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FISCAL IMPACT REPORT

ORIGINAL DATE 3/18/15

SPONSOR SJC LAST UPDATED _____ HB _____

SHORT TITLE Horse Racing Changes SB 403/SJCS

ANALYST Elkins

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY15	FY16		
	\$100.0	Nonrecurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY15	FY16	FY17		
	TBD	TBD	Recurring	Racehorse Testing and Enforcement Fund

SOURCES OF INFORMATION

LFC Files

Responses Received From

State Racing Commission (SRC)

Administrative Office of the Courts (AOC)

Administrative Office of the District Attorneys (AODA)

SUMMARY

Synopsis of Bill

Senate Judiciary Committee Substitute for Senate Bill 403 appropriates \$100 thousand from the general fund to Office of the Attorney General (AGO) for expenses related to administratively prosecuting civil violations of the Horse Racing Act and the State Racing Commission (SRC) rules and to represent the commission in appeals from those prosecutions.

This bill amends the Horse Racing Act to:

- Require SRC to conform with Association of Racing Commissioners International (ARCI) model rules on license denial or revocation for applicants or licensees found to have stimulated or depressed a racehorse or affected its speed or stamina during a race of workout;
- Provide for temporary licensure;
- Require SRC to hold hearings within twenty days of the date the notice of a hearing was sent to the licensee;
- Require SRC to render a decision within 30 days of the hearing or if the review is heard by a hearing officer within 30 days of receiving the hearing officer’s recommendation;
- Require hearing officers to submit to the commission within 30 days after the end of the hearing written findings of fact, conclusions of law, and a recommendation for commission action;
- Require a licensee to send a review fee of \$500 to SRC when the licensee requests a review or reconsideration of a stewards’ ruling;
- Rename the Racehorse Testing Fund the “Racehorse Testing and Enforcement Fund”; and
- Make the possession of a drug, chemical, stimulant, or depressant or other performance-altering substance defined as class 1 or class 2 penalty class A drug by ARCI a fourth degree felony.

FISCAL IMPLICATIONS

The appropriation of \$100 thousand contained in this bill is nonrecurring. Any unexpended or unencumbered balance remaining at the end of FY16 shall not revert to the general fund. However, when AGO has exhausted the funds, the agency may need additional funds for expenses related to adjudicatory decisions made by SRC and appeals of those decisions to the Court of Appeals

The requirement that a licensee must send a review fee of \$500 to SRC when requesting a review or reconsideration of a stewards’ ruling will increase revenue. If the commission upholds the stewards’ ruling, the review fee is forfeited to the commission. In 2013, 36 stewards’ rulings were appealed to the commission.

SIGNIFICANT ISSUES

In the fall of 2014, SRC expressed concerns at an LFC hearing about the length of time to resolve reviews of horse racing sanctions and the number of SRC decisions appealed to district court. Additionally, SRC was concerned about licensees appealing rulings in court and receiving temporary restraining orders that allow the licensee to continue racing until the appeal is resolved.

LFC staff reported to a horse racing subcommittee of the LFC, the most time consuming component of the review and appeal process occurs once the case goes to a hearing officer. SRC contracts one hearing officer at an approximate cost of \$20 thousand per year who is able to address one hearing per week. Currently, the hearing officer is scheduled to hear reviews of stewards’ rulings and violations through April 16, 2015, and of the 58 reviews and violations from 2013 and 2014 yet to be heard by the hearing officer, 45 have yet to be scheduled. With the

average of one hearing per week, LFC staff estimates the current backlog of hearings will not be cleared until February 2016. This bill requires SRC to hold hearings within 20 days which may expedite the process and shorten the length of time it takes to resolve appeals.

CE/bb/je