers to HB 525 as introduced. There are no prior versions.

**Data Source(s):** LRC Staff; Kentucky Department of Corrections

**Preparer:** WB (RB) **Reviewer:** KHC **Date:** 3/1/23

