

Fiscal impact reports (FIRs) are prepared by the Legislative Finance Committee (LFC) for standing finance committees of the NM Legislature. The LFC does not assume responsibility for the accuracy of these reports if they are used for other purposes.

Current FIRs (in HTML & Adobe PDF formats) are available on the NM Legislative Website (www.nmlegis.gov). Adobe PDF versions include all attachments, whereas HTML versions may not. Previously issued FIRs and attachments may be obtained from the LFC in Suite 101 of the State Capitol Building North.

FISCAL IMPACT REPORT

ORIGINAL DATE 2/13/19

SPONSOR Ezzell LAST UPDATED _____ HB 508

SHORT TITLE Horse Racetrack Live Race Day Requirements SB _____

ANALYST Hawker

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY19	FY20	FY21	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Indeterminate but minimal, see fiscal implications				General Fund

Parenthesis () indicate expenditure decreases

Duplicates SB 515

SOURCES OF INFORMATION

LFC Files

Responses Received From

Gaming Control Board (GCB)
 State Racing Commission (SRC)
 Administrative Office of the Courts (AOC)
 NM Attorney General (NMAG)

SUMMARY

Synopsis of Bill

HB 508 amends the time frame for the number of live race days necessary for a racetrack to maintain a gaming operator's license.

In Section 60-1A-2 NMSA 1978 the definition of "race meet" is amended to mean a period of time within dates specified by the commission in which a racetrack licensee is authorized to conduct and does conduct live racing on the racing grounds.

A new section of the Horse Racing Act is created. Live racing shall begin on the first day of an authorized race meet and shall conclude on the final authorized day. Racetracks that pay tax on revenue of less than \$8 million per fiscal year shall be required to conduct three days of live racing with at least ten live races per day for each week of its licensed race meet. Racetracks that pay tax on revenue over \$8 million per fiscal year shall be required to conduct a minimum of

four days of live races with at least nine races per day during its licensed race meet. No more than three consecutive days will be allowed to lapse in live racing from the date a race meet ends at the racing grounds of one racetrack and the beginning of a race meet for another racetrack licensee.

Section 60-2E-27 NMSA 1978 is amended to make Gaming Operator licenses void if the proposed race meet minimums are not met.

FISCAL IMPLICATIONS

There will be a minimal fiscal impact on SRC as each additional day of racing will require 3 racing stewards, a license clerk, and a racing investigator. SRC estimates four additional days of racing at five different race meets (20 days of additional racing) will cost approximately \$18.9 thousand, each additional day of racing will cost just under \$1 thousand. The total number of added racing days is unknown.

Position	Per Hour	Per 8 Hour Day	20 Race Days
Racing Steward	\$25	\$200	\$4,000
Racing Steward	\$25	\$200	\$4,000
Racing Steward	\$30	\$240	\$4,800
Investigator	\$23	\$184	\$3,680
License Clerk	\$15	\$120	\$2,400
Total		\$944	\$18,880

The SRC FY20 appropriation request included addition general fund revenue for personnel costs to fill vacant positions that have been unfunded for several years. The LFC recommendation provides a \$351 thousand increase in general fund revenues to assist SRC in filling key vacant positions directly involved in providing regulatory oversight of the racing industry.

SIGNIFICANT ISSUES

NMAG observes HB 308 appears to be an attempt to address issues raised by the New Mexico Horsemen’s Association in its appeal of the SRC’s approval of the 2019 race meeting dates for certain New Mexico racetracks, matter titled *New Mexico Horsemen’s Commission v. New Mexico Racing Commission*, Cause No. D-202-CV-201805429.

Current law requires a racetrack licensee to hold three to four live race days a week, determined by the net take for the prior fiscal year, with at least nine live races per day for the entirety of the race meet. Racetrack licensees must meet these minimums in order to remain in compliance to operate gaming machines. HB 508 adds the requirement there cannot be a gap in time from one live race to the next of more than three consecutive days.

NMAG observes there is no consequence given for violating the requirement that there be no more than three days between race meets between two racetracks under Section 2 of HB 508, it is unclear who would be sanctioned for violating this requirement and what sanctions would apply.

ADMINISTRATIVE IMPLICATIONS

SRC notes implementation of HB 508 would be difficult as the period of time between race meets is shortened. New Mexico Administrative Code 15.2.3 B (2) would need to be changed as racing stewards period of authority commences at a race track up to ten days prior to the start of each race meet.

GCB states if HB 508 is enacted, it will monitor and enforce the new requirements accordingly.

DUPLICATION

SB 515 is a duplicate.

VKH/gb/sb