

FISCAL NOTE
HOUSE BILL NO. 1331
LC# 23.0500.01000
01/17/2023
Revised - 01/17/2023

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.

	2021-2023 Biennium		2023-2025 Biennium		2025-2027 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

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

Identify the fiscal effect on the appropriate political subdivision.

	2021-2023 Biennium	2023-2025 Biennium	2025-2027 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).

The Bill's intent is to simplify and clarify parimutuel wagering and taxes. Elimination of the breakage tax and replacing it with an increase in the cap and an increase in the promotion fund % from 1/16 to 1/8 of 1% should balance the funds. Def. changes should help retention of ADW's currently lic.

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 bill contains a few changes related to the tax structure for our Account Deposit Wager Licensee's (ADW's). Several ADW's have requested a change to the collection of breakage on the first \$20 million dollars in handle. By eliminating that requirement and replacing it with a tax increase from 1/16 of one percent to 1/8 of one percent going to the promotion fund and then increasing the maximum tax collection from \$420,000.00 to \$500,000.00 in 2023 and

\$520,000.00 in 2024 we anticipate a very similar total in tax revenue from our ADW's.

Increasing the allowed expenditure percentage from 25% to 35% is needed to keep pace with fast rising costs throughout the nation. The ND Racing Commission expenses at the tracks and for day to day operations have increased significantly over the past 2 years. Travel expenses, Vet, Steward, Licensing Clerks, contracts have all increased significantly over the past several years including an almost 30% increase in the costs to hire a State Veterinarian for the race meets.

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.

The Bill should have little or no impact on the General Fund or appropriations. Any changes that may occur would be to the promotion fund where these tax structure changes all take place. The changes to the tax structure should only realign the tax rate collections to simplify the taxes for the ADW's by eliminating the breakage tax and replacing it with an increase to the promotion fund %'s and raising the cap on taxes paid each fiscal year by \$80,000 the 1st year and an additional \$20,000 the second year. We don't anticipate any changes to the actual revenues collected.

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.

Our costs have been increasing each year to maintain regulatory oversight of the tracks and live racing in N.D. The past year we have seen substantial increase in the cost to provide accounting, veterinarian, licensing and stewards for the meets. The cost of rent, travel expenses and benefits has also increased significantly.

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.

The changes we are requesting should have little or no impact on appropriations. Rather these changes should only effect the promotion fund that is not an appropriations account.

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Date Prepared: 01/17/2023