



HB546 further enhances executive oversight by requiring the commission to appoint an executive director who must have at least five years of supervisory administrative experience in a governmental gaming regulatory agency. The executive director will be prohibited from holding financial interest in racetrack operations or licensed wagering.

The bill also requires that SRC members or “relatives of a member....to the first degree of consanguinity” not have a financial interest in a licensee regulated by the commission.

The effective date of the bill is July 1, 2025.

## **FISCAL IMPLICATIONS**

With the enactment of HB546, SRC would be able to appoint an executive director. Using the State Payroll Office’s NM state roster of employees from July 2024, there are 10 executive directors throughout all state agencies. The range of the hourly rate for these executive directors is \$39.19 to \$75.64. However, omitting the lower bound due to it being an outlier, a more appropriate range is \$51.58 to \$75.64. The average yearly salary of these 9 executive directors including benefits is \$174.5 thousand, which will be used to estimate a yearly salary for an executive director for SRC.

SRC highlights that this bill does not specify what state government entity would be financially responsible for paying the per diem and mileage for members of the newly created nominating committee.

## **SIGNIFICANT ISSUES**

SRC notes:

Regarding the creation of a "state racing commission nominating committee" to recommend persons to the Governor for appointment to the Racing Commission: Respectfully, the creation of such a commission, similar to the judicial appointment committees, is not necessary given Section 60-1A-3 of the Horse Racing Act carefully and fully details what the composition of the Commission must be and sets forth basic qualifications. Unlike the judicial selection committees which play a role involving hundreds of state judges at all levels of courts, the Racing Commission is comprised of only five (5) members. Respectfully, creating such a committee could, and would, needlessly inject politics and personal agendas into the process of reviewing candidates for referral to the governor for appointment, which could unfortunately become paramount over selecting commission members with knowledge of the industry to oversee fair and reasonable administrative regulation of it. The creation of such a nominating committee adds unnecessary red tape and bureaucracy to the appointment process.

As noted earlier, the bill does not address what state entity is financially responsible for the payment of per diem and mileage of the members. It is unclear what the language "A member of the commission or relatives ... shall not have a financial interest in a licensee regulated by the commission" means in terms of eligibility for serving on the Racing Commission. Historically and currently, commission members have had and do have extensive knowledge of horse racing given they are either racehorse owners and/or long-

time fans of the sport. If the previously quoted language restricts any commission member from being currently involved in horse racing, the pool of applicants will be significantly reduced and the commission may end up being comprised of persons with zero to little knowledge of the industry and/or persons with political and/or personal agendas not necessarily focused on the fair, legal and effective. administrative regulation of the horse racing industry.

In terms of the selection of a commission executive director, it is more appropriate for the applicant to have a minimum of five years' supervisory experience in horse racing rather than gaming.

The Tourism Department notes:

It is unclear what duties or authority are encompassed in the role of the executive director in relation to the commission. However, it would be imperative that the position adds to the industry. Horse racing is a major attraction in New Mexico and events draw out-of-state visitors who contribute to local economies.

## **ADMINISTRATIVE IMPLICATIONS**

SRC notes:

As with every state agency, the Racing Commission has its supporters and its detractors. The creation of a nominating committee for submission of names to the governor for appointment could be detrimental, if not disastrous, to the effective functioning of the commission and its staff. If people are placed on the commission, not because of their knowledge of the industry and honest commitment to effective regulatory oversight, but rather to promote personal and political agendas, the effective, statutory and rules-based regulation of the state's entire horseracing industry will be the victim and will suffer as a result.

## **TECHNICAL ISSUES**

SRC said:

Throughout the bill, any use of the word "board" in reference to the Racing Commission needs to be replaced with the proper term of "commission".

NM/rl/SL2