

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington St., Suite 301
Indianapolis, IN 46204
(317) 233-0696
iga.in.gov

FISCAL IMPACT STATEMENT

LS 6897

BILL NUMBER: SB 324

NOTE PREPARED: Feb 18, 2021

BILL AMENDED:

SUBJECT: Credit Card Payments for Charity Gaming.

FIRST AUTHOR: Sen. Busch

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: The bill provides that a qualified organization may accept credit cards for the purchase of: (1) a chance to play any game of chance offered at an allowable activity; or (2) licensed supplies.

The bill provides that certain credit card payments may be made on the Internet.

Effective Date: July 1, 2021.

Explanation of State Expenditures: *Indiana Gaming Commission (IGC):* The provisions in this bill would increase the administrative workload for the IGC. Any additional cost to the IGC due to this bill would be paid with revenue from the charity gaming excise tax and the charity gaming license fee deposited in the Charity Gaming Enforcement Fund.

Explanation of State Revenues: *Summary:* This bill could potentially increase charity gaming revenues transferred to the Lottery Surplus Fund. The provisions in the bill would impact charitable gaming patrons by allowing another method of payment and, as a result, increase the availability of patrons' spending resources. This could increase the number and the size of the transactions. If the bill leads to an increase in charity gaming activity, then it could increase revenue from charity gaming license fees.

Studies have concluded that the use of credit cards leads to an increase in consumer spending, but the impact is not substantial. It is also possible that the impact of credit card use by charity gaming patrons will be different than consumers of other goods and services. It is estimated that the bill will result in an increase in charity gaming in Indiana, but the size of the increase is indeterminable.

The cost associated with the use of credit cards could lead to an increase in expenditures by the charity gaming organizations.

Additional Information: The initial license fee is \$50. However, annual renewal fees range from \$50 to \$41,000 depending on the adjusted gross revenue earned by an organization from charity gaming during the prior year. Adjusted gross revenue is the total gross revenue minus deductions for the cost of prizes, licensed supplies, license fees, advertising expenses, and up to \$200 per day for facility rent.

In FY 2020, the charity gaming license fee generated about \$3.9 M. The fee revenue is distributed to the Charity Gaming Enforcement Fund. After the costs of charity gaming administration are subtracted and distributions are made to the License Control Division and the Gaming Control Division, revenue remaining in the Charity Gaming Enforcement Fund is distributed quarterly to the Lottery Surplus Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Indiana Gaming Commission.

Local Agencies Affected:

Information Sources: *The Impact of Credit Cards on Spending: A Field Experiment*; Carnegie Mellon University.

Fiscal Analyst: Seth Payton, 317-233-3546.