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## FISCAL IMPACT REPORT

ORIGINAL DATE 3/5/17

SPONSOR Lopez LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Minimum Race Day Requirements SB 473

ANALYST Romero

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY17	FY18	FY19		
(\$64,250.5)	(\$60,000.0)	(\$60,000.0)	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>	\$951.0	\$1,901.9	\$1,901.9	\$4,754.8	Recurring	SRC - Operating

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to, Conflicts with: HB 230, SB 285

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Gaming Control Board  
State Racing Commission

### SUMMARY

#### Synopsis of Bill

Senate Bill 473 changes the conditions a racetrack's gaming operator's license shall automatically be void. The bill increases the minimum number of race days each race track must conduct live horse racing. Lastly, the bill restricts daily race cards having 60% thoroughbred races of which 2 are required to be restricted to New Mexico bred horses and 40% quarter horse races of which all are restricted to New Mexico bred horses.

## FISCAL IMPLICATIONS

By increasing the number of live races to three hundred per calendar year per racetrack, Senate Bill 473 jeopardizes all gaming taxes owed to the State of New Mexico. In Fiscal Year 2015, the total gaming taxes owed was \$70,609,681. In Fiscal Year 2016, the total gaming taxes owed was \$64,250,542. The legislature should estimate a loss of 60 to 70 million dollars per fiscal year.

In order to regulate the New Mexico horse racing industry effectively, the State Racing Commission (SRC) would have to almost double our current staffing level by 17 FTE: 3 presiding stewards (\$30/hr), 6 stewards (\$25/hr), 3 investigators (\$25/hr), 3 license clerks (\$15/hr), and 2 auditors (\$21/hr).

### SRC Staff increase projections

Presiding stewards \$30/hr x 10hr/day= \$300/day x 4 days/wk= \$1200/wk x 52= \$62,400/yr x3=  
**\$187,200**

Stewards- \$25/hr x 10hr/day= \$250 per day x 4 days/wk= \$1000/wk x 52=\$52,000 x 6=  
**\$312,000**

Investigators \$25/hr x 10hr/day= \$250 per day x 4 days/wk= \$1000/wk x 52=\$52,000 x  
3=**\$156,000**

License clerks: \$15/hr x 10hr/day= \$150 per day x 4 days/wk= \$600/wk x  
52=\$31,200 x 2=**\$62,400**

Auditors \$21/hr x 8/day= \$168 per day x 5 days a wk=\$840/wk x  
52=\$43,680 x 2=**\$87,360**

**Total increase in salaries----- \$804,960**

### SRC Contract veterinarian projections

**Current-** 282 days of racing x \$900/day= **\$253,000/yr in contracts**

**SB 473 -** 1500 days of racing x \$900/day=**\$1,350,000 in contracts**

Increase of ----- **\$1,097,000** in annual vet contracts

## SIGNIFICANT ISSUES

The Gaming Control Board expresses concern with the drafting and reference to “three hundred days of live racing,” per racetrack. On page 2, lines 1 through 13, SB 473 increases the number of live races per calendar year to 300 days of live racing days per racetrack, even though New Mexico as a state does not run 300 live races per year. Perhaps, the drafting intent is for the “three hundred days of live racing,” to pertain to the five racinos in the aggregate,

Requiring three hundred days of live racing per racetrack could threaten all five racetrack licenses to become void and thereby jeopardize the gaming tax owed to the State.

See LFC 2017 (FY18) Volume III pg.60 & pg.61 for annual gaming tax revenues and number of live race days per track.

IR/jle