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FISCAL IMPACT REPORT

SPONSOR: Garcia, MH DATE TYPED: 03/0501 HB 934
 SHORT TITLE: Number of Gaming Machines at Racetracks SB _____
 ANALYST: Williams

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ 12,375.0	\$ 13,500.0	Recurring	General Fund
	\$ 400.0		Non-Recurring	General Fund
	\$ 9,900.0	\$ 10,800.0	Recurring	Horseman's Purses

(Parenthesis () Indicate Revenue Decreases)

Duplicates SB 803, Relates to SB 727, 797 and Companion of HB 934

SOURCES OF INFORMATION

LFC Files
 Gaming Control Board
 State Racing Commission

No Response

Taxation and Revenue Department (TRD)
 Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 934 would expand the number of gaming machines at racetrack casinos under certain conditions. A racetrack gaming operator licensee may have up to 800 gaming machines when the facility is located in a class A county with a final assessed valuation greater than \$75 million with a population of less than 140,000 according to the 1990 official United States census. The effective date of the bill is July 1, 2001.

Significant Issues

This bill effectively targets Sunland Park Racetrack and Casino, which currently has 300 gaming machines.

The State Racing Commission has reported the statewide average daily revenue per gaming machine is \$185, while the Gaming Control Board reports the statewide average net win for machines located at racetrack casinos was \$193 per machine per day in FY00. There is substantial variation in net win

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among the facilities, and the State Racing Commission indicates Sunland is “the most prosperous racetrack casino with a daily average per machine in excess of \$350.”

The Gaming Control Board notes if the additional gaming machines constitute an expansion of gaming, this legislation may terminate tribal obligations to make revenue sharing payments to the state under the current tribal-state compacts.

FISCAL IMPLICATIONS

The expansion of gaming at racetracks would increase general fund and horseman’s purse revenues. There is uncertainty on the magnitude of the extent to which revenues would increase, but the following summarizes the LFC analysis.

Currently, there are 1,200 machines at racetracks in the state: Sunland Park, Ruidoso, Albuquerque and Farmington. The bill authorizes an additional 500 gaming machines effectively for Sunland Park.

The State Racing Commission has reported the statewide average daily revenue per gaming machine is \$185, while the Gaming Control Board reports the statewide average net win for machines located at racetrack casinos was \$193 per machine per day in FY00. There is substantial variation in net win among the facilities, and the State Racing Commission is “the most prosperous racetrack casino with a daily average per machine in excess of \$350.”

Net win from these gaming machines would be subject to a 25% gaming tax and a 20% tax for horseman’s purses. This analysis estimates these recurring revenues would be \$12,375.0 in FY02 and \$13,500.0 for the general fund in FY03, a full year impact. In addition, incremental revenue for horseman’s purses would be approximately \$9,900.0 and \$10,800.0 in FY02 and FY03, respectively. A full year impact on general fund revenues was estimated by State Racing Commission at \$12,300.0 and by Gaming Control Board at \$8,805.6.

Finally, the state imposes a 10% tax on new machines. Assuming the machines are purchased new to obtain more exciting games at \$8,000 each, this tax could generate an additional \$400.0 in non-recurring general fund revenue in FY02 if an additional 500 machines were placed in service.

ADMINISTRATIVE IMPLICATIONS

GCB notes the current central monitoring system can easily absorb the proposed increase in gaming machines.

State Racing Commission expects marginal increased regulatory activity resulting from passage of this legislation.

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