

FISCAL NOTE
SENATE BILL NO. 2347
LC# 25.0647.03000
02/13/2025
Revised - 02/13/2025

1 - State Fiscal Effect

Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.

	2023-2025 Biennium		2025-2027 Biennium		2027-2029 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues					\$(60,000)	\$(240,000)
Expenditures						
Appropriations						

2 - County, City, School District, and Township Fiscal Effect

Identify the fiscal effect on the appropriate political subdivision.

	2023-2025 Biennium	2025-2027 Biennium	2027-2029 Biennium
Counties			
Cities			
School Districts			
Townships			

3 - Bill and Fiscal Impact Summary

Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

This measure would provide for the inclusion of revenue earned through taxes on a new pari-mutuel game, (Historical Horse Racing), with that revenue amount being unknown. The bill also asks for the banning of pari-mutuel wagering on Greyhound, (dog), races thru our licensed ADW providers.

4 - Fiscal Impact Sections Detail

Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.

The provision in this bill to allow for Historical Horse Racing to be allowed in the state carries many unknown's. Although Historical Horse Racing has been extremely successful in other states, it would likely take some time for pari-mutuel wagering handle on HHR machines begins to build a solid source of revenue. The provision in this bill asking to ban all wagering on Greyhound, (Dog), racing will have an immediate effect of about 10% less revenues

as Greyhound wagering through our licensed providers accounts for 9 . 14% of the overall wagering handle. Of our 16 licensed ADW companies, five of which stand to be severely impacted with handle shares on Greyhound wagering ranging anywhere from 1 . 5% up to 75 . 0%. ADW companies can, and do, hold licenses in other states. If this ban on Greyhound wagering is allowed, several of our companies will be compelled to begin putting their Greyhound wager handle thru other states, possibly out of convenience, moving all pari-mutuel wagering handle out of North Dakota. **THEY WILL LEAVE NORTH DAKOTA!!** Conversely, not allowing a ban on this race wagering to pass will likely cause other ADW operations in other states/jurisdictions, to seek a North Dakota license with the potential to increase our revenues several fold.

5 - Revenues Detail

For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

Each of the special funds the racing commission maintains to help fund a live horse race industry in North Dakota run annually very tight and require maximum revenue from pari-mutuel handle wagered through our ADW partners. Including our General Fund, which regularly returns more funds than appropriated, revenue figures to expenditures are nearly identical. The Greyhound wager handle, although only about 10% of the overall handle must be considered vital to the other special funds which are continually appropriated. **THERE WILL BE ADW COMPANIES LEAVING NORTH DAKOTA!** If there is not another source of revenue added, (the unknown of possible HHR revenue notwithstanding), funds will begin to run out and a live horse race program in the state will die.

6 - Expenditures Detail

For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

Current expenditures are at the minimum which is required to carry on a successful live racing season in the state. The racing commission is not in a position to cut funding to the racing program. Estimates on possible revenue from HHR terminals will not be realized for 2-3 years. How will the racing commission make up for lost revenue from the Greyhound wagering ban and desertion of ADW handle on horses as a result? **OUR LICENSED ADW COMPANIES WILL LEAVE NORTH DAKOTA!**

7 - Appropriations Detail

For information shown under state fiscal effect in 1 or 2, please explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.

Our General Fund normally returns more funds than appropriated. The loss of revenues expected from a loss of Greyhound race wagering revenue would bring this more into line. The negative effect on our important ADW operations moving Greyhound, and possibly other horse race wagering handle, to other jurisdictions has the real chance of our general fund falling into deficit. The other three special funds, Breeders Fund / Purse Fund / Racing Promotion Fund are continuous appropriations but are maxed out. Current revenues meet expenditures nearly even if not a bit less. The Racing commission has, in recent years, been trying to pass legislation to boost revenues without expanding gambling in the state. Although Historical Horse Racing has been sought after, never at the expense of other sources of revenue and especially not at the expense of our ADW partners who have helped see live racing thrive in the state for the past decade plus. **IF THIS BILL IS ALLOWED TO PASS, THERE WILL BE A SIGNIFICANT LOSS IN TAX REVENUE FOR THE RACING COMMISSION.**

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Date Prepared: 02/13/2025