Bill#/Title: **SB0551.01: Revise fantasy sports laws**

Primary Sponsor: Forrest Mandeville   Status: As Introduced

☐ Included in the Executive Budget   ☒ Needs to be included in HB 2   ☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts   ☒ Technical Concerns   ☐ Dedicated Revenue Form Attached

FISCAL SUMMARY

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Expenditures				
General Fund (01)	$2,000,000	$0	$0	$0
Revenues				
General Fund (01)	$37,000	$27,000	$27,000	$37,000
Net Impact				
General Fund Balance	($1,963,000)	$27,000	$27,000	$37,000

Description of fiscal impact

SB 551 would allow Fantasy Sports online gambling in Montana. While the Gambling Control Division anticipates additional administration to be absorbed within the existing FTE allocation, there would be significant upfront software changes.

FISCAL ANALYSIS

Assumptions

Department of Justice

1. The Department of Justice Gambling Control Division (GCD) assumes programming would be needed to the Gentax system due to the changes made in SB 551. Based on a quote from FAST Enterprises, the cost to add these additional tax and license types into Gentax would be $2,000,000 in FY 2026.

2. The State of Iowa allows online fantasy sports wagering. The Iowa Racing and Gaming Commission reported online fantasy sports net revenue of $1.16 million in their 2023 annual report.

3. To come up with an estimate of online fantasy sports net revenue for Montana, GCD scaled Iowa's reported net revenue by the ratio of Montana's population to Iowa's population. Montana has about 30% of the population of Iowa and is therefore projected to generate approximately $400,000 in net revenue per year (same as adjusted revenue defined in the bill), upon which the 6.75% tax will be assessed.

4. The amount of tax revenue is estimated to be $27,000 per year ($400,000 x 6.75%). All tax revenue will be deposited into the general fund.

5. There are currently two major fantasy sports operators in the United States. GCD assumes both operators will pay a $5,000 license fee, which will generate an additional $10,000 in revenue for FY 2026. The initial license fee is good for 3 years, after which an operator must pay an annual license renewal fee. This renewal fee is $5,000 for operators with adjusted revenue of $150,000 or more in the year prior to the license renewal date. Both operators are assumed to generate more than $150,000 in annual adjusted revenue prior to license renewal and will therefore each pay a license renewal fee of $5,000 in FY 2029.

6. GCD does not anticipate charging a regulatory fee, which would offset taxes due.

Fiscal Analysis Table

Department of Justice

	FY 2026 Difference	FY 2027 Difference	FY 2028 Difference	FY 2029 Difference
Fiscal Impact				
Expenditures				
Operating Expenses	$2,000,000	$0	$0	$0
TOTAL Expenditures	$2,000,000	$0	$0	$0
Funding of Expenditures				
General Fund (01)	$2,000,000	$0	$0	$0
TOTAL Funding of Expenditures	$2,000,000	$0	$0	$0
Revenues				
General Fund (01)	$37,000	$27,000	$27,000	$37,000
TOTAL Revenues	$37,000	$27,000	$27,000	$37,000
Net Impact to Fund Balance (Revenue minus Funding of Expenditures)				
General Fund (01)	($1,963,000)	$27,000	$27,000	$37,000

Technical Concerns
Department of Justice

1. As written in the current bill, New Section 5 (4)(a), all license fee revenue would be deposited to the General Fund. Currently, all fees charged for licensing/permitting for all legal gambling is deposited into the Gambling License Fee Account fund. As written, these fees being deposited into the General Fund, there would be nothing to offset the administrative costs associated with regulation of this bill.
2. If the Gambling Control Division opted to charge a regulatory fee to offset administrative costs, say $50,000, the licensees tax due of $27,000 would be offset 100% and no tax revenue would be received by the State.

NO SPONSOR SIGNATURE   4/2

_____ _____
Sponsor's Initials Date

_____ 4/1/2025
Budget Director's Initials Date