

Director: Paul Bullis

JLBC Analyst: Chris Cranny

	FY 2005 Actual	FY 2006 Estimate	FY 2007 Approved
OPERATING BUDGET			
Full Time Equivalent Positions	105.0	115.0	118.0 ^{1/}
Personal Services	3,661,500	3,797,200	3,797,200
Employee Related Expenditures	972,100	1,061,200	1,061,200
Professional and Outside Services	473,400	817,100	817,100
Travel - In State	181,100	475,200	475,200
Travel - Out of State	74,800	87,400	87,400
Other Operating Expenditures	854,100	837,200	837,200
Equipment	532,100	924,700	924,700
OPERATING SUBTOTAL	6,749,100	8,000,000	8,000,000
SPECIAL LINE ITEMS			
Casino Operations Certification	1,577,400	1,921,000	2,054,600
Problem Gambling	1,810,100	1,812,800	1,812,800
AGENCY TOTAL	10,136,600	11,733,800	11,867,400^{2/}
FUND SOURCES			
<u>Other Appropriated Funds</u>			
Arizona Benefits Fund	8,259,600	9,512,800	9,512,800
State Lottery Fund	299,600	300,000	300,000
Tribal State Compact Fund	1,577,400	1,921,000	2,054,600
SUBTOTAL - Other Appropriated Funds	10,136,600	11,733,800	11,867,400
SUBTOTAL - Appropriated Funds	10,136,600	11,733,800	11,867,400
TOTAL - ALL SOURCES	10,136,600	11,733,800	11,867,400

AGENCY DESCRIPTION — The Department of Gaming regulates tribal gaming activities as authorized by the Arizona Tribal-State Gaming Compact. The agency is funded by the Arizona Benefits Fund, which receives a portion of tribal gaming revenues to pay for regulation of tribal gaming and prevention of problem gambling. The agency is also responsible for certifying casino employees and vendors working with casinos. The department receives monies from the Tribal-State Compact Fund from casino employee and vendor applicants.

	FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2007 Approved
PERFORMANCE MEASURES				
• % of gaming facilities reviewed for compact compliance	30	28	100	100
Comments: The agency states that the percentage of gaming facilities reviewed for compact compliance includes only those facilities where the entire review process was completed. The percentage does not include 68% of facilities where only the field work portion of the review process was completed.				
• % of vendor customers satisfied with process	95	95	95	96

This agency's budget was originally appropriated in Laws 2005, Chapter 286. For details on this agency's original FY 2007 budget, please see the *FY 2006 Appropriations Report*. Laws 2006, Chapter 344 made adjustments to the agency's FY 2007 budget as discussed below.

Operating Budget

The budget provides \$8,000,000 from the Arizona Benefits Fund for the operating budget in FY 2007. Pursuant to A.R.S. § 5-601.02 and the Tribal-State compacts, the department's operating budget is capped based on the level of tribal revenues received by the state. This revenue cap

^{1/} Includes 29 OF FTE Positions funded from Special Line Items in FY 2007.

^{2/} General Appropriation Act funds are appropriated as a Operating Lump Sum with Special Line Items by Agency.

limits the department's operating budget to the greater of \$8,000,000 or 9% of state tribal gaming revenues. The FY 2007 budget provides \$8,000,000 as 9% of projected FY 2007 revenues is less than \$8,000,000. (See table below for more information on projected state revenues.) Since the budget appropriated the maximum allowed under the revenue cap, the Department of Gaming did not receive any statewide adjustments from the Arizona Benefits Fund.

Special Line Items

Casino Operations Certification

The budget provides \$2,054,600 and 29 FTE Positions from the Tribal State Compact Fund in FY 2007. The amount includes an increase of \$219,100 from the Tribal State Compact Fund for statewide adjustments.

Other Issues

Aggregate Gross Gaming Revenue

The Department of Gaming estimates that Arizona tribes collectively generated Aggregate Gross Gaming Revenue in FY 2005 of \$1,536,014,082.

Tribal Gaming Contributions

Tribal organizations pay a percentage of their net win (gaming revenue minus payout) to the state. The contribution rates are as follows:

- 1% of the first \$25,000,000 in net win
- 3% of the next \$50,000,000
- 6% of the next \$25,000,000
- 8% of the net win in excess of \$100,000,000

Distribution of Tribal Gaming Contributions

The following table displays the actual distribution of the tribal gaming contributions in FY 2006 and the Department of Gaming's projected distribution in FY 2007.

<u>Recipient</u>	<u>Proposition 202 Formula</u>	<u>Actual FY 2006</u> ^{1/}	<u>Projected FY 2007</u>
Local Government Contribution	12% of total	\$11,057,400	\$11,598,300
State Government Contribution	88% of total	<u>81,087,900</u>	<u>85,054,400</u>
Total	100% of total	\$92,145,300	\$96,652,700
<u>Allocation of State Government's Share</u>			
Department of Gaming - Regulation	\$8 million, or 9%, whichever is greater	\$ 8,000,000	\$ 8,000,000
Department of Gaming - Problem Gambling	2% of original state share	1,621,800	1,701,100
Instructional Improvement Fund	56% of remainder	40,021,000	42,197,800
Trauma and Emergency Services Fund	28% of remainder	20,010,500	21,098,900
Arizona Wildlife Conservation Fund	8% of remainder	5,717,300	6,028,300
Tourism Fund	8% of remainder	5,717,300	6,028,300

^{1/} The numbers displayed herein represent monies distributed to agencies and may not correspond directly with agencies' actual expenditures or appropriation amounts.