

FISCAL NOTE

Requested by Legislative Council

02/20/2003

REVISION

Amendment to: HB 1282

1A. **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.*

	2001-2003 Biennium		2003-2005 Biennium		2005-2007 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$159,226	\$1,050,000	\$50,000	\$0
Appropriations	\$0	\$0	\$159,226	\$1,050,000	\$50,000	\$0

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2001-2003 Biennium			2003-2005 Biennium			2005-2007 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

2. **Narrative:** *Identify the aspects of the measure which cause fiscal impact and include any comments relevant to your analysis.*

This bill contains several changes to current law.

1. Section 1 provides for a three - term limit for Racing Commissioners. No fiscal impact is anticipated for this provision.
2. Section 2 contains two additions to current law:
 - a. To provide for a comprehensive biennial audit of the racing breeder's, purse, and promotion funds. An annual comprehensive audit is presently conducted on the breeder's fund. The purse and promotion funds are audited during the biennial audit of the Office of Attorney General, which is performed by the State Auditor's Office. The estimated cost for these additional audits is \$7,000.
 - b. To adequately fund and issue a license under the certificate system, for a minimum of two rate dates per year, to any racetrack in the state that was operational after December 31, 2000. This provision expires after July 31, 2005.
3. Section 3 requires any single expenditure exceeding \$100,000 to be paid from the breeder's, purse, and promotion funds must be approved by the Budget Section.

The expense of a race meet, whether for one day or several weeks is substantial. This is because the infrastructure costs to bring a facility up to stringent regulatory requirements require that a safe racing surface, safe stalls, and safe grandstands be maintained. In addition, all regulatory and security staff need to be retained and all equipment transported regardless of the length of the racing meet. A secure perimeter must be maintained for each racetrack.

It is unclear what constitutes adequate funding for a racetrack as this bill requires. As a result, the potential cost to provide racing in three to four communities is \$300,000, for a total of \$900,000 – 1,200,000. The special fund amount reflects the midpoint of the range. Each racetrack should have a starting gate, horse ambulance, track conditioners and trailers. Since the current purse funds collected are limited, and if additional purse funds are not provided, this bill would result in the limited purse funds being split between the three to four racetracks rather than one statewide racetrack.

Each site must have an adequate track surface, stall space and grandstand (which will require significant modifications for some racetracks). The number of racetracks in the United States is rapidly declining due to the high infrastructure

costs.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

It is doubtful that any measurable revenues will be realized.

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The expenditures reflect racetrack expenses - veterinarians, stewards, and travel expenses. One FTE administrative position will be needed in the Racing Commission due to the workload increase.

This fiscal note includes funding for three racetracks for the period from July 1, 2003 - July 31, 2005.

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, of the effect on the biennial appropriation for each agency and fund affected and any amounts included in the executive budget. Indicate the relationship between the amounts shown for expenditures and appropriations.*

The expenditures reflect racetrack expenses - veterinarians and stewards and travel expenses. One FTE administrative position will be needed in the Racing Commission due to the workload increase.

This fiscal note includes funding for three racetracks for the period from July 1, 2003 - July 31, 2005.

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