

3565
FISCAL NOTE (Form 1)
(Office of Fiscal Analysis)
Analyst: J/CG 6-26-92
tc
Version:

BILL NUMBER: SB 3001
FILE NUMBER:
AMENDMENTS:

TITLE: "AN ACT CONCERNING THE SALE OF THE RIGHT TO OPERATE THE OFF-TRACK BETTING SYSTEM AND ESTABLISHING A LOCAL LAW ENFORCEMENT ENHANCEMENT FUND"

FAVORABLY REPORTED BY Emergency Certification

EFFECTIVE DATE: Upon Passage

* * * * *

FISCAL IMPACT STATEMENT - BILL NUMBER SB 3001

STATE IMPACT	Various, see explanation below
MUNICIPAL IMPACT	Revenue Gain, see explanation below
STATE AGENCY(S)	Division of Special Revenue, Department of Public Safety, Office of Policy and Management

EXPLANATION OF ESTIMATES:

STATE IMPACT: Because of administrative and procedural requirements, it is anticipated that the Off-Track Betting System could be privatized no sooner than January 1993. There will be a savings to the General Fund of up to \$6.67 million in FY 1992-93 (half-year). A total of \$13,340,977 (with fringe benefits) is included in SA 92-13 (the Appropriations Act). The amount of savings depends on the ability of the State to reemploy those working for the OTB Division as required by the union's contract.

The bill will also effect a net decrease in State revenue transfers of \$5.9 million. This results from a loss of \$7.55 million in FY 1992-93 (half-year) from OTB revenue transfers from the branches, the Windsor Locks and the New Haven Teletheaters (\$6.15 million), Plainfield OTB in the Dog Track (\$650,000), and the Bridgeport OTB in the Dog Track (\$750,000).

Although the bill is not specific, it is assumed that the loss will be partially offset by a revenue gain of approximately \$1.66 million for FY 1992-93 (half-year) from the two percent tax on total amount wagered (handle) of \$166 million.

Finally, the bill establishes a three year local law enforcement enhancement grant program that is to be administered by the Office of Policy and Management (OPM). It is anticipated that OPM will be able to adopt regulations and administer this new grant program within the existing resources of its Policy Development

and Planning Division - Grants Management & Justice Planning.

MUNICIPAL IMPACT: The bill earmarks all proceeds from the sale of the OTB System for the eight largest towns. Although it is also subject to negotiation, it is anticipated that the State will realize an additional one-time revenue enhancement from the sale of the rights to operate the State's Off-Track Betting System. According to the study by Christiansen Cummings Associates (which was released in January 1992), "... the net present value ... to the private licensee (discounted at 15% per year) ... is estimated at \$9.3 million."

While the bill does not specify the basis for determining the eight largest municipalities, it is anticipated that any regulations adopted would require the most recent decennial census as the basis for determination. This would result in grants to Bridgeport, Hartford, New Haven, Waterbury, Stamford, Norwalk, New Britain and Danbury.

"THIS DOCUMENT IS PREPARED FOR THE BENEFIT OF THE MEMBERS OF THE GENERAL ASSEMBLY, SOLELY FOR PURPOSES OF INFORMATION, SUMMARIZATION AND EXPLANATION. IT DOES NOT REPRESENT THE INTENT OF THE GENERAL ASSEMBLY OR EITHER HOUSE THEREOF FOR ANY PURPOSE."