

LEGISLATIVE FISCAL ESTIMATE TO

SENATE, No. 761

STATE OF NEW JERSEY

DATED: OCTOBER 15, 1997

Senate Bill No. 761 of 1996 changes registration fees charged to organizations that conduct bingos and raffles and provides for the deposit of those fees into the General Fund. Under current regulations, game operators pay a \$10 fee per event and a \$50 biennial registration fee to the Legalized Games of Chance Control Commission (although qualified senior citizen associations are exempt from the biennial fee.) The bill eliminates the per event fee and replaces the biennial fee with a \$50 registration fee for a five-year license charged to organizations which conduct games of chance under the "Bingo Licensing Law" and the "Raffle Licensing Law." The bill also eliminates the Legalized Games of Chance Fund as a repository of commission fees.

The Legalized Games of Chance Control Commission, under the Division of Consumer Affairs in the Department of Law and Public Safety, administers the State's bingo and raffle licensing laws. Under current law, the commission is authorized to defray its expenses by establishing game operator fees. According to the division, in FY 1997, about 12,000 organizations were registered to operate bingo and raffle games at the \$50 biennial fee and the commission collected approximately \$1,300,000 in revenue from both the per event fee and the biennial fee.

Information provided informally by the division places the cost of implementing this bill at \$1,600,000 in the first year following enactment. The division's estimate is based on the FY 1997 staffing levels and operating expenses of the commission since these costs would largely be incurred by the State as a result of the bill. This estimate includes \$1,027,000 for the salaries and fringe benefits of 23 investigators and clerks, \$210,000 for maintenance and fixed charges, \$100,000 for reimbursements to the Division of Law, \$85,000 for data processing costs, \$25,000 for material and supplies and \$152,000 for other services and equipment. After deducting certain one-time costs and adjusting for inflation at five percent, the division estimates second and third year costs at \$1,613,000 and \$1,694,000, respectively.

The division estimates that \$372,000 in annual revenue would be available to offset the costs associated with this bill. First, the division estimates that the commission would collect \$120,000 in annual revenue from the 12,000 organizations that are presently registered to conduct bingos and raffles. This estimate was derived by multiplying the number of organizations that registered to operate bingo and raffle games in FY 1997 (12,000) by the average amount each organization

would pay per year (\$10) during the five-year registration period under the bill.

Next, the estimate includes revenue from 500 more organizations that the division projects would initially register during the first three years of the bill's enactment, thereby bringing in \$1,667 per year in the first three years of the bill's enactment. Finally, the estimate includes \$250,000 in annual revenue that the commission currently realizes from amusement games, which would be available to offset some commission expenses.

The division, therefore, estimates that enactment of this bill would cost the State approximately \$1,230,000, \$1,240,000 and \$1,320,000 in the first three years following enactment of the bill.

The Office of Legislative Services concurs with this estimate. However, OLS notes that, since the bill extends the current registration period for game operators by three years without increasing the amount of the registration fee, the commission may attract game operators who had previously not registered at all, as well as more new game operators than 500 over three years, as the division estimates. Nevertheless, the costs associated with monitoring and regulating bingos and raffles will be still be significantly shifted from the self-subsidized commission to the State under the terms of this bill.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.