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FISCAL IMPACT REPORT

ORIGINAL DATE 2/13/19

SPONSOR Papen LAST UPDATED _____ HB _____

SHORT TITLE Horse Racetrack Live Race Day Requirements SB 515

ANALYST Hawker

REVENUE (dollars in thousands)

<u>Estimated Revenue</u>			<u>Recurring or Nonrecurring</u>	<u>Fund Affected</u>
<u>FY19</u>	<u>FY20</u>	<u>FY21</u>		
	Indeterminate but minimal		Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Indeterminate but minimal, see fiscal implications				General Fund

Parenthesis () indicate expenditure decreases

Duplicates HB 508

SOURCES OF INFORMATION

LFC Files

Responses Received From

Gaming Control Board (GCB)
 State Racing Commission (SRC)
 Administrative Office of the Courts (AOC)
 New Mexico Attorney General (NMAG)

SUMMARY

Synopsis of Bill

Senate Bill 515 amends the time frame for the number of live race days necessary for a racetrack to maintain a gaming operator's license.

In Section 60-1A-2 NMSA 1978 the definition of “race meet” is amended to mean a period of time within dates specified by the commission in which a racetrack licensee is authorized to conduct and does conduct live racing on the racing grounds.

A new section of the Horse Racing Act is created. Live racing shall begin on the first day of an authorized race meet and shall conclude on the final authorized day. Racetracks that pay tax on revenue of less than \$8 million per fiscal year shall be required to conduct three days of live racing with at least ten live races per day for each week of its licensed race meet. Racetracks that pay tax on revenue over \$8 million per fiscal year shall be required to conduct a minimum of four days of live races with at least nine races per day during its licensed race meet. No more than three consecutive days will be allowed to lapse in live racing from the date a race meet ends at the racing grounds of one racetrack and the beginning of a race meet for another racetrack licensee.

Section 60-2E-27 NMSA 1978 is amended to make Gaming Operator licenses void if the proposed race meet minimums are not met.

FISCAL IMPLICATIONS

SRC states SB 515 will minimally impact its budget due to the addition of race days. SRC will have to pay for 3 racing stewards, and investigator, and a license clerk for each additional day.

Revenue to the state general fund could increase in modest amounts due to additional pari-mutuel tax.

The SRC FY20 request included addition general fund revenue for personnel costs to fill vacant positions that have been unfunded for several years. The LFC recommendation provides a \$351 thousand increase in general fund revenues to assist SRC in filling key vacant positions directly involved in providing regulatory oversight of the racing industry.

SIGNIFICANT ISSUES

NMAG observes SB 515 appears to be an attempt to address issues raised by the New Mexico Horsemen’s Association in its appeal of the SRC’s approval of the 2019 race meeting dates for certain New Mexico racetracks, matter titled *New Mexico Horsemen’s Commission v. New Mexico Racing Commission*, Cause No. D-202-CV-201805429.

Current law requires a racetrack licensee to hold three to four live race days a week, determined by the net take for the prior fiscal year, with at least nine live races per day for the entirety of the race meet. Racetrack licensees must meet these minimums in order to remain in compliance to operate gaming machines. SB 515 adds the requirement there cannot be a gap in time from one live race to the next of more than three consecutive days.

NMAG observes there is no consequence given for violating the requirement that there be no more than three days between race meets between two racetracks under Section 2 of SB 515, it is unclear who would be sanctioned for violating this requirement and what sanctions would apply.

OTHER SUBSTANTIVE ISSUES

SRC observes SB 515 would remove authority given to it to allot race days based on the ever changing business climate the racing industry experiences. Additionally, SRC notes several race tracks share employees in many capacities, such as entry clerks, jockey valets, assistant starters, clockers, placing judges, racing secretaries and bookkeepers. Race tracks also share horses. If passed, entries for the upcoming race meet will be taking place as the current race meet is coming to conclusion. The upcoming race meet will require staff to take entries as well as other logistical processes necessary to run a race meet. Horsemen will ship their horses to the upcoming race meet rather than wait for the end of the current race meet. SRC states this practice has historically meant the current race meet struggles to fill their entries and make an attractive product for gamblers to wager on.

VKH/gb