

LFC Requester:	Noah Montano
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AGENCY BILL ANALYSIS - 2025 REGULAR SESSION

WITHIN 24 HOURS OF BILL POSTING, UPLOAD ANALYSIS TO

AgencyAnalysis.nmlegis.gov and email to billanalysis@dfa.nm.gov

(Analysis must be uploaded as a PDF)

SECTION I: GENERAL INFORMATION

{Indicate if analysis is on an original bill, amendment, substitute or a correction of a previous bill}

Date Prepared: 1/27/2025 *Check all that apply:*
Bill Number: SB 92 Original Correction
 Amendment Substitute

Sponsor: Senator Michael Padilla **Agency Name and Code** NM Racing Commission 46900
Short Title: Creating horse race integrity and safety authority **Number:** _____
Person Writing Richard Bustamante
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SECTION II: FISCAL IMPACT

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY25	FY26		
3 million	3 million	Recurring	19210

(Parenthesis () indicate expenditure decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY25	FY26	FY27		
4 million (estimate)	4 million (estimate)	4 million (estimate)	Recurring	19210

(Parenthesis () indicate revenue decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total	1 million	1 million	1 million	3 million	Recurring	19210

(Parenthesis () Indicate Expenditure Decreases)

Duplicates/Conflicts with/Companion to/Relates to:
Duplicates/Relates to Appropriation in the General Appropriation Act

SECTION III: NARRATIVE

BILL SUMMARY

Synopsis: The draft legislation is meant to codify the authority of the Racing Commission to collect and expend the funds referenced in NMSA 1978, Section 60-2E-47 from the net take of gaming monies from the casinos associated with the state's horserace tracks. The legislation specifies the fund is a nonreverting one which is necessary for the Commission to work with the fund year-round.

FISCAL IMPLICATIONS

Note: major assumptions underlying fiscal impact should be documented.

Note: if additional operating budget impact is estimated, assumptions and calculations should be reported in this section.

The legislation provides the Commission with the needed authority to work with the fund and expend from it. Unfortunately, it creates more work for Commission financial staff but with no increase in staff or their payrates.

The Commission anticipates, given the previous fiscal year revisions, the fund balance to be at or near 1 million dollars. The authority needed for the Commission to work with the fund will enable the Commission to use fund balance to commence the fiscal year and not need a policy exemption in order to operate in a positive balance. Having a positive cash balance affects the state as a whole by ensuring there is sufficient cash to cover necessary expenditures.

SIGNIFICANT ISSUES

Regarding the draft legislation's phrase "money in the fund is appropriated to the commission", one manner of interpreting that phrase is that the Commission will have unlimited BAR authority from the fund without the need for such specific language in HB 2. However, if there is disagreement about that interpretation of the phrase, the draft legislation might in fact require the addition of BAR language.

PERFORMANCE IMPLICATIONS

Payments from the fund will ensure that live horseracing can in fact take place in New Mexico given the jockeys and exercise riders will have medical insurance coverage for their inherently dangerous professions and the horserace tracks will have complied with the financial administrative requirements related to the federal government's regulation of the thoroughbred horseracing industry.

ADMINISTRATIVE IMPLICATIONS

Again, the construction of the fund and its intended purposes creates more work and

responsibilities for the Commission's financial staff but with no additional salary or personnel.

If the draft legislation's phrase "money in the fund is appropriated to commission" is interpreted as the Commission having unlimited BAR authority from the fund, that would provide Commission financial staff with greater confidence that they have the proper authority to collect and expend from the fund.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

None that the Commission is aware of at this time.

TECHNICAL ISSUES

If the draft legislation's phrase "money in the fund is appropriated to commission" is interpreted as the Commission having unlimited BAR authority from the fund, that would provide Commission financial staff with greater confidence that they have the proper authority to collect and expend from the fund. Given that might be subject to interpretation, consideration might be given to whether BAR language should be added to the draft legislation.

OTHER SUBSTANTIVE ISSUES

As noted earlier, there are concerns whether the fund will have sufficient monies on an annual basis to cover the intended expenditures given the continuing increases in insurance premiums and the federal government's financial assessments to tracks as part of the cost for its regulatory duties.

ALTERNATIVES

The alternative would be for the horserace tracks and horsemen to be the entities and individuals responsible for the payment of jockey and exercise rider insurance premiums and for the financial assessments levied on the tracks by the federal regulatory agency overseeing horseracing.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Given the increases in jockey and exercise insurance premiums as well as financial assessments from the federal government's regulatory oversight of the horseracing industry, there is concern about whether the fund will have sufficient monies on an annual basis to cover the costs for which it was created.

Without the necessary components of the draft legislation being codified, it is unclear whether Commission financial staff can work with and expend from the fund without somehow being in violation of statutory and administrative authority pertaining to state funds. If Commission staff cannot work with the fund, the costs for which the fund was created might have to be paid with the imposition of starter fees on races and requiring owners pay for workers' compensation insurance for the jockeys or jockeys provide their own medical insurance coverage.

AMENDMENTS

None