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## FISCAL IMPACT REPORT

**SPONSOR** Sanchez/Lujan/Roybal Caballero/ Terrazas/Mason
**LAST UPDATED** 3/6/2025  
**ORIGINAL DATE** 2/21/2025  
**SHORT TITLE** Add Days of Live Horse Racing
**BILL NUMBER** House Bill 367  
**ANALYST** Montano

### REVENUE\* (dollars in thousands)

Type	FY25	FY26	FY27	FY28	FY29	Recurring or Nonrecurring	Fund Affected
Fee	\$0	Indeterminate but minimal gain	Indeterminate but minimal gain	Indeterminate but minimal gain	Indeterminate but minimal gain	Recurring	Equine Test Fund

Parentheses ( ) indicate revenue decreases.

\*Amounts reflect most recent analysis of this legislation.

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

Agency/Program	FY25	FY26	FY27	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
SRC	No fiscal impact	\$1,900.0	\$1,900.0	\$3,800.0	Recurring	General Fund
SRC	No fiscal impact	Indeterminate but minimal	Indeterminate but minimal	Indeterminate but minimal	Recurring	Jockey and Exercise rider fund
<b>Total</b>	No fiscal impact	At least \$1,900.0	At least \$1,900.0	At least \$3,800.0	Recurring	

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent analysis of this legislation.

Relates to Senate Bill 513

### Sources of Information

LFC Files

#### Agency Analysis Received From

State Racing Commission (SRC)

New Mexico Attorney General (NMAG)

Gaming Control Board (GCB)

## SUMMARY

### Synopsis of House Bill 367

House Bill 367 (HB367) amends the Horse Racing Act and Gaming Control Act to establish new minimum race day requirements for racetracks that hold gaming operator licenses. The bill links the number of required live race days per week to the amount of gaming tax revenue the racetrack paid in the prior fiscal year. Specifically, racetracks that paid \$8 million or less in gaming taxes must hold three live race days per week, with at least 10 live races per day. Racetracks that paid more than \$8 million in gaming taxes must hold four live race days per

week, with at least nine live races per day.

The bill also establishes a 15-week minimum race meet length, ensuring that race meets operate on a consistent schedule. Additionally, it prevents long gaps between race meets by requiring that no more than three consecutive days lapse between the end of one racetrack's meet and the beginning of another. Failure to comply with these race day and scheduling requirements will result in the automatic voiding of a racetrack's gaming operator license. However, the State Racing Commission (SRC) may grant exceptions if a racetrack is unable to meet race day requirements due to severe weather, natural disasters, labor strikes, power failures, or public health concerns.

HB367 also introduces new regulations for gaming machine operations at racetracks. Under the bill, racetracks may only operate gaming machines on days when they are conducting live horse races or simulcast wagering. Additionally, a racetrack may operate gaming machines for up to 18 hours per day, but total weekly gaming hours cannot exceed 112 hours. This ensures that racetrack gaming operations remain directly tied to horse racing events rather than functioning as stand-alone casinos.

This bill does not contain an effective date and, as a result, would go into effect 90 days after the Legislature adjourns if enacted, or June 20, 2025.

## **FISCAL IMPLICATIONS**

The State Racing Commission (SRC) did not project any revenue loss or gain from HB367; however, increasing the total number of live race days should generate a gain in revenue. More live race days may lead to an increased number of bets, but it may also increase the rate of betting fatigue in potential betters. Ultimately, HB367 would generate an indeterminate, but minimal gain for SRC.

Three racetracks will be required to race four times a week for 15 weeks, and two racetracks will be required to race three times a week. This will increase the total number of race days from 187 to 270, an 83-day difference. SRC highlights that the cost for every additional race day is \$8,100, which means the enactment of HB367 would increase operating costs for SRC by \$672.3 thousand. This daily cost of \$8,100 is used to pay three stewards, two investigators, two veterinarians, and two licensing clerks. SRC also explains that, because the new race meets are 15 weeks long, the agency would most likely need to hire additional stewards, investigators, veterinarians, and licensing clerks. Three additional stewards would cost \$311.5 thousand or \$103.8 thousand each, two additional investigators would cost \$160 thousand, or \$80 thousand each, two additional veterinarians would cost \$585.7 thousand, or \$292.9 thousand each, and two racing/licensing clerks for \$144 thousand, or \$72 thousand each. In total, SRC would need an additional \$1.2 million for additional FTE. The enactment of HB367 in total would cost SRC \$1.9 million per year.

SRC notes:

Increases in the number of live race days will result in increased HISA fees, HISA being the federal regulatory agency overseeing the thoroughbred horse racing industry. Increased race days will also result in increases in the jockey and exercise rider insurance premiums. The fund for such expenditures is capped. If funds are insufficient to cover those costs, the horse racetracks may have to institute starter fees for every race run

which must be paid by Commission licensees such as trainers and owners.

## SIGNIFICANT ISSUES

SRC notes:

Regarding the modification to the definition of "race meet" to require the conducting of live racing at the track: each horse racetrack has associated with it a slot-only casino. Under NMSA Section 60-2E-47(E)(1)(2), those casinos are required to contribute 20 percent of their net take to purses paid in horse races and one and two-tenths percent of net take for offsetting jockey and exercise rider insurance premiums and for compliance with federal and state laws pertaining to horse racing. That 20 percent net takes approximately \$60-65 million annually for purse money, approximately 95 percent of the total amount of purse money paid annually. Current law permits those casinos to be operational when either live racing is taking place at the racetrack or when the track is simulcasting live racing from other tracks in New Mexico, nationwide or internationally. If a "race meet" is redefined to require live racing at the track, that will result in drastically limiting the time in which the casinos can be operational. That will result in a disastrous reduction in the amount of purse money offered in live races in New Mexico by tens of millions of dollars.

Regarding requiring a "race meet" be a minimum of 15 weeks: currently, the Racing Commission effectively sets the live race days for the state's five race meets such that there is as little overlap between live race meets as possible. The number of live race days and the staggering of live race meets is the commission's recognition of the decades long decline in racehorse breeding both in New Mexico and nationwide. If all five of the state's horse racetracks are required to have live racing for a minimum of 15 weeks, that will mean 75 weeks of live racing a year consisting of 52 weeks. Even if the Downs of Albuquerque race meet and the State Fair race meet are combined and are required to be 15 weeks long, that will still mean 60 weeks of live racing in a calendar year of 52 weeks. Regardless, the bill will result in significant overlapping of race meets. Given the decades long decline in racehorse breeding, the results will be disastrous. Specifically, there will be increases in racehorse deaths and injuries given the limited number of racehorses will be racing and training more. Overworked horses will contribute to increased accidents in training and racing leading to increases in injuries and deaths of jockeys and exercise riders. Increased live racing days will result in significant increases to jockey and exercise riders' insurance premiums. Increased live race days resulting in overlapping of race meets will require significant new staffing requirements to the Racing Commission to the tune of \$650 thousand to \$1+ million annually. Given the decades long decline in racehorse breeding, there will be a sharp increase in the inability of tracks to fill every race card for every horse race. That could translate to a small number of horses competing in races and the potential only one or two trainers may have every single horse they are training entered in a race, creating a monopoly of sorts. Respectfully, for the reasons detailed herein this bill is unnecessary.

## PERFORMANCE IMPLICATIONS

The Gaming Control Board notes:

Based on FY2024 tax payments, three racetracks fall over the \$8 million mark and two

race tracks fall below the \$8 million mark. This impacts, via this bill, the number of live days in a meet and the number of races in a day.

## **ADMINISTRATIVE IMPLICATIONS**

SRC notes:

If enacted, unless significant increases are made to the budget of the Racing Commission, effective regulatory oversight will suffer. As noted previously, the health, safety, welfare and lives of jockeys, exercise riders and the equine athlete will all be seriously endangered.

## **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

HB367 is a near duplicate of House Bill 513. Senate Bill 513 imposes the same live race day restrictions as HB367, but SB513 does not include a cap on gaming machines per racetrack license and does not regulate operating hours. SB513 also does not include a variance provision, or a clause that allows the racetrack to cancel a live race day due to weather issues, labor strikes or other uncontrollable circumstances.

NM/sgs/SL2/hj/hg/sgs