

FISCAL NOTE

Requested by Legislative Council
04/22/2003

Amendment to: SB 2285

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	\$0	\$0	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$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.*

The parimutuel General Fund and special funds tax assessments against gross handle (money bet on horse racing) are divided into two categories. The first category is based on monies wagered on horses to win, place, or show. The payoff for this wager is dependent upon the finishing position of one horse. The second category is for monies wagered on exotic wagers (exacta, trifecta). Exotic wager payoffs are dependent on the placement of two or more horses.

As amended, Engrossed Senate Bill No. 2285 provides for a graduated tax on parimutuel racing. For win, place and show gross handle, the tax rate remains the same (two percent) on the first \$35.5 million. On the gross handle above \$35.5 million, the General Fund tax rate is reduced to one-half of one percent. The tax rate for the special funds remains unchanged in this wagering category - one-half of one percent to the purse fund and one-half of one percent to the breeders' fund.

For exotics gross handle, the General Fund tax rate remains the same (two and one-half percent) on the first \$102.4 million. For the gross handle above \$102.4 million, the General Fund tax rate decreases to one-quarter of one percent. For the special funds, the total tax rate (one and one-half percent) remains unchanged.

This fiscal note reflects the 2003-05 biennium Executive Recommendation estimated revenues of \$3.27 million from racing parimutuel taxes.

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.*

This fiscal note uses as a basis for comparison the 2003-05 biennium Executive Recommendation estimated General Fund revenues of \$3.27 million from racing parimutuel taxes.

Last calendar year, the gross handle placed on all horse races totaled \$170,846,000. General Fund revenues for last calendar year were approximately \$3.9 million based on a 2.3% tax (blended rate) on gross handle.

Similarly, under the current statute, the racing promotion, purse, and breeders' funds each received one-half of one percent (one and one-half percent total) of gross handle. Last year approximately \$2.5 million was paid to the special funds.

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.*

No change

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.*

No change

Name: Paul Bowlinger/Kathy Roll
Phone Number: 701-328-4633/328-3622

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