



December 19, 2018

Hon. Shantel Krebs
Secretary of State
500 E. Capitol Avenue
Pierre, SD 57501

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Dear Secretary Krebs,

This office received a constitutional amendment to include wagering on sporting events within the city limits of Deadwood. The methodology used for this fiscal note examined sports betting in other states compared to the overall gaming action. Our analysis found sports betting accounts for about 2% of overall gaming action. The estimated adjusted gross revenue for overall gaming action in Deadwood is expected to be \$100,546,650. Adjusted gross revenue for sports betting in South Dakota is expected to be \$2,051,972 of which the State would expect to tax at 9%, thereby generating an estimated \$184,678 in new tax revenue.

This information forms the basis of the attached fiscal note. The constitutional amendment requires a fiscal note because it was determined that it may have an impact on the revenues, expenditures, or fiscal liability of the state or its agencies and subdivisions. SDCL 2-9-31 requires that said fiscal note be no longer than fifty "words." Therefore, numbers do not count against the fifty-word limit.

Enclosed is a copy of the constitutional amendment, in final form, that was submitted to this office. In accordance with SDCL 2-9-31, I hereby submit the Legislative Research Council's fiscal note with respect to this constitutional amendment.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jason Hancock".

Jason Hancock
Director

Enclosures

CC: Roger Tellinghuisen

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SOUTH DAKOTA LEGISLATIVE RESEARCH COUNCIL

FISCAL NOTE

INITIATED CONSTITUTIONAL AMENDMENT

AN INITIATED AMENDMENT TO THE SOUTH DAKOTA CONSTITUTION AUTHORIZING
THE LEGISLATURE TO ALLOW SPORTS WAGERING IN DEADWOOD.

The legalization of sports betting in Deadwood is estimated to generate a total of \$184,678 in new tax revenue in FY2022, which would be distributed as follows:

State General Fund: \$77,975
Tourism Promotion Fund: \$65,663
Lawrence County: \$16,416
City of Deadwood: \$8,208
Municipals in Lawrence County: \$8,208
School Districts in Lawrence County: \$8,208
Total Sports Betting Revenue: \$184,678

Approved: _____

Date: 12/19/18

Director, Legislative Research Council