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FISCAL IMPACT REPORT

SPONSOR: Silva DATE TYPED: 02/8/01 HB 195/aHBIC
 SHORT TITLE: Expand State Lottery To Include Keno SB _____
 ANALYST: Williams

REVENUE *

Estimated Revenue		Subsequent Years Impact FY03	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$1,000.0*	\$2,000.0*	Recurring	Public School Capital Outlay Fund
	\$1,000.0*	\$2,000.0*	Recurring	Lottery Tuition Fund

*Although the bill carries an emergency clause , this analysis assumes time to develop and implement the new game. A full year revenue impact is shown for FY03. Note: Consensus revenue estimators are projecting tribal gaming payments of zero dollars. Therefore, there is no impact on tribal revenue sharing and regulatory fees as a result of this legislation.

(Parenthesis () Indicate Revenue Decreases)

Duplicates/Conflicts with/Companion to/Relates to HB 22, 28, 56, SB 59, 133, 292

SOURCES OF INFORMATION

LFC Files
 New Mexico Lottery
 New Mexico Gaming Control Board

SUMMARY

Synopsis of HBIC Amendment

The House Business and Industry Committee amendment strikes the “except keno” language. Without the amendment, the bill would authorize the New Mexico Lottery to operate keno as a video lottery game played on electronic gambling devices throughout the state.

Synopsis of Original Bill

The bill authorizes the New Mexico Lottery to offer video lottery keno. The keno game would be subject to current law for drawings for and payment of prizes as well for examination and testing of drawing equipment. The bill carries an emergency clause.

Significant Issues

The Gaming Control Board notes keno is a Class III game under the federal Indian Gaming Regulatory Act. Adoption of a bill authorizing keno may terminate the gaming tribes' obligations to make revenue sharing payments to the state under current tribal-state compacts because of exclusivity issues and may weaken the state's ability to negotiate revenue sharing payments in the future. Finally, GCB notes the bill may result in tribes and pueblos ability to conduct keno on tribal lands without a tribal-state compact.

FISCAL IMPLICATIONS

The New Mexico Lottery estimates a potential total increase in net income of \$4 million annually from the keno game. This increase in net income would be equally split between the public school capital outlay fund and the lottery tuition fund under current law.

Note: Consensus revenue estimators are projecting tribal gaming payments of zero dollars. Therefore, there is no direct impact on tribal revenue sharing and regulatory fees, i.e. general fund revenue, as a result of this legislation.

ADMINISTRATIVE IMPLICATIONS

None.

OTHER SUBSTANTIVE ISSUES

Nine state lotteries currently offer keno: Massachusetts, Rhode Island, Maryland, Oregon, New York, Kansas, West Virginia, Georgia and California. The attached page from the Michigan Lottery discusses how to play the Michigan version of keno. Drawings can also be held every five minutes throughout the day.

The New Mexico Lottery notes the game would increase the retailer base of lottery product vendors because typically keno is popular in social settings such as restaurants and taverns. These new vendors could also sell other New Mexico lottery games.

POSSIBLE QUESTIONS

1. What is the process for implementing the new keno game?
2. What are the social implications of this type of game?

AW/ar/njw
Attachment