

Gaming Control and Horse Racing Act

Per the recommendation from the Legislative Finance Committee (LFC) proposing to merge the State Racing Commission and the Gaming Control Board; move all functions of the State Racing Commission to the Gaming Control Board; repeal the Horse Racing Act; and amend the Gaming Control Act to encompass all horse racing matters and change the title to the "Gaming Control and Horse Racing Act".

LFC estimated savings projection:

<i>exempt personnel cost saving</i>	<i>\$724,000</i>
<i>other potential savings</i>	<i>\$729,500</i>
<i>total</i>	<i>approximately \$1.4 million</i>

***Note:** These estimates assume eliminating the three full-time board members that currently exist on the Gaming Control Board. Those members were made full-time state employees to ensure that conflict-of-interest issues did not arise, see discussion below. This is an important policy consideration. If those three positions are not eliminated, personnel savings will be approximately **\$441,000**.*

*The financial savings also assume that operations will be moved from Albuquerque, where the Gaming Control Board and State Racing Commission currently meet, to the PERA building in Santa Fe. This is not required by the proposed legislation and is again a policy consideration. If the office of the Gaming Control Board is not moved to Santa Fe, other potential savings will be approximately **\$19,000**.*

*The total potential savings if these items are not included is **\$460,000**.*

Bill Description and Analysis

The bill proposes to transfer all regulatory authority for horse racing, pari-mutuel wagering, simulcasting, interstate common pool wagering, licensing and other administrative duties from the State Racing Commission to the Gaming Control Board. Specifically, the bill makes the following substantial changes:

1. moves members of the State Racing Commission that deal with horse breeding to the Gaming Control Board;
2. requires the Gaming Control Board to issue gaming licenses along with horse racetrack licenses;
3. requires the Gaming Control Board to ensure compliance with racehorse regulations, including administering drugs to horses; and
4. moves regulation of horse races, including oversight of racetracks and race meets, and approval of race dates for live racing and simulcast racing to the Gaming Control Board.

Considerations

1. Many of the State Racing Commission's duties involve the oversight of the racehorses themselves. Although the new board will include horse breeders, it is unclear if the board will be properly equipped or staffed to deal with these types of issues.

2. Regulation of horse racetracks and horse racing is very involved and requires approval of facilities, individual race meets, race dates and simulcasting. The current Gaming Control Board staff does not have expertise in these areas. Moreover, the Gaming Control Board may not have the staff to handle these additional responsibilities. If the board has to hire additional staff to cover these areas, the state may not see much financial benefit.

3. Currently, the Gaming Control Board has three full-time board members, all of whom receive salaries. These members include: the member with five years of supervisory experience in law enforcement; the attorney member; and the certified public accountant member. These members are paid because of possible conflict-of-interest issues. There was concern that if the members were not full-time employees, they may be involved in gaming activities, thus creating a conflict with the board. The bill can change this requirement, but the policy behind such a change should be examined carefully.