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FISCAL IMPACT REPORT

ORIGINAL DATE 02/25/11

SPONSOR Nunez LAST UPDATED _____ HB 232

SHORT TITLE Horse Racing Advance Deposit Wagering Account SB _____

ANALYST Wilson

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY11	FY12	FY13		
	\$600.0	\$600.0	Recurring	General Fund
	\$600.0	\$600.0	Recurring	State Fair

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Attorney General's Office (AGO)
Gaming Control Board (GCB)
State Racing Commission (SRC)

SUMMARY

Synopsis of Bill

House Bill 232 amends the New Mexico Horse Racing Act, NMSA 1978, Sections 60-1A-1 to -30 to allow wagering on live horseracing at a location other than the licensed premise of a racetrack licensee.

FISCAL IMPLICATIONS

The impact was calculated from the State Fairground's annual audit. The SRC reports that between FY06 and FY10, revenue from daily capital outlay tax averaged \$2.4 million, of which \$1.2 was distributed to the general fund and \$1.2 was appropriated to the New Mexico State Fairgrounds.

If bettors are not required to be on premises when placing wagers, this bill will bring in additional revenues to the State Fair and the General Fund. Assuming a 50% increase in revenues the general fund and the State Fair will each receive an additional \$600,000.

The SRC states that this bill could capture revenue currently going out of state where advance deposit wagering is allowed.

SIGNIFICANT

The AGO provided the following:

The Horse Racing Act, NMSA 1978, Sections 60-1A-1 to – 30 only refers to two types of days, 1) the days where horse racing is conducted on the premises of a racetrack licensee and 2) the days when a racetrack licensee is engaged in simulcasting. Thus, in order for House Bill 232 to be effective, the entire act would need to contemplate the third scenario; the days when a racetrack licensee conducts advance deposit wagering. Clarification must be made in order to properly calculate taxes imposed pursuant to the Horse Racing Act.

The GCB notes that the New Mexico tribes who are parties to gaming compacts with the State may deem this bill to be an expansion of gaming under the compacts, which could result in withholding of revenue sharing payments to the State.

In addition the GCB states this bill may conflict with the provisions of the federal Horse Racing Act, 15 USCA 3001 et.al. and the federal Internet Gambling Act, 31 USCA 5361 et al.

ADMINISTRATIVE IMPLICATIONS

The State Racing Commission should be able to handle the provisions of this bill with existing staff as part of ongoing responsibilities.

CONFLICT, RELATIONSHIP

Conflicts with:

Senate Bill 85, Transfer Authority to Gaming Control Board repeals the Horse Racing Act and thus would make House Bill 232's proposed amendments to the Act void.

Relates to:

Senate Bill 27 – Extend Daily Capital Outlay Horse Racing Tax
Senate Bill 114 – Racing Commission Sunset & Fair Tax Delay
House Bill 231 – Minimum Amount of Days for Live Horseracing

DW/bym