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FISCAL IMPACT REPORT

ORIGINAL DATE 3/11/19

SPONSOR SCONC LAST UPDATED _____ HB _____

SHORT TITLE Limit Racetrack Casinos SB 645/SCONCS

ANALYST Hawker

REVENUE (dollars in thousands)

Estimated Revenue					Recurring or Nonrecurring	Fund Affected
FY19	FY20	FY21	FY22	FY23		
See fiscal implications						

Parenthesis () indicate revenue decreases

RELATIONSHIP

HB331, HB508, SB178, SB515, SB625

SOURCES OF INFORMATION

LFC Files
Albuquerque Journal

Responses Received From
Gaming Control Board (GCB)
New Mexico Attorney General (NMAG)
State Racing Commission (SRC)

SUMMARY

Synopsis of Bill

Senate Conservation Committee Substitute for Senate Bill 645 amends Section 60-2E-16 NMSA 1978, prohibiting the Gaming Control Board from issuing a gaming operator license to a horse racetrack licensee “unless there are fewer than five racetrack licensees who possess a valid gaming operator license.”

FISCAL IMPLICATIONS

SRC states recent studies indicate another racino operation would generate a minimum of \$10 million annually in gaming tax revenue to the state.

SIGNIFICANT ISSUES

A “racino” is a building complex or grounds that has a racetrack and a casino. Under New Mexico’s gaming compacts, New Mexico can have up to six racinos. Currently there are five:

- Ruidoso Downs Race Track and Casino (Billy the Kid Casino), Lincoln County
- Downs at Albuquerque, Bernalillo County
- Sun Ray Park and Casino located in Farmington, San Juan County
- Sunland Park Racetrack and Casino in Sunland Park, Dona Ana County
- Zia Park Casino, Hotel, Racetrack in Hobbs, Lea County

The Racing Commission is currently in the process of evaluating applications for a sixth license to conduct horse racing. According to NMAG, most if not all applicants for the license are likely expecting to also obtain a gaming operator’s license to operate the new racetrack as a “racino.” Section 11(D)(1)(b) of the Tribal-State Class III Gaming Compact, 2015, limits the number of gaming licenses granted to horse racetracks to six.

GCB notes:

“Current law doesn’t limit the number of racetrack gaming operators that can operate in New Mexico, though state-negotiated Tribal Gaming Compacts allow for six racetrack gaming operators. As a result, this legislation would create some inconsistency between state statute and the Gaming Compacts. Additionally, this bill could create problems for the state with respect to the 2015 Compact by reducing the value of the negotiated exclusivity provision in the Compact. It is this valuable consideration that allows the State to receive revenue share at the rates set out in the Compact.

The legislation would maintain the level of gaming tax revenues to the state at approximately the current level, whereas without the limit, there is the potential that the state will gain additional tax revenue in the future, given a racetrack casino’s obligation to pay 26% of their net take to the state of New Mexico annually, under the assumption that a sixth racetrack licensee is ultimately approved by the Racing Commission.”

SRC states SB645 negates the ability to negotiate the number of racinos in the Tribal Gaming Compact.

RELATIONSHIP

HB331 addresses specifications related to gaming machines

HB508 horse racetrack live race day requirements

SB178 allowing alcohol on gaming floor of racino

SB515 horse racetrack live race day requirements

SB625 horse racing license due process

OTHER SUBSTANTIVE ISSUES

The five existing racinos have voiced concerns with adding a sixth racino. They describe New Mexico’s racing industry as “far from healthy and not in need of additional forces creating additional downward pressures,” *Albuquerque Journal*, January 17, 2019.

VKH/sb